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THIS OFFERING CIRCULAR IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBs (AS DEFINED BELOW) UNDER RULE 144A OR (2) NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (AS DEFINED BELOW) ("REGULATION S")) PURCHASING THE SECURITIES OUTSIDE THE U.S. IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S.

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You are reminded that the following Offering Circular has been delivered to you on the basis that you are a person into whose possession the following Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the following Offering Circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Dealer (as described in the Offering Circular) or any affiliate of a Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the issuer in such jurisdiction.

The following Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of the Arrangers (as described in the Offering Circular) nor any Dealer nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard-copy version available to you on request from an Arranger.

You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

OFFERING CIRCULAR

ICICI BANK LIMITED

(incorporated with limited liability in the Republic of India)

US$7,500,000,000 Global Medium Term Note Programme

On January 31, 2011, we, ICICI Bank Limited (the "Issuer" or "ICICI Bank" or the "Bank"), amended our Medium Term Note Programme, which was established on July 30, 2004, into a Global Medium Term Note Programme, which was further amended as of May 12, 2011, August 8, 2012, May 23, 2013 and September 9, 2014 (as amended, the "Global Programme"), and this Offering Circular supersedes all previous offering circulars and any supplement thereto. Any Notes (as defined below) issued under the Global Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. The provisions described herein do not affect any notes issued under our Medium Term Note Programme or our Global Medium Term Note Programme prior to the date of this Offering Circular.

Under the Global Programme, the Issuer, acting through its Head Office, Offshore Banking Unit, Singapore Branch, Hong Kong Branch, Bahrain Branch, Dubai Branch, or New York Branch, may from time to time issue notes (the "Notes", which shall include Senior Notes and Hybrid Tier I Notes (each as defined herein)) denominated in any currency agreed to between the Issuer and the relevant Dealer (as defined below). Notwithstanding anything to the contrary, the Issuer, when acting through its New York Branch, will issue Notes solely in registered form ("Registered Notes") and will not issue Notes in bearer form ("Bearer Notes").

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Global Programme will not exceed US$7,500,000,000 (or its equivalent in other currencies calculated as described herein), subject to an increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Global Programme*" and any additional Dealer appointed under the Global Programme from time to time by the Issuer (each a "Dealer", and together, the "Dealers"), whose appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Notes.

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and quotation for any Notes that may be issued pursuant to the Global Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST (the "Official List"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Global Programme or the Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a pricing supplement (the "Pricing Supplement") which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST on or before the date of issue of the Notes of such Tranche.

The Global Programme provides that the Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes.

The Issuer may agree with any Dealer and the Trustee (as defined herein) that the Notes may be issued in a form not contemplated by the "*Terms and Conditions of the Notes*" herein, in which event (in the case of Notes intended to be listed on the SGX-ST) a supplementary Offering Circular, if appropriate, describing the effect of the agreement reached in relation to such Notes will be made available.

See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Notes.

Neither the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority has approved or disapproved of the Notes or passed upon the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws in the United States or any other jurisdiction, and the Notes may include Bearer Notes, which are subject to certain U.S. tax law requirements. The Notes may be offered and sold (i) in the United States only to "qualified institutional buyers" ("QIBs") as defined in Rule 144A under the Securities Act ("Rule 144A") in transactions exempt from registration under the Securities Act and/or (ii) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). Any series of Notes may be subject to additional selling restrictions. The applicable Pricing Supplement in respect of such series of Notes will specify any such restrictions. Subject to certain exceptions, Bearer Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. See "*Subscription and Sale and Transfer and Selling Restrictions*" and the applicable Pricing Supplement. This Offering Circular has not been and will not be registered as a prospectus or a statement in lieu of a prospectus with any Registrar of Companies in India. This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Reserve Bank of India, the Securities and Exchange Board of India, any Registrar of Companies or any stock exchange in India. This Offering Circular and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities to the public or any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes.

This Offering Circular has not been and will not be registered as a prospectus or a statement in lieu of a prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material with the Registrar of Companies in India in accordance with the Companies Act, 1956, as amended and replaced from time to time, the Companies Act, 2013, as amended and other applicable Indian laws for the time being in force. This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Securities and Exchange Board of India, any Registrar of Companies or any stock exchange in India. This Offering Circular and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether to the public or by way of private placement to any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes. See "*Subscription and Sale and Transfer and Selling Restrictions*".

Arrangers

Citigroup **Deutsche Bank**

Dealers

Citigroup **Deutsche Bank**

The date of this Offering Circular is September 9, 2014

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The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything that would make the statements therein, in light of the circumstances in which they were made, misleading. The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

In making an investment decision, investors must rely on their own examination of the Issuer, the terms of the Global Programme and the terms and conditions of any series of Notes offered thereunder. Notwithstanding anything herein to the contrary, each investor (and each employee, representative or other agent of each investor) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions contemplated by this Offering Circular, and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such U.S. tax treatment and U.S. tax structure. However, this authorization does not extend to information that may be required to be kept confidential in order to comply with applicable securities laws. Each investor further acknowledges and agrees that it does not know or have reason to know that its or its employees', representatives' or other agents' use or disclosure of information relating to the U.S. tax treatment or U.S. tax structure of any transaction contemplated by this Offering Circular is limited in any manner. By receiving this Offering Circular, investors acknowledge that (i) they have been afforded an opportunity to request and to review, and have received, all information that investors consider necessary to verify the accuracy of, or to supplement, the information contained in this Offering Circular, (ii) they have not relied on the Arrangers nor any Dealer (as defined herein) nor the Trustee nor any Agent (as defined in "*Terms and Conditions of the Notes*") or any person affiliated with any Arranger or any Dealer or the Trustee or any Agent in connection with their investigation of the accuracy of any information in this Offering Circular or their investment decision and (iii) no person has been authorized to give any information or to make any representation concerning the issue or sale of the Notes or the Issuer other than as contained in this Offering Circular and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Arrangers, the Dealers, the Trustee or the Agents.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference. See "*Documents Incorporated by Reference*". This Offering Circular should be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

The distribution of this Offering Circular or any Pricing Supplement to this Offering Circular (each a "Pricing Supplement") and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Notes and distribution of this Offering Circular, see "*Subscription and Sale and Transfer and Selling Restrictions*" and the applicable Pricing Supplement.

This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arrangers, the Dealers, the Trustee or the Agents that any recipient of this Offering Circular should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Global Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arrangers, any of the Dealers, the Trustee or the Agents to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Global Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers, the Agents and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Global Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *among others*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

CERTAIN U.S. TAX AND SECURITIES LAW MATTERS

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer, sale or delivery of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Arrangers, the Dealers, the Agents and the Trustee represents that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arrangers, the Dealers, the Agents or the Trustee which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of the Notes in the United States, the European Economic Area (including the United Kingdom), India, Singapore, Bahrain, United Arab Emirates, Dubai, Hong Kong, Japan, Italy and Netherlands. See "*Subscription and Sale and Transfer and Selling Restrictions*".

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

None of the Arrangers, the Dealers, the Issuer, the Trustee or the Agents makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

THE NOTES MAY BE OFFERED OR SOLD (I) IN THE UNITED STATES IN REGISTERED FORM ONLY TO QIBS IN TRANSACTIONS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, IN WHICH CASE EACH SUCH PURCHASER MUST BE ABLE TO MAKE, AND WILL BE DEEMED TO HAVE MADE, CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS, WARRANTIES AND AGREEMENTS AS SET FORTH IN THIS OFFERING CIRCULAR IN RESPECT OF SUCH SERIES OF NOTES, AND/OR (II) OUTSIDE THE UNITED STATES, TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"). ANY SERIES OF NOTES MAY BE SUBJECT TO ADDITIONAL SELLING RESTRICTIONS. ANY ADDITIONAL RESTRICTIONS ON THE SALE OR TRANSFER OF ANY SERIES OF NOTES WILL BE SPECIFIED IN THE APPLICABLE PRICING SUPPLEMENT FOR SUCH NOTES.

IF NOTES OF A SERIES ARE BEING OFFERED OR SOLD TO U.S. PERSONS OR IN THE UNITED STATES, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT SELLERS OF SUCH NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"). THE ARRANGERS AND DEALERS, THROUGH THEIR RESPECTIVE SELLING AGENTS, MAY ARRANGE FOR THE OFFER AND RESALE OF SUCH NOTES TO U.S. PERSONS OR PERSONS IN THE UNITED STATES WHO ARE QIBS IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE NOTES ARE NOT TRANSFERABLE EXCEPT IN COMPLIANCE WITH THE RESTRICTIONS DESCRIBED IN "*SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS*" AND THE APPLICABLE PRICING SUPPLEMENT.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

ADDITIONAL U.S. INFORMATION

This Offering Circular is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes may be offered and sold outside the United States to non-U.S. persons pursuant to Regulation S. Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT NOR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENCED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILIZING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. WITH RESPECT TO ANY TRANCHE OF HYBRID TIER I NOTES (AS DEFINED HEREIN), THE TOTAL AMOUNT OF SUCH TRANCHE THAT THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) MAY BUY TO UNDERTAKE ANY STABILISING ACTION SHALL NOT EXCEED 20% OF THE AGGREGATE AMOUNT OF SUCH TRANCHE. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

CERTAIN DEFINITIONS

In this Offering Circular, references to "we", "our" or "us" mean, as the context requires, ICICI Bank Limited on an unconsolidated basis, or to ICICI Bank Limited and its subsidiaries on a consolidated basis, and references to "the Issuer" are to ICICI Bank Limited on an unconsolidated basis. References to "the Bank" or "ICICI Bank" are, as the context requires, to ICICI Bank Limited on an unconsolidated basis subsequent to the amalgamation (as described below) or to ICICI Bank Limited on an unconsolidated basis prior to the amalgamation, or both. ICICI Bank on an unconsolidated basis includes the overseas branches of ICICI Bank and excludes Indian and overseas subsidiaries. References to specific data applicable to particular subsidiaries or other consolidated entities are made by reference to the name of that particular company. References to "ICICI" are to ICICI Limited on an unconsolidated basis prior to the amalgamation. Under Indian GAAP, the amalgamation was accounted for on March 30, 2002, with ICICI Bank recognized as the accounting acquirer.

References to "ICICI Personal Financial Services" are to ICICI Personal Financial Services Limited. References to "ICICI Capital Services" are to ICICI Capital Services Limited. References to "the amalgamation" are to the amalgamation of ICICI, ICICI Personal Financial Services and ICICI Capital Services Limited with and into 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 sanctioned 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 as of the close of business on August 12, 2010. References to "Indian GAAP" and "GAAP" are to generally accepted accounting principles in India. References to "RBI" are to the Reserve Bank of India. References to the "Government" are to the government of India.

In this Offering Circular, unless otherwise specified, all financial statements and financial data are for ICICI Bank on an unconsolidated basis. All references in this document to "dollars", "U.S. dollars", "US$" or "$" refer to United States dollars and to "Rupees", "Rs.", "rupee", "rupees" or "Indian rupees" refer to the legal currency of India. In addition, references to "Sterling" and "£" refer to the legal currency of the United Kingdom and to "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. References to a particular "fiscal" year are to our fiscal year ended March 31 of such year. In this Offering Circular, references to "US" or "United States" are to the United States of America, its territories and its possessions. References to "India" are to the Republic of India.

Except as otherwise stated in this Offering Circular, all translations from Indian rupees to U.S. dollars are based on the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board at June 30, 2014. 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 June 30, 2014 was Rs. 60.06 per US$1.00. No representation is made that the Indian rupee amounts have been, could have been or could be converted into U.S. dollars at such a rate or any other rate. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding. See "*Exchange Rates*".

ENFORCEABILITY OF CIVIL LIABILITIES

The Issuer is a limited liability company that has been incorporated under the laws of India. Substantially all of the directors and executive officers of the Issuer and certain experts named herein reside in India, and a substantial portion of the assets of the Issuer and the assets of such directors and executive officers and certain experts are located in India. As a result, it may be difficult for investors to effect service of process upon the Issuer or such directors and executive officers outside the Republic of India or to enforce judgments against them obtained in courts outside the Republic of India predicated upon civil liabilities of the Issuer or such directors and executive officers under laws other than Indian law, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The Issuer understands that in India the statutory basis for recognition of foreign judgments is found in Section 13 of the Indian Code of Civil Procedure 1908 (the "Civil Code"), which provides that a foreign judgment shall be conclusive as to any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where the judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the government of India has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the same nature of amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties. While the United Kingdom has been declared by the government of India as a reciprocating territory and the High Courts in England as the relevant superior courts, the United States has not been declared by the government of India to be a reciprocating territory for purposes of Section 44A. Accordingly, a judgment of a court in the United States may be enforced in India only by a suit upon the judgment, not by proceedings in execution. On the other hand, a judgment of a superior court in the United Kingdom may be enforced by proceedings in execution and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 ("Foreign Exchange Management Act") to execute such a judgment or to repatriate any amount recovered. Also, a party may file suit in India against the Issuer, its directors or its executive officers as an original action predicated upon the provisions of the federal securities laws of the United States.

FORWARD-LOOKING STATEMENTS

The Bank has included statements in this Offering Circular 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", "estimate", "estimating", "intend", "plan", "contemplate", "seek to", "seeking to", "trying to", "target", "propose to", "future", "objective", "goal", "project", "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 that the Bank operates or where a material number of its customers reside;
- its ability to successfully implement its strategy, including its retail deposit growth strategy;
- its use of the internet and other technology;
- its rural expansion and ability to meet its priority sector lending requirements;
- its exploration of merger and acquisition opportunities;
- its ability to integrate recent or future mergers or acquisitions into its operations and manage the risks associated with such acquisitions to achieve the Bank's strategic and financial objectives;
- its ability to manage the increased complexity of the risks the Bank faces following its rapid international growth;
- future levels of impaired loans;
- its growth and expansion in domestic and overseas markets;
- the adequacy of its allowance for credit and investment losses;
- technological changes;
- investment income;

- its ability to market new products;
- cash flow projections;
- the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions the Bank is or becomes a party to;
- the future impact of changes to India's credit rating;
- the future impact of new accounting standards;
- the Bank's ability to implement its dividend policy;
- the impact of changes in banking regulations and other regulatory changes in India and other jurisdictions on the Bank, including on the assets and liabilities of ICICI, a former financial institution not subject to Indian banking regulations;
- 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;
- the Bank's ability to roll over its short-term funding sources and its exposure to credit; and
- market and liquidity risks.

The Bank undertakes 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 Offering Circular include, but are not limited to general economic and political conditions in India, southeast Asia, and the other countries which have an impact on the Bank's 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 world-wide, 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, political or financial instability in India or any other country caused by 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 in the value of the Rupee, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets and level of internet penetration in India and globally, 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 on the factors that could cause actual results to differ, see the discussion under "*Risk Factors*" contained in this Offering Circular.

DOCUMENTS INCORPORATED BY REFERENCE

The Bank is "incorporating by reference" into this Offering Circular the information that it files with the U.S. Securities and Exchange Commission (the "SEC"), which means that:

- the incorporated documents are considered a part of this Offering Circular;
- the Bank can disclose important information to investors or holders of Notes by referring them to those documents; and
- certain information that the Bank files with the SEC from time to time will automatically be considered to update and supersede the information in this Offering Circular.

We incorporate by reference into this Offering Circular:

- the Bank's audited consolidated financial statements at and for the year ended March 31, 2012 prepared in accordance with Indian GAAP, as included in the Bank's 18th annual report to shareholders, which has previously been published, and which can be accessed at *http://www.icicibank.com/managed-assets/docs/investor/annual-reports/2012/ICICI_Bank_Annual_Report_FY2012.zip* (but not any other parts of such annual report);
- the Bank's audited consolidated financial statements at and for the year ended March 31, 2013 prepared in accordance with Indian GAAP, as included in the Bank's 19th annual report to shareholders, which has previously been published, and which can be accessed at *http://www.icicibank.com/managed-assets/docs/investor/annual-reports/2013/ICICI_Bank_annual_report_FY2013.zip* (but not any other parts of such annual report);
- the Bank's audited consolidated financial statements at and for the year ended March 31, 2014 prepared in accordance with Indian GAAP, as included in the Bank's 20th annual report to shareholders, which has previously been published, and which can be accessed at *http://www.icicibank.com/managed-assets/docs/investor/annual-reports/2014/ICICI-Bank-Annual-report-FY2014.pdf* (but not any other parts of such annual report);
- the annual and interim audited unconsolidated financial statements of the Bank included in any report on Form 6-K submitted to the SEC after the date of this Offering Circular;
- any other report on Form 6-K that the Bank submits to the SEC after the date of this Offering Circular to the extent it specifically states that it (or any portion thereof) is intended to be incorporated by reference into this Offering Circular; and
- all supplements or amendments to this Offering Circular circulated by the Bank and identified as supplementing or amending this Offering Circular.

Any statement contained in this Offering Circular or in a document incorporated by reference into this Offering Circular will be deemed to be modified or superseded for purposes of this Offering Circular to the extent that a statement contained in any such subsequent document modifies or supersedes that statement. Any statement that is modified or superseded in this manner will no longer be a part of this Offering Circular, except as modified or superseded.

The Bank will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Bank at its office set out at the end of this Offering Circular.

The Bank will, in connection with the listing of the Notes on the SGX-ST, so long as any Note remains outstanding and listed on such exchange, in the event of any material change in the condition of the Bank which is not reflected in this Offering Circular (including documents incorporated by reference into this Offering Circular), prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of the Notes to be listed on the SGX-ST.

If the terms of the Global Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared.

AVAILABLE INFORMATION

The Bank files periodic reports and other information with the SEC. You may read and copy any document that the Bank files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of its public reference room. The SEC also maintains an internet site at *http://www.sec.gov* that contains reports, proxy and information statements, and other information about issuers like the Bank that file electronically with the SEC.

While any Notes remain outstanding, the Bank shall, during any period in which the Bank is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any QIB who is a holder and any prospective purchaser of Notes who is a QIB designated by such holder, upon the request of such holder or prospective purchaser, the information concerning the Bank required to be provided to such holder or prospective purchaser by Rule 144A(d)(4) under the Securities Act.

GENERAL DESCRIPTION OF THE GLOBAL PROGRAMME

Under the Global Programme, the Issuer, acting through its Head Office, Offshore Banking Unit, Singapore Branch, Hong Kong Branch, Bahrain Branch, Dubai Branch or New York Branch, may from time to time issue Notes denominated in any currency, subject to as set out herein. A summary of the terms and conditions of the Global Programme and the Notes appears below. The applicable terms of any Notes will be agreed to between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*".

This Offering Circular and any supplement will only be valid for listing of the Notes on the SGX-ST during the period of 12 months from the date of this Offering Circular in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Global Programme or the previous Medium Term Note Programme, does not exceed US$7,500,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Global Programme and the previous Medium Term Note Programme from time to time:

(a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;

(b) the U.S. dollar equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and

(c) the U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

SUMMARY OF THE GLOBAL PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this summary. References in this summary to a "Condition" are to the Conditions appearing in the "*Terms and Conditions of the Notes*".

Issuer:	ICICI Bank Limited
	In relation to each Tranche of Notes, the applicable Pricing Supplement will indicate whether the Issuer is acting through its Head Office, Singapore Branch, Hong Kong Branch, Offshore Banking Unit, Bahrain Branch, Dubai Branch or New York Branch.
Description:	Global Medium Term Note Programme
Arrangers:	Citigroup Global Markets Singapore Pte Ltd
	Deutsche Bank AG, Singapore Branch
	and any other Arrangers appointed in accordance with the Programme Agreement.
Dealers:	Citigroup Global Markets Limited
	Citigroup Global Markets Singapore Pte Ltd
	Deutsche Bank AG, Singapore Branch
	and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale and Transfer and Selling Restrictions*") including the following restrictions applicable at the date of this Offering Circular.
	Notes having a maturity of less than one year
	Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 ("FSMA") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent in other currencies, see "*Subscription and Sale and Transfer and Selling Restrictions*".
Principal Paying Agent, Transfer Agent and Non-CMU Registrar for non-CMU Notes and non-ICSD Notes:	The Bank of New York Mellon
London Paying Agent:	The Bank of New York Mellon, London Branch (in respect of Notes denominated in a lawful currency which Euroclear and Clearstream, Luxembourg accept for settlement from time to time that are, or are intended to be, cleared through Euroclear and Clearstream, Luxembourg) ("ICSD Notes")
London Registrar and Transfer Agent:	The Bank of New York Mellon (Luxembourg) S.A. (in respect of ICSD Notes)

CMU Lodging and Paying Agent and CMU Registrar for CMU Notes:	The Bank of New York Mellon, Hong Kong Branch
Trustee:	The Bank of New York Mellon
Global Programme Size:	Up to US$7,500,000,000 (or its equivalent in other currencies calculated as described under "*General Description of the Global Programme*") outstanding at any time. The Issuer may increase the amount of the Global Programme in accordance with the terms of the Programme Agreement. As of the date of this Offering Circular, US$183,000,000.00 in aggregate principal amount of notes issued under our Medium Term Note Programme prior to its amendment to the Global Medium Term Note Programme and US$3,984,436,750.00 in aggregate principal amount of notes issued under our Global Medium Term Note Programme prior to the date of this Offering Circular are outstanding.
Distribution:	The Notes are being offered from time to time by the Issuer through the Dealers. The Issuer may sell Notes to the Dealers acting as principals for resale to investors or other purchasers and the Issuer may also sell Notes directly to investors. Notes may be distributed on a syndicated or non-syndicated basis. See "*Subscription and Sale and Transfer and Selling Restrictions*".
Currencies:	Euro, Sterling, US$, yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer except, in the case of Notes which the Central Moneymarkets Unit Service ("CMU") accepts for settlement or are intended to be cleared through CMU ("CMU Notes"), Renminbi.
Redenomination:	The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 4.
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. Hybrid Tier I Notes are perpetual and have no maturity date.
Issue Price:	Notes may be issued on a fully-paid or (in the case of the Notes other than Hybrid Tier I Notes) a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be in bearer or registered form as described under "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and vice versa. Notwithstanding anything to the contrary, the Issuer, when acting through its New York Branch, will issue Notes solely in registered form and will not issue Notes in bearer form.

Each series of Bearer Notes will initially be represented by a Temporary Global Note or a Permanent Global Note, as specified in the applicable Pricing Supplement, which, in each case, may be deposited on the Issue Date with a common depositary for Euroclear Bank S.A./N.V. ("Euroclear"), Clearstream Banking, société anonyme ("Clearstream, Luxembourg") or any other agreed clearance system compatible with Euroclear and Clearstream, Luxembourg or, in the case of Bearer Notes cleared through the CMU, a sub-custodian for the CMU. A Temporary Global Note will be exchangeable, in whole or in part, as described therein, for interests in a Permanent Global Note as described under "*Form of the Notes*". A Permanent Global Note may be exchanged for Definitive Notes only upon the occurrence of an Exchange Event as described under "*Form of the Notes*". Any interest in a Temporary Global Note or a Permanent Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or any other agreed clearance system, as appropriate.

Bearer Notes that are issued in compliance with rules in substantially the same form as U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) for purposes of Section 4701 of the U.S. Internal Revenue Code (the "Code") ("TEFRA D") must be initially represented by a Temporary Global Note.

Each Tranche of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S will, unless otherwise specified in the relevant Pricing Supplement, be represented by a Regulation S Global Certificate (as defined in the "*Form of the Notes*"), which will be deposited on or about its Issue Date with a common depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg or with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg or, in the case of Registered Notes cleared through the CMU, will be registered in the name of the Hong Kong Monetary Authority (the "HKMA") as operator of, and deposited with a sub-custodian for, the CMU. With respect to all offers or sales by a Dealer of an unsold allotment or subscription and in any case prior to the expiry of the distribution compliance period (as defined in Regulation S), beneficial interests in a Regulation S Global Certificate of such series may be held only through Euroclear, Clearstream, Luxembourg, the CMU or DTC for the accounts of Euroclear and Clearstream, Luxembourg. Regulation S Global Certificates will be exchangeable for Definitive Notes only upon the occurrence of an Exchange Event as described in "*Form of the Notes*".

Each Tranche of Registered Notes sold to QIBs in compliance with Rule 144A and subject to the transfer restrictions described in "*Subscription and Sale and Transfer and Selling Restrictions*" and the relevant Pricing Supplement will, unless otherwise specified in the relevant Pricing Supplement, be represented by a Rule 144A Global Certificate, which will be deposited on or about its Issue Date with a custodian for, and registered in the name of a nominee of, DTC. Rule 144A Global Certificates will be exchangeable for Definitive Notes only upon the occurrence of an Exchange Event as described in "*Form of the Notes*".

	Application will be made to have Global Notes or Global Certificates of any series accepted for clearance and settlement through the facilities of DTC, Euroclear, Clearstream, Luxembourg and/or the CMU, as appropriate. See "*Book-Entry Clearance Systems*".
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (c) on such other basis as may be agreed between the Issuer and the relevant Dealer. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.
Other Provisions in Relation to Floating Rate Notes and Index Linked Interest Notes:	Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:	The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than (i) in specified installments, if applicable, or (ii) for taxation reasons (in the case of Senior Notes, prior to the stated maturity and in the case of Hybrid Tier I Notes, after the tenth anniversary of the Issue Date, provided the Issuer is solvent at the time of payment and immediately thereafter and with the prior approval of the Reserve Bank of India or such other relevant authority) or (iii) in the case of Hybrid Tier I Notes, for certain regulatory reasons (at any time prior to the first Optional Redemption Date, provided the Issuer is solvent at time of payment and immediately thereafter and with the prior approval of the Reserve Bank of India or such other relevant authority) or (iv) following an Event of Default (as defined in Condition 10) (in the case of Senior Notes, in accordance with the provisions of Condition 10.1 and in the case of Hybrid Tier I Notes, in accordance with the provisions of Condition 10.2)) or that such Notes will be redeemable at the option of the Issuer (in the case of Senior Notes, in compliance with applicable regulatory requirements including the prior approval of the Reserve Bank of India (if necessary) and in the case of Hybrid Tier I Notes, at any time after the tenth anniversary of the Issue Date, provided the Issuer is solvent at the time of payment and immediately thereafter and with the prior approval of the Reserve Bank of India or such other relevant authority) and/or (except in the case of Hybrid Tier I Notes) the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. The applicable Pricing Supplement may provide that Notes may be redeemable in two or more installments of such amounts and on such dates as are indicated in the applicable Pricing Supplement. Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*—Certain Restrictions — Notes having a maturity of less than one year*" in this summary above.
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*—Certain Restrictions — Notes having a maturity of less than one year*" in this summary above.
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Relevant Jurisdiction, unless such deduction is required by law. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted. With respect to Notes issued by the New York Branch, no additional amounts will be paid in respect of U.S. taxes.

FATCA:	Payments in respect of the Notes will be made subject to any deduction or withholding imposed pursuant to or in connection with Sections 1471 through 1474 of the U.S. Internal Revenue Code (or U.S. Treasury regulations or guidance issued thereunder), or any agreement with the U.S. Treasury or inter-governmental agreement in connection with these provisions or legislation adopted by any non-U.S. jurisdiction to implement such agreements. In the event any such deduction or withholding is imposed, no additional amounts will be paid. See Conditions 6.5 and 8.
Negative Pledge:	The terms of the Senior Notes will contain a negative pledge provision as further described in Condition 3.
Events of Default for Senior Notes:	Events of default for Senior Notes are set out in Condition 10.1.
Cross Default:	The terms of the Senior Notes will contain a cross default provision as further described in Condition 10.1.
Status of the Senior Notes:	The Senior Notes will constitute direct, unconditional, unsubordinated and subject to the provisions of Condition 3 unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Status, Events of Default and other Terms of or relating to the Hybrid Tier I Notes:	The status of the Hybrid Tier I Notes and events of default applicable to the Hybrid Tier I Notes are set out in Conditions 2.2 and 10.2, respectively. Hybrid Tier I Notes do not have the benefit of a negative pledge or cross default provision.
Limited Right of Acceleration in respect of Hybrid Tier I Notes:	If a default is made in the payment of any principal or interest due on the Hybrid Tier I Notes or any of them on the due date and such default continues in the case of principal for a period of seven days and in the case of interest for a period of 14 days, the Trustee may institute such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under the Hybrid Tier I Notes or the Trust Deed (including proceedings for the winding up of the Issuer). The Trustee may only accelerate the Hybrid Tier I Notes in the circumstances set out in Condition 10.2(b). **Neither the Terms and Conditions of the Hybrid Tier I Notes nor the Trust Deed will contain any provision whereby the Hybrid Tier I Notes will become due and payable upon a default in the payment of principal of or interest on the Hybrid Tier Notes or on the non-performance of any covenant of the Issuer or upon the happening of any event other than the events set forth in Condition 10.2(b); principally, the winding up or liquidation of the Issuer.**

Listing:	Application has been made to the SGX-ST for permission to deal in and quotation for any Notes that may be issued pursuant to the Global Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series. If the application to the SGX-ST to list a particular series of Notes is approved, such Notes listed on the SGX-ST will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in any other currency). Unlisted Notes may also be issued. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection therewith will be governed by, and construed in accordance with, English law, except for Condition 2.2 (Status of the Hybrid Tier I Notes) which will be governed by Indian law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, India, Singapore, Bahrain, United Arab Emirates, Dubai, the European Economic Area, Hong Kong, Japan, Italy and Netherlands and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale and Transfer and Selling Restrictions*". Bearer Notes will be issued in compliance with TEFRA D unless (i) the relevant Pricing Supplement states that the Bearer Notes are issued in compliance with rules in substantially the same form as U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) for purposes of Section 4701 of the Code ("TEFRA C") or (ii) the Bearer Notes are issued other than in compliance with TEFRA D or TEFRA C; Only Bearer Notes with a term of 365 days or less (taking into account any unilateral rights to extend or rollover the term) may be issued other than in compliance with TEFRA D or TEFRA C and such Notes will be referred to in the relevant Pricing Supplement as Notes to which the United States Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") is not applicable.

FORM OF THE NOTES

The Notes of each series will be Bearer Notes or Registered Notes as specified in the applicable Pricing Supplement. Notwithstanding anything to the contrary, the Issuer, when acting through its New York Branch, will issue Notes solely in registered form and will not issue Notes in bearer form.

Bearer Notes

Each Tranche of Notes offered or sold only outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S may be in bearer form ("Bearer Notes"), in which case such Notes will be initially issued in the form of a temporary global note (a "Temporary Global Note") or, if so specified in the applicable Pricing Supplement, a permanent Global Note (a "Permanent Global Note", together with Temporary Global Note, the "Bearer Global Notes") which, in either case, will be delivered on or prior to the issue date of the relevant Tranche to a common depositary (the "Common Depositary") for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") or any other agreed clearance system compatible with Euroclear and Clearstream, Luxembourg or in the case of CMU Notes, to a sub-custodian for the CMU. Bearer Notes issued in compliance with TEFRA D must be initially issued in the form of a Temporary Global Note. Whilst any Bearer Note issued under TEFRA D is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification generally to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by TEFRA D, has been received by Euroclear, Clearstream, Luxembourg or the relevant Lodging and Paying Agent (in the case of CMU Notes) and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Issuer or its Agent. Bearer Notes with a term of more than 365 days (taking into account any unilateral rights to extend or rollover the term) that are CMU Notes will be issued under TEFRA C if at the time of issuance the CMU does not have in place the certification procedures necessary to comply with TEFRA D.

On and after the date (the "Exchange Date") which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) for definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement), in each case against certification of non-U.S. beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Note without any requirement for certification. While a Permanent Global Note is held by or on behalf of the HKMA as the operator of the CMU, payments of interest or principal will be made to the persons for whose account a relevant interest in such Permanent Global Note is credited as being held by the CMU operator at the relevant time, as notified to the CMU Lodging and Paying Agent by the CMU operator in a relevant CMU instrument position report or in any other relevant notification by the CMU operator. Such payment will discharge the Issuer's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

The applicable Pricing Supplement will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg or, in the case of CMU Notes, the CMU Lodging and Paying Agent (acting on the instructions of any holder of an interest in such Permanent Global Note or, in the case of CMU Notes, the instructions of the relevant account holders in the CMU) to the Agent as described therein or (b) the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg or, in the case of CMU Notes, the CMU have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by two directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or, in the case of CMU Notes, the relevant account holders in the CMU may give notice to the relevant Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the relevant Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

The following legend will appear on all Bearer Notes that have an original maturity of more than 365 days (taking into account any unilateral rights to extend or rollover the term) and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE".

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Registered Notes

Unless otherwise provided with respect to a particular series of Notes, the Notes in registered form ("Registered Notes") of each Tranche offered and sold in offshore transactions in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a "Regulation S Global Certificate"). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Certificate may not be offered or sold to, or for the account or benefit of, a U.S. person except as otherwise provided in Condition 1.2 (*Transfers of Registered Notes*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Certificate will bear a legend regarding such restrictions on transfer.

Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions to QIBs who agree to purchase the Notes for their own account and not with a view to the distribution thereof. Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a "Rule 144A Global Certificate" and, together with a Regulation S Global Certificate, the "Global Certificates").

Global Certificates will either (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (the "DTC") for the accounts of its participants, including Euroclear and Clearstream, Luxembourg, or (ii) be deposited with the Common Depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or any other agreed clearance system compatible with Euroclear and Clearstream, Luxembourg or be deposited with a sub-custodian for the CMU, and registered in the name of the HKMA as operator of the CMU, in each case, as specified in the applicable Pricing Supplement. The Global Certificate for CMU Notes will be held for the account of CMU participants who have accounts with the CMU operator, or the CMU participants. For persons seeking to hold a beneficial interest in the Bonds through Euroclear or Clearstream, Luxembourg, such persons will hold their interests through an account opened and held by Euroclear or, as the case may be, Clearstream, Luxembourg with the CMU operator. Unless otherwise stated in the applicable Pricing Supplement, the minimum denomination of each Global Note shall be US$200,000 or its approximate equivalent in other Specified Currencies.

The Rule 144A Global Certificates will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Global Certificates will, in the absence of provisions to the contrary, be made to the person shown on the Register (as defined in Condition 1.1 (*Form, Denomination and Title*) as the registered holder of the Global Certificates. None of the Issuer, any Paying Agent, the Trustee or the relevant Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the relevant Register on the relevant Record Date (as defined in Condition 6.4 (*Payments in Respect of Registered Notes*) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no successor clearing system satisfactory to the Trustee is available (iii) in the case of Notes registered in the name of a nominee for the Common Depositary, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available (iv) in the case of CMU Notes, the Issuer has been notified that the CMU has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (v) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Certificate in definitive form and a certificate to such effect signed by two directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear, Clearstream, Luxembourg and/or DTC (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the relevant Registrar or, in the case of CMU Notes, the relevant account holder in the CMU may give notice to the CMU Lodging and Paying Agent, requesting exchange and, in the event of the occurrence of an Exchange Event as described in (v) above, the Issuer may also give notice to the relevant Registrar or, in the case of CMU Notes, the CMU Lodging and Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the relevant Registrar or, in the case of CMU Notes, the CMU Lodging and Paying Agent. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Transfer of Interests

Interests in a Global Certificate may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Certificate. No beneficial owner of an interest in a Global Certificate will be able to transfer such interest, except in accordance with the applicable procedures of DTC, the CMU, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions. See "*Subscription and Sale and Transfer and Selling Restrictions*".

General

Notes which are represented by a Global Note or a Global Certificate will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the CMU or DTC as the case may be.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Agent or the Registrar, as the case may be, shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN, a CMU instrument number (where applicable), and a CUSIP number which are different from the common code, ISIN, CMU and CUSIP numbers assigned to Notes of any other

Tranche of the same Series and, in the case of Notes sold in offshore transactions in reliance on Regulation S, until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche and, for Bearer Notes issued under TEFRA D, until at least the Notes represented by interests in a Temporary Global Note are exchanged for Notes represented by an interest in a Permanent Global Note or for definitive Notes. In order for further Registered Notes to be consolidated to form a single Series with the outstanding Registered Notes of the relevant Series, the further Registered Notes must be fungible with the outstanding Registered Notes of such Series for U.S. federal income tax purposes.

For so long as the ICSD Notes or any part thereof are represented by a Global Note deposited with a common depositary for Euroclear and Clearstream, Luxembourg or, in respect of CMU Notes, a sub-custodian for the CMU or a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg or, in the case of CMU Notes, the CMU, each person (other than Euroclear or Clearstream, Luxembourg or, in the case of CMU Notes, the CMU) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or, in the case of CMU Notes, the CMU as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or, in the case of CMU Notes, the CMU as to the nominal amount of such Notes standing to the account of any person will be conclusive and binding for all purposes except in the case of manifest error) will be treated by, in the case of ICSD Notes, the Issuer, the Trustee, the London Paying Agent and the London Registrar, or, in the case of CMU Notes, the Issuer, the Trustee, the CMU Lodging and Paying Agent and the CMU Registrar to be the holder of such nominal amount of such Notes (and the bearer or registered holder of Notes will be deemed not to be the holder) for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, the rights to which will be vested, as against the Issuer, the Paying Agents, the Registrar and the Trustee, solely in the bearer of the relevant Global Note or the registered holder of the relevant Global Certificate and for which purpose such bearer or registered holder will be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to its terms and provisions.

So long as DTC or its nominee is the registered owner or holder of a Global Certificate, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Certificate for all purposes under the Trust Deed and the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes or Global Certificates representing the Notes are held in their entirety on behalf of (i) DTC, Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to DTC, Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes, or (ii) the CMU, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the persons shown in a CMU instrument position report issued by the CMU on the date prior to the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate and, in addition, in the case of both (i) and (ii) above, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to DTC, Euroclear, Clearstream, Luxembourg and/or the persons shown in the relevant CMU instrument position report.

The CMU operator is under no obligation to maintain or continue to operate the CMU and the CMU operator is under no obligation to perform or continue to perform the procedures described above. Accordingly, the CMU and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the Agents nor any of their respective agents will have any responsibility for the performance by the CMU operator or the CMU participants of their respective obligations under the rules and procedures governing their operations.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or the CMU shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Agent and the Trustee.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 4, 5, 6, 7 (except Condition 7.2), 11, 12, 13, 14 (insofar as such Notes are not listed or admitted to trade on any stock exchange) or 17, they will not necessitate the preparation of a supplement to this Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Offering Circular will be prepared, if appropriate.

So long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Note representing such Notes is exchanged for definitive Notes. In addition, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

APPLICABLE PRICING SUPPLEMENT

Form of Pricing Supplement

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[Date]

ICICI Bank Limited
(acting through its [Head Office/Offshore Banking Unit/Bahrain/Dubai/Hong Kong/ New York/Singapore Branch])

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the US$7,500,000,000
Global Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated September 9, 2014. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]

[The following language applies if a particular tranche of Notes issued by ICICI Bank Limited acting through its Singapore Branch are "Qualifying Debt Securities" for the purpose of Income Tax Act, Chapter 134 of Singapore:

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "Income Tax Act"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.]

1		Issuer:	ICICI Bank Limited, acting through its [Head Office/Offshore Banking Unit/Bahrain/Dubai/Hong Kong/New York/Singapore Branch]
2	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ] *(If re-opening fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
	(c)	Re-opening	[Yes/No] *[Specify terms of initial or eventual fungibility]*
3	(a)	Specified Currency or Currencies:	[ ]

	(b)	Exchange Agent responsible for payments in a Specified Currency other than US dollars:	[ ]
4		Aggregate Nominal Amount:	
	(a)	[Series:	[ ]]
	(b)	[Tranche:	[ ]]
5	(a)	[Issue Price:	[ ]% of the Aggregate Nominal Amount [plus accrued interest from *[insert date] (in the case of re-opening fungible issues only, if applicable)]*
	(b)	*[Net proceeds (Required only for listed issues):*	[ ]]
6	(a)	Specified Denominations: *[in the case of Registered Notes, this means the minimum integral amount in which transfers can be made]*	[ ] *(Note — In the case of Registered Notes, this means the minimum integral amount in which transfers can be made. For Global Certificates, consider including language substantially to the following effect (however, appropriate amendments should be made for different currencies): "€ 100,000 and integral multiples of € 1,000 in excess thereof")* *(Note — For Bearer Notes with a Specified Denomination and higher integral multiples above [US$200,000] or equivalent, consider including language substantially to the following effect (however, appropriate amendments should be made for different currencies):* *"[US$200,000] and integral multiples of [US$1,000] in excess thereof up to and including [US$399,000] and, for so long as the Notes are represented by a Global Note (as defined below) and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in the minimum authorised denomination of [US$200,000] and higher integral multiples of [US$1,000], notwithstanding that no Notes in definitive form will be issued with a denomination above [US$399,000].")*
	(b)	Calculation Amount:	[ ] (*If only one Specified Denomination, insert the Specified Denomination.* *If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations*.)
7	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[ ]
8		Maturity Date:	*[Fixed rate — specify date/Floating rate — Interest Payment Date falling in or nearest to [specify month and year, if different from that stated in the Offering Circular]] (NB: As per the current regulations, Hybrid Tier I Notes shall be perpetual)*
9		Interest Basis:	[ ]% Fixed Rate] [LIBOR/EURIBOR] +/- [ ]% Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [specify other] (further particulars specified below)

10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] *[specify other]*
11	Change of Interest Basis or Redemption/Payment Basis:	*[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]* (N.B. Per the Reserve Bank of India regulations, Hybrid Tier 1 Notes will not have any step-up option to qualify as Tier 1 capital.)
12	Put/Call Options:	[Investor Put] *[N.B. Investor Put is not possible for Hybrid Tier I Notes.]* [Issuer Call] *(N.B. For Hybrid Tier I Notes, Issuer Call may only be exercised after the tenth anniversary of the Issue Date (i.e. ten years and one day), and is subject to the prior approval of the Reserve Bank of India.)* [(further particulars specified below)]
13	Status of the Notes:	[Senior/Hybrid Tier I]*
14	(a) Date board approval for issuance of Notes obtained:	[ ] [and [ ], respectively]]/[None required] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*
	(b) Date regulatory approval/consent for issuance of Notes obtained:	[ ]/[None required] *(N.B. Only relevant where regulatory (or similar) approval or consent is required for the particular tranche of Notes)*
15	Listing:	[Singapore Exchange Securities Trading Limited/*specify other*/None] *(N.B. Consider disclosure requirements under the EU Prospectus Directive applicable to securities admitted to an EU regulated market)*
16	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17	Fixed Rate Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a) Rate(s) of Interest:	[ ]% per annum [payable [annually/ semi-annually/quarterly] in arrear] *(If payable other than annually, consider amending Condition 5)*
	(b) Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date]/*[specify other] (N.B. This will need to be amended in the case of long or short coupons. For Hybrid Tier I Notes, applicable Interest Payment Dates will be April and October in each year.)*
	(c) Fixed Coupon Amount(s): (Applicable to Notes in definitive form)	[ ] per Calculation Amount
	(d) Broken Amount(s): *(Applicable to Notes in definitive form)*	[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]
	(e) Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or *[specify other]*]

* N.B. The Global Programme has not been updated to include terms and conditions for non-equity Tier I capital (Additional Tier I capital) instruments compliant with the RBI's Master Circular — Basel III Capital Regulations (DBOD. No. BP. BC. 6/21.06.201/2014-15) (Master Circular — Basel III Capital Regulations). Global Programme documentation would be updated to conform to these regulations prior to any issuance of Additional Tier I capital instruments.

	(f)	Determination Date(s):	[ ] in each year *[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*
	(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*Give details*]
18		Floating Rate Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Specified Period(s)/ Specified Interest Payment Dates:	[ ] *(N.B. For Hybrid Tier I Notes, applicable Interest Payment Dates will be April and October in each year.)*
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/*[specify other]*]
	(c)	Additional Business Centre(s):	[ ] *(insert New York City for U.S. denominated Notes to be held through DTC and for non-U.S. dollar denominated Notes where exchange into US dollars is contemplated for DTC participants holding through Euroclear and Clearstream, Luxembourg)*
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/ *specify other*]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
	(f)	Screen Rate Determination:	
		• Reference Rate:	[ ] *(Either LIBOR, EURIBOR or other, although additional information is required if other — including fallback provisions in the Agency Agreement)*
		• Interest Determination Date(s):	[ ] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
		• Relevant Screen Page:	[ ] *(In the case of EURIBOR, if not Reuters Page EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
	(g)	ISDA Determination:	
		• Floating Rate Option:	[ ] *(if not on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, the Issuer shall describe the basis here)*

		• Designated Maturity:	[ ]
		• Reset Date:	[ ]
	(h)	Margin(s):	[+/-][ ]% per annum
	(i)	Minimum Rate of Interest:	[ ]% per annum
	(j)	Maximum Rate of Interest:	[ ]% per annum
	(k)	Day Count Fraction:	[Actual/Actual(ISDA) Actual/365(Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 30E/360 (ISDA) *Other*]
	(l)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]
19	Zero Coupon Note Provisions		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Accrual Yield:	[ ]% per annum
	(b)	Reference Price:	[ ]
	(c)	Any other formula/basis of determining amount payable:	[ ]
	(d)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 7.5 and 7.10 apply/*specify other*] *(Consider applicable day count fraction if not U.S. dollar denominated)*
20	Index Linked Interest Note Provisions		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Index/Formula:	*[give or annex details]*
	(b)	Calculation Agent responsible for calculating the interest due:	[ ]
	(c)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[ ]
	(d)	Specified Period(s)/Specified Interest Payment Dates:	[ ] *(N.B. For Hybrid Tier I Notes, applicable Interest Payment Dates will be April and October in each year.)*
	(e)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
	(f)	Additional Business Centre(s):	[ ]
	(g)	Minimum Rate of Interest:	[ ]% per annum
	(h)	Maximum Rate of Interest:	[ ]% per annum
	(i)	Day Count Fraction:	[ ]
21	Dual Currency Interest Note Provisions		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Rate of Exchange/method of calculating Rate of Exchange:	*[give details]*

	(b)	Calculation Agent, if any, responsible for calculating the interest payable:	[ ]
	(c)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[ ]
	(d)	Person at whose option Specified Currency(ies) is/are payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

22	Issuer Call:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Optional Redemption Date(s):	[ ] *[For Hybrid Tier I Notes, the Optional Redemption Date must be a date falling after the tenth anniversary of the Issue Date (i.e. ten years and one day) and redemption is subject to the prior approval of the Reserve Bank of India]*
	(b)	Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): Specified Denomination	[[ ] per Calculation Amount/*specify other/see Appendix*]
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[ ]
		(ii) Maximum Redemption Amount:	[ ]
	(d)	Notice period (if other than as set out in the Conditions):	*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
23	Investor Put:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph) [N.B. Investor Put is not possible for Hybrid Tier I Notes]*
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other/see Appendix*]
	(c)	Notice period (if other than as set out in the Conditions):	[ ] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
24	Final Redemption Amount of each Note:		[[ ] per Calculation Amount/*specify other/see Appendix*]

25	Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7.6):	[[ ] per Calculation Amount/*specify other/see Appendix*]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26	Form of Notes:	[Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]**]] *(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[US$200,000] and integral multiples of [US$1,000] in excess thereof up to and including [US$399,000]. Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)* *[(Noteholders will not have the right to exchange such Global Notes for Definitive Notes other than upon the occurrence of an Exchange Event.)*] [Registered Notes: [Regulation S Global Certificate (US$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a sub-custodian for the CMU operated by the HKMA] Rule 144A Global Certificate (US$[ ] nominal amount registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg] (*specify nominal amounts*)]
27	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/give details] *(Note that this paragraph relates to the place of payment and not Interest Period end dates to which paragraphs 17(b), 18(b) and 20(f) relate); insert New York City for U.S. dollar denominated Notes to be held through DTC)*

** Where TEFRA D is applicable, a Note must be issued in the form of a Temporary Bearer Global Note exchangeable upon U.S. tax certification for a Permanent Bearer Global Note or for Definitive Notes.

28	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. If yes, *give details*]
29	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details. N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]*
30	Details relating to Instalment Notes:	
	(a) [Instalment Amount(s):	[Not Applicable/*give details*]]
	(b) [Instalment Date(s):	[Not Applicable/*give details*]]
31	Redenomination applicable:	Redenomination [not] applicable *(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))*
32	Other terms or special conditions:	[Not Applicable/give details] (N.B. If Hybrid Tier I Notes, include a definition of Existing Preference Shares) (N.B. In the case of Hybrid Tier I Notes, specify (i) Calculation Agent, (ii) Day Count Fraction and (iii) Applicable Spread for the purpose of the Make Whole Amount.)

DISTRIBUTION

33	(a) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(b) Stabilising Manager (if any):	[Not Applicable/*give name*]
34	If non-syndicated, name of relevant Dealer:	[ ]
35	Whether TEFRA D or TEFRA C rules are applicable or TEFRA rules not applicable:	[TEFRA D/TEFRA C/TEFRA not applicable (TEFRA not applicable may only be used in the case of Bearer Notes with a term of 365 days or less (taking into account any unilateral rights to rollover or extend the term) or Registered Notes)]*
36	Additional selling restrictions:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

37	Clearing System(s):	[DTC] [Euroclear and Clearstream, Luxembourg] [CMU] *(if any clearing system(s) other than DTC, Euroclear and Clearstream Luxembourg, or CMU provide the following information) [Name of Clearing System(s)/Identification Number(s)]*
38	Delivery:	Delivery [against/free of] payment

* Bearer Notes will not be issued by the New York branch. Where TEFRA D is applicable, a Bearer Note must be issued in the form of a Temporary Global Note exchangeable upon U.S. tax certification for a Permanent Global Note or Definitive Note.

39	In the case of Registered Notes, specify the location of the office of the Registrar if other than New York:	[Not Applicable/[Luxembourg]]
40	Additional Paying Agent(s) (if any):	[ ]

ISIN:	[ ]
Common Code:	[ ]
CUSIP:	[ ]
CINS:	[ ]

(insert here any other relevant codes)

CMU Instrument No. [Only for CMU Notes]

[LISTING APPLICATION

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Notes. The SGX-ST assumes no responsibility for any of the statements made, opinions expressed or reports contained in this Pricing Supplement. Approval in-principle from, and admission of the Notes to the Official List of, the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Notes.

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the US$7,500,000,000 Global Medium Term Note Programme of ICICI Bank Limited.]

[*Applicable only to Notes issued by ICICI Bank Limited acting through its Singapore branch*.]

Prospective investors and Noteholders are reminded to take note of the statements in the section on "*Taxation — Singapore Taxation*" in the Offering Circular.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: ______________________

Duly authorised
Name:
Title:

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note and each Global Certificate (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The Programme has not been updated to include terms and conditions for Additional Tier I compliant with the RBI's Master Circular — Basel III Capital Regulations. Global Programme documentation, including the Pricing Supplement and the following Terms and Conditions, will be updated to conform to these regulations prior to any issuance of Additional Tier I capital instruments under the Global Programme. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note, Global Certificate and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Notes. The issuance and Terms and Conditions in relation to the Hybrid Tier I Notes and the Senior Notes are subject to laws, rules, regulations, circulars, and guidelines issued by the Reserve Bank of India and in force as at the applicable issuance date and an approval which may be required in respect of such issuance.

This Note is one of a Series (as defined below) of Notes issued by ICICI Bank Limited (the "Issuer"), acting through its Head Office, its Offshore Banking Unit, its Singapore Branch, its Hong Kong Branch, its Dubai Branch, its Bahrain Branch or its New York Branch as specified in the applicable Pricing Supplement, constituted by an Amended and Restated Trust Deed (such Amended and Restated Trust Deed, as modified and/or supplemented and/or restated from time to time, the "Trust Deed") dated September 9, 2014 made between the Issuer and The Bank of New York Mellon (the "Trustee", which expression shall include any successor as Trustee).

References herein to the "Notes" shall be references to the Notes of this Series and shall mean:

(a) in relation to any Bearer Notes (as defined below) represented by a global note (a "Global Note") or any Registered Notes (as defined below) represented by a global note ("a Global Certificate"), units of the lowest Specified Denomination in the Specified Currency;

(b) any Global Note;

(c) any Global Certificate; and

(d) any Definitive Notes issued in exchange for a Global Note or a Global Certificate.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Amended and Restated Agency Agreement as amended and/or supplemented and/or restated from time to time, the "Agency Agreement") dated September 9, 2014, and made between the Issuer, the Trustee, The Bank of New York Mellon, as issuing and principal paying agent, non-CMU registrar, transfer agent and agent bank, The Bank of New York Mellon, London Branch as London paying agent, The Bank of New York Mellon (Luxembourg) S.A. as London registrar and transfer agent and The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent and CMU registrar (the "Agents" and each an "Agent", which expression shall include any successor agent) and the other paying agents named therein (together with the Agents, the "Paying Agents", which expression shall include any additional or successor paying agents).

For the purposes of these Terms and Conditions (the "Conditions"), all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Agent shall, in respect of ICSD Notes (as defined below) be deemed to be a reference to the London Paying Agent and, in respect of CMU Notes (as defined below) be deemed to be a reference to the CMU Lodging and Paying Agent, and all such references shall be construed accordingly.

For the purposes of these Conditions, all references to the Registrar shall, in respect of ICSD Notes (as defined below), be deemed to be a reference to the London Registrar and, in respect of CMU Notes (as defined below), be deemed to be a reference to the CMU Registrar, and all such references shall be construed accordingly.

In these Conditions, the following expressions shall have the following meanings:

"CMU" means the Central Moneymarkets Unit Service operated by the HKMA;

"CMU Instrument Position Report" has the meaning specified in the CMU Rules;

"CMU Manual" means the reference manual relating to the operation of the CMU issued by the HKMA to CMU Members, as amended from time to time;

"CMU Member" means any member of the CMU;

"CMU Notes" means Notes denominated in any lawful currency (other than Renminbi) which the CMU accepts for settlement from time to time that are, or are intended to be, cleared through the CMU;

"CMU Rules" means all requirements of the CMU for the time being applicable to a CMU Member and includes (a) all the obligations for the time being applicable to a CMU Member under or by virtue of its membership agreement with the CMU and the CMU Manual; (b) all the operating procedures as set out in the CMU Manual for the time being in force in so far as such procedures are applicable to a CMU Member; and (c) any directions for the time being in force and applicable to a CMU Member given by the HKMA through any operational circulars or pursuant to any provision of its membership agreement with the HKMA or the CMU Manual; and

"HKMA" means the Hong Kong Monetary Authority appointed pursuant to Section 5A of the Exchange Fund Ordinance (Cap. 66) of Hong Kong or its successor.

"ICSD Notes" means Notes denominated in a lawful currency which Euroclear and Clearstream, Luxembourg accept for settlement from time to time that are, or are intended to be, cleared through Euroclear and Clearstream, Luxembourg.

Interest bearing definitive Bearer Notes have interest coupons ("Coupons") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes in bearer form repayable in instalments have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue. Neither Global Notes nor Global Certificates have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the "applicable Pricing Supplement" are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the holders for the time being of the Notes (the "Noteholders", which expression shall, in relation to any Notes represented by a Global Note or a Global Certificate, be construed as provided below), the holders of the Receipts (the "Receiptholders") and the holders of the Coupons (the "Couponholders", which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, "Tranche" means Notes which are identical in all respects (including as to listing) and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee being at 101 Barclay Street, New York, NY 10286, USA and at the specified office of each of the Paying Agents. Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of each of the Paying Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the Trustee or, as the case may be, and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. FORM, DENOMINATION, TITLE AND TRANSFERS

1.1 Form, Denomination and Title:

The Notes are issued in bearer form ("Bearer Notes") or in registered form ("Registered Notes") and, in the case of definitive Notes, serially numbered, in each case in the Specified Currency and the Specified Denomination(s). Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single Tranche or Series may comprise both Bearer Notes and Registered Notes. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. Unless otherwise stated in the applicable Pricing Supplement, the Specified Denomination of each Global Note or Global Certificate will be US$200,000 (or its approximate equivalent in other Specified Currencies) and integral multiples of US$1,000 in excess thereof.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Bearer Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable. Notwithstanding anything to the contrary, the Issuer, acting through its New York Branch, will not issue any Bearer Notes.

Registered Notes are represented by registered certificates ("Certificates") and, save as provided in Condition 1.2(b), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery. The Bearer Notes shall be delivered only outside the United States and its possessions. Title to the Registered Notes shall pass by registration in the relevant register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register"). The Issuer, the Paying Agents, the Registrar and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder (as defined below) of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note or Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph.

In respect of the Notes of any Series, (i) for so long as such Notes or any part thereof are represented by a Global Note deposited with a common depositary for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg") or, in respect of CMU Notes, a sub-custodian for the CMU, or a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg or, in respect of CMU Notes, the CMU, each person (other than Euroclear, Clearstream, Luxembourg or the CMU) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or the CMU as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or the CMU as to the nominal amount of such Notes standing to the account of any person will be conclusive and binding for all purposes except in the case of manifest error) will be treated by the Issuer, the Paying Agents, the Registrar and the Trustee to be the holder of such nominal amount of such Notes (and the bearer or registered holder of Notes will be deemed not to be the holder) for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, the rights to which will be vested, as against the Issuer, the Paying Agents, the Registrar and the Trustee, solely in the bearer of the relevant Global Note or the registered holder of the relevant Global Certificate and for which purpose such bearer or registered holder will be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to its terms and provisions and (ii) for so long as The Depository Trust Company ("DTC") or its nominee is the registered owner or holder of a Global Certificate, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Certificate for all purposes under the Trust Deed and the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

"Noteholders" means, subject to the preceding paragraph, the several persons who are for the time being the bearers of Bearer Notes and the persons in whose names Registered Notes are registered, as the case may be, and the expressions "Noteholder", "holder" and "holder of Notes" and related expressions will be construed in accordance with the preceding paragraph.

Notes which are represented by a Global Certificate or a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, the CMU, Euroclear and/or Clearstream, Luxembourg, as the case may be.

References to DTC, the CMU, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Agent and the Trustee.

1.2 Transfers of Registered Notes:

(a) Transfers of Interests in Global Certificates

Transfers of beneficial interests in Global Certificates will be effected by DTC, Euroclear, Clearstream, Luxembourg or the CMU as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Notes in registered form or for a beneficial interest in another Global Certificate only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear, Clearstream, Luxembourg and/or the CMU as the case may be, and in accordance with the terms and conditions specified in such Global Certificate, the Trust Deed and the Agency Agreement. Transfers of Global Certificates registered in the name of a nominee for DTC shall be limited to transfers of such Global Certificates, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) Transfers of Definitive Notes in Registered Form

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Conditions, a Definitive Note in registered form may be transferred in whole or in part, in the authorised denominations set out in the applicable Pricing Supplement. In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note, or the relevant part of the Registered Note, at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 4 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Definitive Note in registered form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of only a part of a Definitive Note in registered form, a new Definitive Note in registered form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) Cost of Registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(d) Registration of Transfer upon Partial Redemption

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(e) Transfers of Interests in Regulation S Global Certificates

Prior to expiry of the Distribution Compliance Period (as defined below), transfers by the holder of, or of a beneficial interest in, a Regulation S Global Certificate to a transferee in the United States or who is a U.S. person will only be made:

(i) upon receipt by the Registrar of a written certification substantially in the form set out in Schedule 3 of the Agency Agreement, amended as appropriate ("Transfer Certificate"), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (i) above, such transferee may take delivery through a Legended Note (as defined below) in global or definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Certificate registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(f) Transfers of Interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

(i) to a transferee who takes delivery of such interest through a Regulation S Global Certificate, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

(ii) without any certification to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) Exchanges and Transfers of Registered Notes Generally

Holders of Definitive Notes in registered form may exchange such Notes for interests in a Global Certificate of the same type at any time.

(h) Definitions

In this Condition, the following expressions shall have the following meanings:

"Distribution Compliance Period" means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

"Legended Note" means Registered Notes (whether in definitive form or represented by a Global Certificate) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

"QIB" means a "qualified institutional buyer " within the meaning of Rule 144A; "Regulation S" means Regulation S under the Securities Act;

"Regulation S Global Certificate" means a Global Certificate representing Notes that are offered and sold initially to non-U.S. persons (as defined in Regulation S) in an "offshore transaction" within the meaning of Regulation S and are (i) registered in the name of a common nominee of, and deposited with the applicable common depositary for, Euroclear, Clearstream, Luxembourg or, in respect of CMU Notes, are registered in the name of the HKMA as operator of, and lodged with a sub-custodian for, the CMU and/or any other applicable clearing system or (ii) registered in the name of a nominee of, and deposited with a custodian for, the DTC and/or any other applicable clearing system for the accounts of its participants, including Euroclear and Clearstream, Luxembourg; *provided* that, prior to the expiry of the "distribution compliance period" as defined in Regulation S, ownership of beneficial interests in a Regulation S Global Certificate will be limited to the respective depositaries of Euroclear, Clearstream, Luxembourg and the CMU;

"Rule 144A" means Rule 144A under the Securities Act;

"Rule 144A Global Certificate" means a Global Certificate representing Notes that are offered or sold initially within the United States only to QIBs in reliance on Rule 144A and that are deposited with the Custodian and registered in the name of a nominee for DTC; and

"Securities Act" means the United States Securities Act of 1933, as amended.

2. STATUS OF THE NOTES

2.1 Status of the Senior Notes

Notes the status of which is specified in the applicable Pricing Supplement as Senior (the "Senior Notes") and any relative Receipts and Coupons are direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

2.2 Status of the Hybrid Tier I Notes

(a) Status

The Hybrid Tier I Notes are direct and unsecured obligations of the Issuer and are subordinated in the manner described in Condition 2.2(b).

(b) Subordination

The Issuer, for itself, its successors and assignees, covenants and agrees, and each Noteholder by subscribing for or purchasing a Hybrid Tier I Note irrevocably acknowledges and agrees that:

(i) the indebtedness evidenced by the Hybrid Tier I Notes constitutes unsecured and subordinated obligations of the Issuer; and

(ii) the subordination is for the benefit of the holders of indebtedness that ranks senior to the Hybrid Tier I Notes.

Claims in respect of the Hybrid Tier I Notes will rank:

(iii) junior to the claims of holders of Senior and Subordinated Indebtedness, excluding share capital;

(iv) pari passu and without preference among themselves and the claims of creditors of the Issuer that are, expressly or by applicable laws, subordinated so as to rank pari passu in respect of the Hybrid Tier I Notes; and

(v) senior to (x) the claims for payment of any obligation that, expressly or by applicable law, is subordinated to the Hybrid Tier I Notes, and (y) the claims of holders of preference and equity shares of the Issuer.

"Senior and Subordinated Indebtedness" means all deposits and all unsubordinated liabilities of the Issuer and all subordinated liabilities of the Issuer including instruments constituting "Tier II" and "Upper Tier II" capital of the Issuer as defined under the RBI Guidelines, other than liabilities of the Issuer which rank or are expressed to rank either pari passu with or junior to the Hybrid Tier I Notes.

The principal of, and interest and any additional amounts payable under Condition 8 on, the Hybrid Tier I Notes will be subordinated in right of payment upon occurrence of any winding up proceeding to the prior payment in full of all deposit liabilities and all other liabilities of the Issuer (including liabilities of all offices and branches of the Issuer wherever located and any subordinated debt securities of the Issuer that rank or are expressed to rank senior to the Hybrid Tier I Notes), except in each case to those liabilities which by their terms rank equally in right of payment with or which are subordinated to the Hybrid Tier I Notes, in the manner and to the extent provided in the Trust Deed.

No Noteholder or Couponholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Hybrid Tier I Notes and each Noteholder and Couponholder shall by virtue of its subscription, purchase or holding of any Hybrid Tier I Note, be deemed to have waived all such rights of set-off to the fullest extent permitted by law.

The Issuer agrees that so long as any of the Hybrid Tier I Notes remains outstanding (as defined in the Trust Deed), it will not create, issue, assume or otherwise incur any loan, debt, guarantee, instrument or other obligation which shall be, or shall purport to be, subordinated debt of the Issuer and which shall, at the time it is created, issued, assumed or otherwise incurred or at any time thereafter, be considered to be innovative Tier I capital of the Issuer under applicable Reserve Bank of India regulations which would rank (as regards interest, dividends or distributions on liquidation, dissolution or winding up) senior to the Hybrid Tier I Notes.

(c) Payment Limitation on Hybrid Tier I Notes

Unless otherwise provided in the applicable Pricing Supplement,

(i) payments in respect of Hybrid Tier I Notes will rank junior to the claims of holders of Senior and Subordinated Indebtedness, excluding share capital;

(ii) if the Issuer is not, or would be caused by any payment of interest on any Hybrid Tier I Note not to be, in compliance with the Capital to Risk Assets Ratio Requirement, on the due date for the relevant payment, the Issuer shall not make payment of such interest as provided in this Condition 2.2(c) and any such failure to pay will not constitute a default by the Issuer for any purpose; provided, however, that the Issuer shall not declare or pay any dividends on any share capital of the Issuer (other than any dividends to the holders of the Existing Preference Shares (as defined in the applicable Pricing Supplement) or make any payments in respect of liabilities of the Issuer that rank equally with or junior to the Hybrid Tier I Notes (each such declaration or (as the case may be) payment being a "Subordinated Payment") unless and until such time as all payments of interest under the Hybrid Tier I Notes are made by the Issuer, as and when such payments are due, for the 12-month period immediately preceding such Subordinated Payment.

(iii) if the Issuer is not, or would be caused by any payment of interest on any Hybrid Tier I Note not to be, in compliance with the Net Loss Requirement on the due date for the relevant payment, the Issuer shall not make such payment of interest, and any such failure to pay will not constitute a default by the Issuer for any purpose; provided, however, (i) that the Issuer shall not make any Subordinated Payment unless and until such time as all payments of interest under the Hybrid Tier I Notes are made by the Issuer, as and when such payments are due, for the 12-month period immediately preceding such Subordinated Payment and (ii) that if the Issuer is in compliance with the Capital to Risk Assets Ratio Requirement, the Issuer shall apply to the Reserve Bank of India for approval to make such payment of interest and, if such approval is granted, it shall make such payment of interest as soon as practicable and in any event no later than two Business Days after such approval from the Reserve Bank of India is obtained, subject to any restrictions imposed by the Reserve Bank of India in granting such approval.

(iv) interest on the Hybrid Tier I Notes will be non-cumulative. Subject to Condition 2.2(c)(v), if interest is not paid on an Interest Payment Date pursuant to and in accordance with this Condition 2.2(c), the right of Noteholders and Couponholders to receive interest in respect of the Interest Period ending on such Interest Payment Date will be lost and the Issuer will have no further obligation in respect of the interest for such Interest Period whether or not any amount of interest is paid for any future Interest Period.

(v) on the fifth Business Day (as defined in Condition 5.2(a)) immediately preceding any date for payment of interest on any of the Notes (the Payment Limitation Determination Date), the Issuer will determine, as of such Payment Limitation Determination Date, if it shall not be liable to make such payment of interest on any of the Hybrid Tier I Notes pursuant to any of paragraphs (i) or (ii) of this Condition 2.2(c). In the event that the Issuer determines that it shall not make such payment of interest on any of the Hybrid Tier I Notes as provided above, the Issuer shall notify or procure notification, no later than the day immediately following the relevant Payment Limitation Determination Date, to the Trustee (in a certificate signed by two Directors of the Issuer), the Agent, the SGX-ST and the Noteholders (in accordance with Condition 14), of that fact and of the amount that shall not be paid and (b) deliver to the Agent a certificate signed by two Directors of the Issuer (the Payment Limitation Certificate) stating such fact, the amount which shall not be paid in respect of such payment and the relevant paragraph of this Condition 2.2(c) whereby such right of non-payment arose. PROVIDED THAT, in the event that the Issuer determines, on the relevant payment date, the circumstances giving rise to the right to non-payment of the relevant payment pursuant to paragraphs (i) or (ii) of this Condition 2.2(c) as set out in the Payment Limitation Certificate no longer apply, the Issuer shall (x) notify or procure notification, no later than the day following the relevant payment date, to the Trustee (in a certificate signed by two Directors of the Issuer), the Agent, the SGX-ST and the Noteholders (in accordance with Condition 14), of the fact, and (y) make payment of the relevant amount of interest on the Hybrid Tier I Notes as soon as practicable and in any event no later than two Business Days following the relevant payment date. The Trustee shall be entitled to accept such certificate as sufficient evidence of the occurrence of such circumstances giving rise to the right of payment or non-payment herein, as the case may be.

(d) Definitions

Unless otherwise provided in the applicable Pricing Supplement, the following terms as used in this Condition 2.2 mean:

"Capital to Risk Assets Ratio Requirement" means for any Interest Payment Date the requirement that capital to risk assets ratio ("CRAR") of the Issuer as determined by the Issuer is above the minimum regulatory requirement prescribed by the RBI from time to time, (i) as at the immediately preceding March 31 in the case of any Interest Payment Date in April and (ii) as at the immediately preceding September 30 in the case of any Interest Payment Date in October.

"Net Loss" means, for any Interest Payment Date, a determination made by the Issuer in accordance with (i) generally accepted accounting principles in India that it has either (a) a negative balance reported in the profit and loss account line item in its balance sheet or (b) a net loss reported in its profit and loss account, as at and for the 12 month period ended on the immediately preceding March 31 in the case of the Interest Payment Date in April or as at and for the six month period ended on the immediately preceding September 30 in the case of the Interest Payment Date in October or (ii) regulations or guidelines prescribed by RBI from time to time in this regard, and taking into account, where appropriate, the relevant payment under the Notes. In case of any conflict between the determination made under (i) and (ii) hereinabove, the determination made under (ii) shall prevail.

"Net Loss Requirement" means the Issuer not having a Net Loss.

"Reserve Bank of India" or "RBI" means the Reserve Bank of India or any successor thereto.

The definitions set forth in this Condition 2.2(d) are subject to such interpretations, amendments and clarifications of the RBI Guidelines as may be stipulated by the Reserve Bank of India from time to time. The Bank shall notify or procure notification of any such interpretations, amendments and clarifications of the Reserve Bank of India, to the Trustee, the Agent, the SGX-ST and the Noteholders (in accordance with Condition 14) no later than five days after the announcement or publication of such.

3. NEGATIVE PLEDGE

So long as any of the Senior Notes remains outstanding (as defined in the Trust Deed) the Issuer will not create or permit to be outstanding any mortgage, charge, pledge or other security interest upon the whole or any part of its properties, assets or revenues to secure any External Obligations without according to the Senior Notes and any relative Receipts and Coupons, to the satisfaction of the Trustee, the same security or such other security as the Trustee, in its absolute discretion, shall deem not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

Provided, however, that the foregoing shall not apply to:

(a) any Security Interest granted by the Issuer in favour of a Governmental Agency to secure any External Obligations issued to such Governmental Agency for the purposes of implementing a developmental policy of a Governmental Agency, pursuant to a law or by contract.

(b) any Security Interest existing at the time of acquisition of such property by the Issuer provided such Security Interest was not created in contemplation of such acquisition or in connection therewith and the principal, capital or nominal amount of the indebtedness secured by such Security Interest outstanding as at the time of such acquisition is not increased and is repaid in accordance with its original schedule of maturity.

(c) any Security Interest or right of set-off arising in the ordinary course of its banking arrangements or by operation of law in its ordinary course of trading or banking transactions.

(d) any Security Interest created or permitted to subsist in the ordinary course of any transaction to which the Issuer is a party in the capacity as a member of any applicable clearing system.

(e) any Security Interest over or affecting any asset acquired or leased by the Issuer if that Security Interest was created at the time of such acquisition or lease solely for the purpose of payment of the purchase price, rent or consideration in connection therewith.

(f) any Security Interest created in connection with any transaction or series of transactions pursuant to which the Issuer (A) sells, conveys or otherwise transfers or (B) grants a participation or beneficial interest in, its receivables and any assets related thereto.

(g) any Security Interest created in connection with any securitisation transaction pursuant to which the Issuer sells or transfers, for fair value, to a special purpose vehicle all of its right, title and interest in and to certain receivables for further sale or transfer to other purchasers of, or in investors in, such assets.

(h) any Security Interest incurred in connection with any transaction (including an agreement with respect thereto) now existing or hereafter entered into which is a rate swap transaction, basis swap, repo and reverse repo, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross currency rate swap transaction or any other similar transaction (including any option with respect to any of these transactions) and any combination of these transactions, parallel loans, back-to-back loans or other similar arrangements or contracts, in each case entered into (A) in the ordinary course of business for the purpose of asset and liability management; and (B) in compliance with all applicable laws and regulations (including, without limitation, any rules and prudential measures of any regulating authority having jurisdiction over the Issuer).

"External Obligations" means all obligations, including guarantees, of the Issuer in respect of bonds, debentures, notes or other debt securities which by their terms (a) are payable in a currency other than Rupees or are denominated in Rupees and more than 50 per cent of the aggregate principal amount of which is initially distributed outside the Republic of India ("India") by or with the authorisation of the Issuer; and (b) which are quoted, listed or ordinarily dealt in on any stock exchange or over-the-counter or other securities market outside India.

"Security Interest" means any mortgage, charge, pledge or other security interest upon the whole or any part of the Issuer's properties, assets or revenues.

"Governmental Agency" means the Government of India or any state or political sub-division or department thereof or any regulatory agency, body or authority thereof or a body corporate owned and controlled by any of them.

Notwithstanding anything to the contrary in this Condition, any credit enhancement, including a guarantee (but not including a Security Interest), provided by the Issuer in connection with a Qualified Receivables Transaction (executed pursuant to applicable laws and regulations) shall not be subject to this Negative Pledge.

"Qualified Receivables Transaction" means any transaction or series of transactions entered into by the Issuer pursuant to which the Issuer (a) sells, conveys or otherwise transfers or (b) grants a participation or beneficial interest in, its receivables and any assets related thereto.

4. REDENOMINATION

4.1 Redenomination

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, but after prior consultation with the Trustee, on giving prior notice to the Agent, DTC (if applicable), Euroclear, Clearstream, Luxembourg and the CMU (if applicable) and at least 30 days' prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

(a) the Notes and the Receipts shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent and the Trustee, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

(b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

(c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Agent and the Trustee may approve) euro 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;

(d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "Exchange Notice") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

(i) in the case of the Notes represented by a Global Note or a Global Certificate, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note or Global Certificate; and

(ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;

(g) if the Notes are Floating Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and

(h) such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Trustee, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.

4.2 Definitions

In the Conditions, the following expressions have the following meanings:

"Established Rate" means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"euro" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

"Redenomination Date" means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 4.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

"Treaty" means the Treaty establishing the European Community, as amended.

5. INTEREST

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in the Conditions, "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(a) in the case of Fixed Rate Notes which are represented by a Global Note or a Global Certificate, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note or Global Certificate (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In these Conditions:

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

(c) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Supplement:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(d) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

"Determination Period" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on (but excluding) the first Determination Date falling after, such date); and

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate of interest (expressed as a percentage) equal to the Rate of Interest and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an "Interest Payment Date") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(iii) in any case where Specified Periods are specified in accordance with Condition 5.2 (a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply mutatis mutandis or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(iv) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(v) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(vi) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "Business Day" means a day which is both:

(vii) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, New York, Hong Kong (in the case of CMU Notes) and Singapore and any Additional Business Centre specified in the applicable Pricing Supplement; and

(viii) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars shall be Sydney and Melbourne or if New Zealand dollars shall be Auckland and Wellington) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System which was launched on 19 November 2007 (the "TARGET2 System") or any successor thereto is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (i), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as "Calculation Agent" for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "ISDA Definitions") and under which:

(A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(C) the relevant Reset Date is either (a) if the applicable Floating Rate Option is based on the London interbank offered rate ("LIBOR") or on the Euro-zone interbank offered rate ("EURIBOR"), the first day of that Interest Period or (b) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this subparagraph (i), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Clause 5.2(b)(ii)(A) above, no offered quotation appears or if, in the case of Clause 5.2(b)(ii)(B) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If, on any Interest Determination Date, only one or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with

0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

Unless otherwise specified in the applicable Pricing Supplement, "**Specified Time**" means 11:00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note or a Global Certificate, the aggregate outstanding nominal amount of the Notes represented by such Global Note or Global Certificate (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(ii) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y2 - Y1)] + [30 \text{ x } (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y2 - Y1)] + [30 \text{ x } (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

(vii) if "30E/360 (ISDA)" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y2 - Y1)] + [30 \text{ x } (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(e) Notification of Rate of Interest and Interest Amounts

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, and the Trustee and the Issuer will notify the same to any stock exchange requiring notification on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed as soon as possible after their determination but in any event not later than the second London Business Day (or Hong Kong Business Day, as defined below, in the case of CMU Notes) thereafter and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in any event not later than the fourth London Business Day (or Hong Kong Business Day, as defined below, in the case of CMU Notes) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London and the expression "Hong Kong Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Hong Kong.

(f) Determination or Calculation by Trustee

If for any reason at any relevant time, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Calculation Agent defaults in its obligations to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above or as otherwise specified in the applicable Pricing Supplement, as the case may be, and in each case in accordance with paragraph (d) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard to the foregoing provisions of this Condition and the terms of the applicable Pricing Supplement, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent. The Trustee may appoint an investment bank with international reputation to make any determination or calculation under this Condition and such determination or calculation shall be binding on the Issuer and all Noteholders, Receiptholders and Couponholders.

(g) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2 by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default and bad faith) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

5.4 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

5.5 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from its due date for redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) as provided in the Trust Deed.

6. PAYMENTS

6.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars shall be Sydney and Melbourne or if New Zealand dollars, shall be Auckland and Wellington); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

6.2 Presentation of definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes represented by Bearer Notes in definitive form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note represented by Bearer Notes in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note represented by Bearer Notes in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “Long Maturity Note” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

6.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note, against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

6.4 Payments in respect of Registered Notes:

(a) Payments of principal (which for the purposes of this Condition 6.4 shall include the final Instalment Amount but not other Instalment Amounts) in respect of Registered Notes (whether or not in global form) will be made against presentation and surrender of the relevant Certificates at the specified office of the Transfer Agent or of the Registrar and in the manner provided in paragraph (ii) below.

(b) Interest (which for the purpose of this Condition 6.4 shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes (whether or not in global form) shall be paid to the person shown on the Register at the close of business on the day before the due date for payment thereof (the "Record Date") provided, however, that interest payable on any interest bearing Note at Maturity or redemption shall be payable in immediately available funds to the person to whom principal shall be payable. Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn in the manner provided in Condition 6.1 above and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by credit or transfer to an account in the relevant currency maintained by the payee in the manner provided in Condition 6.1 above.

(c) Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

(d) All amounts payable to DTC or its nominee as registered holder of a Global Certificate in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Issuer to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

(e) None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(f) In respect of CMU Notes, payments of principal and interest in respect of such Notes shall be made by transfer to the registered account of the Noteholder(s). A Noteholder's "registered account" means the account in the Specified Currency maintained by or on behalf of the Noteholder with a bank in Hong Kong or in such other jurisdiction as may be specified by the Registrar from time to time, details of which appear on the Register at the close of business on the Record Date.

6.5 General provisions applicable to payments

The bearer of a Global Note or the registered holder of a Global Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note or Global Certificate in respect of each amount so paid. Each of the persons shown in the records of DTC, Euroclear, CMU or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to DTC, Euroclear, CMU or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note or Global Certificate.

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

If any payment in respect of the Notes by the Issuer or any Paying Agent is subject to deduction or withholding imposed pursuant to or in connection with Sections 1471-1474 of the U.S. Internal Revenue Code (or U.S. Department of the Treasury ("U.S. Treasury") regulations or guidance issued thereunder), including deduction or withholding pursuant to an agreement with the U.S. Treasury or an inter-governmental agreement in connection with these provisions or legislation adopted by any non-U.S. jurisdiction to implement such agreements ("FATCA"), the amount so deducted or withheld will be treated as paid under the Notes for all purposes, and no additional amounts will be paid on the Notes with respect to such deduction or withholding.

Notwithstanding the foregoing provisions of this Condition applicable to payments on Bearer Notes, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes may be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

6.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 9) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

 (i) the relevant place of presentation; or

 (ii) any Additional Financial Centre specified in the applicable Pricing Supplement;

(b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars shall be Sydney and Melbourne, or if New Zealand dollars shall be Auckland and Wellington), or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and

(c) in the case of any payment in respect of a Global Certificate denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Global Certificate) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

6.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in instalments, the Instalment Amounts;

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.5); and

(g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) save for any Hybrid Tier I Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

7.2 Redemption for tax reasons

In the case of Senior Notes, at any time prior to the applicable Maturity Date, or in the case of Hybrid Tier I Notes, at any time following the tenth anniversary of the Issue Date, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

(a) the Issuer satisfies the Trustee immediately before the giving of such notice that on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which the relevant Tranche of the Notes is issued; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that (1) in the case of Hybrid Tier I Notes, the Conditions for Redemption set out in Condition 7.12 have been satisfied, and (2) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment then due and, for the purpose only of determining the earliest date on which such notice may be given, it shall be deemed that a payment, in respect of which the Issuer would be obliged to pay such additional amounts, is due in respect of the Notes of this Series on the day on which any such change or amendment becomes effective.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, (1) in the case of Hybrid Tier I Notes, the Conditions for Redemption set out in Condition 7.12 having been satisfied, and (2) in the case of any Note having given:

(a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and

(b) not less than seven days before the giving of the notice referred to in (a) above, notice to the Trustee and to the Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of DTC, Euroclear, Clearstream, Luxembourg and/or the CMU, as applicable, in the case of Redeemed Notes represented by a Global Note or a Global Certificate, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note or a Global Certificate, as applicable, shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note or Global Certificate will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

7.4 Redemption of Hybrid Tier I Notes for Regulatory Reasons

Subject to the Conditions for Redemption in Condition 7.12 having been satisfied, the Hybrid Tier I Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time prior to the first Optional Redemption Date as specified in the applicable Pricing Supplement, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Agent, and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if the Issuer procures prior approval from the RBI satisfies the Trustee immediately before the giving of such notice that for any reason, for the purposes of the RBI's capital adequacy requirements as specified under applicable guidelines and directions from time to time applicable to the Issuer, the Hybrid Tier I Notes, after having qualified as such, will no longer qualify as Tier I capital or Tier II capital of the Issuer under applicable guidelines and directions issued by the RBI (other than for the reason that the amount of Hybrid Tier I Notes exceeds any limitations prescribed by the Reserve Bank of India with respect to the amount that qualifies as Tier I capital or Tier II capital) provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that for the purposes of the RBI's capital adequacy requirements under applicable guidelines and directions from time to time applicable to the Issuer the Hybrid Tier I Notes will no longer qualify as Tier I capital or Tier II capital of the Issuer.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee:

(a) a certificate signed by two Directors of the Issuer stating that the circumstances referred to in this Condition 7.4 exist and are prevailing (including the requirements of Condition 7.12) and setting out the details of such circumstances; and

(b) an opinion of independent legal advisers of recognised standing experienced in such matters to the effect that there is more than an insubstantial risk that for the purposes of the RBI's capital adequacy requirements under applicable regulations from time to time applicable to the Issuer, the Hybrid Tier I Notes, after having qualified as such, will no longer qualify as Tier I capital or Tier II capital of the Issuer under applicable regulations (other than for the reason that the amount of Hybrid Tier I Notes exceeds any limitations prescribed by the RBI with respect to the amount that qualifies as Tier I capital or Tier II capital),

and the Trustee shall be entitled without further action or inquiry to accept the certificate as conclusive and sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Hybrid Tier I Notes redeemed pursuant to this Condition 7.4 will be redeemed at their Regulatory Redemption Amount.

For the purposes of this Condition 7.4:

"Applicable Spread" shall be as provided in the applicable Pricing Supplement;

"Base Redemption Amount" means the sum of (i) 100 per cent of the aggregate principal amount of the Hybrid Tier I Notes being redeemed and (ii) an amount equal to interest, if any, thereon to but excluding the relevant redemption date for the relevant Interest Period;

"Make Whole Amount" means an amount calculated by the Calculation Agent, in consultation with the Issuer, as applied on any date of redemption of the Hybrid Tier I Notes pursuant to this Condition 7.4, equal to the sum of (i) the present value of the outstanding principal amount of the Hybrid Tier I Notes, assuming a repayment thereof on the first Optional Redemption Date as set out in the applicable Pricing Supplement, and (ii) the present value of the remaining payments of interest scheduled to be paid to and including such first Optional Redemption Date, in each case discounted to the redemption date on the basis of the Day Count Fraction set forth in the Pricing Supplement, at the applicable Treasury Yield plus the Applicable Spread;

"Regulatory Redemption Amount" means an amount equal to the greater of (a) the Make Whole Amount and (b) the Base Redemption Amount; and

"Treasury Yield" shall be calculated by one of three or more other primary U.S. Government securities dealers in New York City (each a "Primary Treasury Dealer") or their respective successors as reference dealers, appointed by the Trustee with the Issuer's approval; provided, however, that if any such dealer ceases to be a Primary Treasury Dealer, the Issuer will substitute such dealer with another Primary Treasury Dealer. The Primary Treasury Dealer will select a United States Treasury security having a maturity comparable to the time period between the redemption date and the first Optional Redemption Date as set out in the applicable Pricing Supplement (the "Make Whole End Date"), which would be used in accordance with customary financial practice to price new issues of corporate debt securities with a maturity comparable to the Make Whole End Date. The reference dealers will provide the Calculation Agent with the bid and ask prices provided by each reference dealer to obtain such reference dealer's quotation. The Primary Treasury Dealer will eliminate the highest and lowest quotations and then calculate the average of the remaining quotations; provided, however, that if the Primary Treasury Dealer obtains fewer than three quotations, it will calculate the average of all the quotations without eliminating any of them (the "comparable treasury price"). The applicable Treasury Yield will be determined by the Primary Treasury Dealer and will be the annual equivalent yield to maturity of a security whose price is equal to the comparable treasury price, in each case expressed as a percentage of its principal amount. In the case of the Hybrid Tier I Notes denominated in a currency other than U.S. dollars, the Treasury Yield shall be calculated by the Primary Treasury Dealer in the manner as set out in the applicable Pricing Supplement.

7.5 Redemption of the Senior Notes at the option of the Noteholders (Investor Put)

(a) If Investor Put is specified in the applicable Pricing Supplement

If Investor Put is specified in the applicable Pricing Supplement with respect to Senior Notes only, upon the holder of any Senior Note giving to the Issuer in accordance with Condition 14 not less than 30 nor more than 60 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, such Senior Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 7.5(a) in any multiple of their lowest Specified Denomination.

(b) Put Option Exercise Procedures

To exercise the right to require redemption of this Senior Note the holder of this Senior Note must, if this Senior Note is in definitive form and held outside DTC, Euroclear, Clearstream, Luxembourg and the CMU, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Senior Note or evidence satisfactory to the Paying Agent concerned that this Senior Note will, following delivery of the Put Notice, be held to its order or under its control. If this Senior Note is represented by a Global Note or a Global Certificate or is in definitive form and held through DTC, Euroclear, Clearstream, Luxembourg or the CMU, to exercise the right to require redemption of this Senior Note the holder of this Senior Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of DTC, Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by DTC, Euroclear or Clearstream, Luxembourg or its custodian or any common depositary for them, as applicable, to the Agent by electronic means) in a form acceptable to DTC, Euroclear or Clearstream, Luxembourg from time to time and, if this Senior Note is represented by a Global Note or a Global Certificate, at the same time present or procure the presentation of the relevant Global Note or Global Certificate to the Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of DTC, Euroclear and/or Clearstream, Luxembourg given by a holder of any Senior Note pursuant to this Condition 7.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Senior Notes to be due and payable pursuant to Condition 10, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.5.

For as long as Bearer Notes issued in accordance with the "TEFRA D" rules are represented by a Temporary Global Note, an Investor Put shall not be available unless the certification required under the "TEFRA D" rules with respect to non-U.S. beneficial ownership has been received by the Issuer or the Agent.

7.6 Early Redemption Amounts

For the purpose of Condition 7.2 above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the "Amortised Face Amount") calculated in accordance with the following formula:

Early Redemption Amount = RP x (1 + AY) y

where:

"RP" means the Reference Price;

"AY" means the Accrual Yield expressed as a decimal; and

"y" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360, or on such other calculation basis as may be specified in the applicable Pricing Supplement.

7.7 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 7.5.

7.8 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

7.9 Purchases

The Issuer or any of its Subsidiaries or Affiliates may at any time purchase (i) Senior Notes and (ii) (subject to obtaining the prior approval of the RBI or other relevant authority) Hybrid Tier I Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) in any manner and at any price. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer surrendered to any Paying Agent for cancellation.

Notes held by the Issuer and its Subsidiaries are not "outstanding" for the purpose of Condition 15. "Affiliate" means, in relation to the Issuer, any company that controls, directly or indirectly, the Issuer or any company directly or indirectly under common control with the Issuer. For this purpose, "control" of any company or the Issuer means ownership of a majority of the voting power of the companies or the Issuer, as the case may be.

"Subsidiary" means, in relation to the Issuer, any company (i) in which the Issuer holds a majority of the voting rights or (ii) of which the Issuer is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer.

7.10 Cancellation

All Notes (in the case of Bearer Notes, each such Note and in the case of Registered Notes, the Certificate representing such Notes) which are (a) redeemed or (b) purchased by or on behalf of the Issuer or any of its Subsidiaries or Affiliates and surrendered for cancellation will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith) and accordingly cannot be reissued or resold.

7.11 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

7.12 Conditions for Redemption of Hybrid Tier I Notes

The Issuer shall not redeem any of the Hybrid Tier I Notes or purchase and cancel the Hybrid Tier I Notes unless (i) the Issuer is solvent at the time of payment and immediately thereafter and (ii) the prior written approval of the RBI shall have been obtained (collectively, the "Conditions for Redemption"). Prior to any redemption of Hybrid Tier I Notes under this Condition 7, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer confirming that the Issuer is entitled to effect the redemption and setting forth a statement of facts showing which Conditions for Redemption have been satisfied and attaching thereto a copy of the approval of the RBI together with a certificate as to the solvency of the Issuer executed by two Directors of the Issuer. The Trustee shall be entitled without further action or enquiry to accept the certificate and attachment as conclusive and sufficient evidence of the contents and matters set forth therein.

8. TAXATION

8.1 All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or on behalf of the Relevant Jurisdiction unless such withholding or deduction for or on account of Taxes is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) if a holder is liable for the Taxes in respect of such Note, Receipt or Coupon by reason of his having or having had some connection with the Relevant Jurisdiction other than the mere holding of or receiving payments or enforcing rights under such Note, Receipt or Coupon; or

(b) presented for payment (where presentation is required) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Day (as defined in Condition 6.6); or

(c) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any Directive amending, supplementing or replacing such Directive, or any law implementing or complying with, or introduced in order to conform to, any such Directive, or any agreement entered into by a Member State of the European Union with (i) any other state or (ii) any relevant dependent or associated territory of any Member State of the European Union providing for measures equivalent to, or the same as, those provided for by any such Directive; or

(d) to the extent a holder is liable for Taxes because of the holder's failure to comply with any certification, identification or other reporting requirements concerning its nationality, residence, identity or connection with a Relevant Jurisdiction if (1) compliance is required by applicable law (but not including treaties), regulation or administrative practice as a precondition to exemption from all or a part of the Taxes, (2) the holder is able to comply with those requirements without undue hardship and (3) the Issuer has given to the holder prior written notice, at a time which would enable the holder acting reasonably to comply with such request, before any such withholding or deduction that the holder will be required to comply with such certification, identification or reporting requirements;

(e) where such withholding or deduction is imposed pursuant to or in connection with FATCA, as described in Condition 6.5; or

(f) presented for payment (where presentation is required) by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent.

Nor will additional amounts be paid with respect to any payment on a Note (or Receipt or Coupon) to a holder who is a fiduciary, a partnership, a limited liability company or person other than the sole beneficial owner of that payment to the extent that payment would be required by the laws of a Relevant Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership or an interest holder in that limited liability company or a beneficial owner who would not have been entitled to the additional amounts had it been the holder.

With respect to Notes issued through its New York Branch, the Issuer shall have no obligation to pay additional amounts with respect to any withholding or deduction for or on account of any present or future Taxes imposed or levied by or on behalf of the United States or any political subdivision or any authority thereof or therein having the power to tax.

As used herein:

(g) "Relevant Jurisdiction" means:

 (i) where the Issuer is acting through its Head Office or its Offshore Banking Unit, India or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer is or becomes subject in respect of payments made by it of principal and interest on Notes, Receipts and Coupons or any other jurisdiction through which any payment is made on behalf of the Issuer under the Notes, Receipts and Coupons; or

 (ii) where the Issuer is acting through its Singapore Branch, India or any political subdivision or any authority thereof or therein having power to tax, Singapore or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer is or becomes subject in respect of payments made by it of principal and interest on Notes, Receipts and Coupons or any other jurisdiction through which any payment is made on behalf of the Issuer under the Notes, Receipts and Coupons; or

(iii) where the Issuer is acting through its Hong Kong Branch, India or any political subdivision or any authority thereof or therein having power to tax, Hong Kong or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer is or becomes subject in respect of payments made by it of principal and interest on Notes, Receipts and Coupons or any other jurisdiction through which any payment is made on behalf of the Issuer under the Notes, Receipts and Coupons; or

(iv) where the Issuer is acting through its Dubai Branch, India or any political subdivision or any authority thereof or therein having power to tax, the Dubai International Financial Centre or any political subdivision or any authority thereof or therein having power to tax, Dubai or any political subdivision or any authority thereof or therein having power to tax, the United Arab Emirates or any political subdivision or any authority thereof or therein having power to tax, or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer is or becomes subject in respect of payments made by it of principal and interest on Notes, Receipts and Coupons or any other jurisdiction through which any payment is made on behalf of the Issuer under the Notes, Receipts and Coupons; or

(v) where the Issuer is acting through its Bahrain Branch, India or any political subdivision or any authority thereof or therein having power to tax, Bahrain or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer is or becomes subject in respect of payments made by it of principal and interest on Notes, Receipts and Coupons or any other jurisdiction through which any payment is made on behalf of the Issuer under the Notes, Receipts and Coupons; or

(vi) where the Issuer is acting through its New York Branch, India or any political subdivision or any authority thereof or therein having power to tax, or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer is or becomes subject in respect of payments made by it of principal and interest on Notes or any other jurisdiction through which any payment is made on behalf of the Issuer under the Notes, in each case except for the United States or any political subdivision or any authority thereof or therein having the power to tax; and

(h) the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Agent on or prior to such due date, it means the date on which the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

The obligation to pay additional amounts will not apply to (a) any estate, inheritance, gift, sales, transfer or personal property or any similar tax, assessment or other governmental charge or (b) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of, or interest or premium on or otherwise with respect to, the Notes, Receipts or Coupons. Except as otherwise set forth in these Terms and Conditions and in the Agency Agreement, the Issuer shall pay all stamp and other duties, if any, which may be imposed by the Relevant Jurisdiction or any respective political subdivision thereof or any taxing authority therein, with respect to the Agency Agreement or as a consequence of the initial issuance of the Notes or any other activities relating thereto.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note, Receipt or Coupon, such mention shall be deemed to include payment of additional amounts to the extent that, in such context, additional amounts are, were or would be payable in respect thereof.

8.2 Where the Issuer is acting through its Head Office or its Offshore Banking Unit, the Issuer has agreed to indemnify any transferor or transferee of any Note (or any beneficial interest therein), other than a transferor or transferee which is liable to Indian tax by reason of his having a connection with India apart from the mere holding of a Note, against any loss resulting from the imposition of Indian income, capital gains or gift tax on the transfer or sale of such Note outside India. The foregoing indemnity will terminate upon the Issuer certifying to the Trustee that it is satisfied, on the basis of an appropriate amendment of the Income-tax Act, 1961 and/or a reasoned legal opinion in writing of a practising eminent taxation lawyer that such Notes are not and are not deemed to be situated in India.

The Issuer will first obtain approval from the RBI prior to making any payments under such indemnity, if required.

9. PRESCRIPTION

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

10. EVENTS OF DEFAULT AND ENFORCEMENT

10.1 Events of Default relating to Senior Notes

The Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent in nominal amount of the Senior Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice in writing to the Issuer that each Senior Note is, and each Senior Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an "Event of Default") shall occur:

(a) Non-Payment

The Issuer fails to pay the principal or interest due on any of the Senior Notes on the due date for such payment and such default continues for a period of 14 days; or

(b) Breach of Other Obligations

The Issuer defaults in the performance or observance of or compliance with any of its other obligations set out in the Senior Notes or the Trust Deed which default is, in the opinion of the Trustee, incapable of remedy or, if in the opinion of the Trustee it is capable of remedy, is not, in the opinion of the Trustee, remedied within 30 days after notice requiring such default to be remedied shall have been received by the Issuer from the Trustee; or

(c) Cross Default

(i) any External Indebtedness of at least US$25,000,000 in aggregate amount outstanding (or its equivalent at the relevant time in any other currency) shall have been accelerated so that the same becomes due and payable prior to its stated maturity by reason of a default, and such acceleration shall not have been rescinded or annulled (by reason of a remedy, cure or waiver thereof, or with respect to the default upon which such acceleration is based); or

(ii) any External Indebtedness of at least US$25,000,000 in aggregate amount outstanding (or its equivalent at the relevant time in any other currency) is not paid when due or, as the case may be, within any applicable grace period originally provided for.

For the purposes of this Condition 10, "External Indebtedness" means all indebtedness of the Issuer (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit (excluding guarantees (other than guarantees given in respect of borrowings by a Subsidiary for onlending to the Issuer or a Subsidiary of the Issuer)), which by its terms is payable in a currency other than Rupees or is denominated in Rupees and more than 50 per cent of the aggregate principal amount of which is initially, in the case of securities, distributed outside India or, in the case of other borrowings, advanced from outside India, in each case by or with the authorisation of the Issuer; or

(d) Enforcement Proceedings

A distress, attachment, execution or other legal process is levied or enforced upon or against any material part of the property, assets or revenues of the Issuer and is not either discharged or stayed within 120 days (or such longer period as the Trustee may agree in light of the jurisdiction concerned), unless, and for so long as, the Trustee is satisfied that such levy or enforcement is being contested in good faith and by appropriate proceedings; or

(e) Security Enforced

An encumbrancer takes possession or an administrative or other receiver, manager or other similar person is appointed over, or an attachment order is issued in respect of, the whole or any material part of the undertaking, property, assets or revenues of the Issuer and in any such case possession or appointment is not stayed or terminated or the debt on account of which such possession was taken or appointment was made is not discharged or satisfied within 120 days (or such longer period as the Trustee may agree in light of the jurisdiction concerned) of such possession, appointment or the issue of such order, unless, and for so long as, the Trustee is satisfied that such possession, appointment or attachment is being contested in good faith and by appropriate proceedings; or

(f) Insolvency

The Issuer is declared by a court of competent jurisdiction insolvent or bankrupt or is unable to pay its debts, or stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts as they mature or applies for or consents to or suffers, or documents are filed with a court for, the appointment of an administrator, liquidator, administrative or other receiver, manager or other similar person in respect of the Issuer or over the whole or any material part of the undertaking, property, assets or revenues of the Issuer and such appointment is not discharged or stayed within 60 days of its taking effect or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors except, in any such case, (i) for the purpose of and followed by an amalgamation, merger or consolidation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or (ii) for the purpose of and followed by a merger, amalgamation or consolidation with an entity such that the credit rating of the merged entity from Moody's Investors Service Inc. or Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. is at least equal to that of the Issuer, immediately prior to the first announcement of such merger, amalgamation or consolidation, and such merged entity assumes all of the rights and liabilities of the Issuer under the Senior Notes, the Receipts, the Coupons and the Trust Deed; or

(g) Winding-up Disposals

An order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer, or the Issuer ceases to carry on all or substantially all of its business or operations, or the Issuer sells or disposes of all or substantially all of its assets or business whether as a single transaction or a number of transactions, related or not; except in any such case, (i) for the purpose of and followed by an amalgamation, merger or consolidation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or (ii) for the purpose of and followed by a merger, amalgamation or consolidation with any entity such that the credit rating of the merged entity from Moody's Investors Services Inc. or Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. is at least equal to that of the Issuer immediately prior to the first announcement of such merger, amalgamation or consolidation, and such merged entity assumes all of the rights and liabilities of the Issuer under the Senior Notes, the Receipts, the Coupons and the Trust Deed; or

(h) Expropriation

Any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets or shares of the Issuer without fair compensation, unless, and for so long as, the Trustee is satisfied that such compulsory purchase or expropriation is being contested in good faith and by appropriate proceedings.

Provided that, in the case of the occurrence of any of the events specified in Conditions 10.1(b), (c), (d), (e), (f), (g) or (h), the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interest of the Noteholders.

10.2 Events of Default relating to Hybrid Tier I Notes

(a) Subject to the provision of Condition 2.2(c), if default is made in the payment of any principal or interest due on the Hybrid Tier I Notes or any of them on the due date and such default continues in the case of principal for a period of seven days and in the case of interest for a period of 14 days, the Trustee may, at its discretion and without further notice and, if so requested in writing by the holders of at least 25 per cent in nominal amount of the Hybrid Tier I Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject to being indemnified and/or secured to its satisfaction), institute such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under the Hybrid Tier I Notes or the Trust Deed and institute proceedings for the winding up of the Issuer provided that the Issuer shall not, by virtue of the institution of any such proceedings other than proceedings for the winding up of the Issuer, be obliged to pay any sums sooner than the same would otherwise have been payable by it.

(b) If, otherwise than for the purposes of amalgamation, merger or consolidation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or if otherwise than for the purpose of and followed by a merger, amalgamation or consolidation with an entity such that the credit rating of the merged entity from Moody's Investors Service Inc. or

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. is at least equal to that of the Issuer, immediately prior to the first announcement of such merger, amalgamation or consolidation, and such merged entity assumes all of the rights and liabilities of the Issuer under the Programme, an order is made or an effective resolution is passed for winding-up the Issuer, the Trustee may, and if so requested in writing by the holders of at least 25 per cent in the aggregate in nominal amount of the Hybrid Tier I Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject to being indemnified and/or secured to its satisfaction) give notice to the Issuer that the Hybrid Tier I Notes are, and they shall thereupon immediately become, due or repayable at the amount provided in, or calculated in accordance with, Condition 7.6, together with accrued interest as provided in the Trust Deed.

10.3 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least 25 per cent in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure is continuing.

11. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes), as applicable, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. PAYING AGENTS

The names of the initial Paying Agents, Transfer Agents and the Registrars and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent, Transfer Agents, Exchange Agent, the CMU Lodging and Paying Agent or any Registrar and/or appoint additional or other Paying Agents, Transfer Agent, Exchange Agent or any Registrar and/or approve any change in the specified office through which any Paying Agent, Transfer Agent, Exchange Agent or any Registrar acts, provided that:

(a) there will at all times be an Agent;

(b) there will at all times be a Registrar in relation to Registered Notes;

(c) there will at all times be a Transfer Agent in relation to Registered Notes;

(d) there will at all times be a CMU Lodging and Paying Agent in relation to CMU Notes;

(e) there will at all times be an Exchange Agent in relation to Registered Notes registered in the name of DTC or its nominee which are denominated in a Specified Currency other than U.S. dollars;

(f) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office (outside the United States in the case of Bearer Notes) in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

(g) if the Issuer maintains a Paying Agent in a Member State of the European Union, the Issuer will ensure that it maintains at least one Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income on any Directive amending, supplementing or replacing such Directive or any law implementing or complying with, or introduced in order to conform to any such Directive, or any agreement entered into by a Member State of the European Union with (i) any other state or (ii) any relevant dependent or associated territory of any Member State of the European Union providing for measures equivalent to, or the same as, those provided for by any such Directive, provided that the Issuer shall not, under any circumstances, be obliged to maintain a Paying Agent with a specified office in such Member State unless at least one Member State does not require a Paying Agent making payments through a specified office in that Member State so to withhold or deduct tax, whether pursuant to European Council Directive 2003/48/EC, under the law of that Member State or otherwise; and

(h) for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a Paying Agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Note or Global Certificate is exchanged for definitive Notes. In addition, in the event that the Global Note or Global Certificate is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the Paying Agent in Singapore.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. NOTICES

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth day after the date of mailing. Notices to holders of Bearer Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper published in Asia or such other English language daily newspaper with general circulation in Asia as the Trustee may approve. It is expected that such publication will normally be made in the *Asian Wall Street Journal*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Issuer shall determine in consultation with the Trustee.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes or Global Certificates representing the Notes are held in their entirety on behalf of (i) DTC, Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to DTC, Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes, or (ii) the CMU, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the date prior to the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate and, in addition, in the case of both (i) and (ii) above, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to DTC, Euroclear, Clearstream, Luxembourg and/or the persons shown in the relevant CMU Instrument Position Report.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). While any of the Notes are represented by a Global Note or a Global Certificate, such notice may be given by any holder of a Note to the Agent or the Registrar through Euroclear Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

15.1 Meetings

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons or the Trust Deed the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

15.2 Modification and waiver

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Notification Event (as defined in the Trust Deed) shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven or to comply with mandatory provisions of law. Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

15.3 Substitution of Issuer

The Trustee may, without the consent of the Noteholders, agree with the Issuer, to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, Receipts, Coupons and the Trust Deed of another company, being a Subsidiary or Affiliate of the Issuer, subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer or the Company that controls, directly or indirectly, the Issuer, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

Unless certain exceptions set forth in U.S. Treasury regulations apply, the substitution of another obligor in place of the Issuer (or of any previous substitute) as the principal debtor under the Notes will be considered for U.S. federal income tax purposes to be a deemed exchange of the Notes for new notes, resulting in recognition of a taxable gain or loss for U.S. federal income tax purposes and other possible adverse tax consequences.

15.4 Substitution of branch

The Issuer may at any time, without the consent of the Trustee, elect to substitute (the "Substitution") the Head Office, the Singapore Branch, the Hong Kong Branch, the Dubai Branch, the Bahrain Branch, the New York Branch or the Offshore Banking Unit of the Issuer (the "Substitute") in place of the office, unit or branch through which the Issuer originally acted when the Notes were issued provided that:

(a) the obligations of the Issuer under the Notes, the Conditions and the Trust Deed shall remain obligations of the Issuer and not merely the Substitute;

(b) the Issuer shall comply with such requirements of law or regulation as may be imposed by any authority in any jurisdiction to which the Substitute is or becomes subject and the Issuer shall have obtained all relevant regulatory and other approvals in relation to the Substitution; and

(c) the Substitution is not, in the opinion of the Issuer (based on the advice of such independent auditors, tax advisers and/or legal advisers of recognised standing as the Issuer shall determine), materially prejudicial to the interests of the Noteholders or prior to the Substitution, the Substitution is approved by an Extraordinary Resolution of the Noteholders.

The conditions set out in paragraphs (a) to (c) above shall be deemed to be satisfied upon delivery to the Trustee of a certificate of two Directors of the Issuer detailing the proposed Substitution and certifying that the conditions set out in paragraphs (a) to (c) above have been satisfied in relation to such Substitution (a "**Substitution Certificate**"). The Trustee may rely on a Substitution Certificate absolutely and shall not be required to take any action to independently verify the matters stated therein nor shall the Trustee be liable for any loss caused by any inaccuracy therein. Upon receipt by the Trustee of a Substitution Certificate, the Trustee shall enter into such documentation as may be necessary or desirable to give effect to the Substitution, provided that the Trustee shall not be required to enter into any documentation (i) which would have the effect of increasing the duties or obligations, or decreasing the protections or rights, of the Trustee and (ii) unless it shall first have been indemnified and/or secured to its satisfaction.

Not later than seven days prior to the Substitution, the Issuer shall give notice thereof to the Noteholders in the manner provided in Condition 14.

16. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

17. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders, create and issue further notes with the same terms and conditions as the Notes in all respects except for the amount and date of the first payment of interest thereon so that such further issue shall be consolidated and form a single Series with the outstanding Notes; *provided* that in order for further Registered Notes to be consolidated and form a single Series with the outstanding Registered Notes of the relevant Series, the further Registered Notes must be fungible with the outstanding Registered Notes of such Series for U.S. federal income tax purposes; and provided further that, in the case of Bearer Notes that are issued under the "TEFRA D" rules and are initially represented by interests in a Temporary Global Note exchangeable for interests in a Permanent Global Note or definitive Bearer Notes, such consolidation will occur only upon certification of non-U.S. beneficial ownership and exchange of interests in the Temporary Global Note for interests in the Permanent Global Note or definitive Bearer Notes.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing law

The Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons and all non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law except that, in the case of Hybrid Tier I Notes, Condition 2.2 is governed by, and shall be construed in accordance with, Indian law.

19.2 Submission to jurisdiction

The Issuer has irrevocably agreed in the Trust Deed, for the benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons and accordingly submits to the non-exclusive jurisdiction of the English courts.

The Issuer has waived in the Trust Deed any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders, the Receiptholders and the Couponholders, may take any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Trust Deed, the Notes, the Receipts and the Coupons, against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

19.3 Appointment of Process Agent

The Issuer has in the Trust Deed appointed ICICI Bank UK PLC at its registered office at 1 Thomas More Square, London — E1W 1YN, United Kingdom as its agent for service of process in England, and has undertaken that, in the event of ICICI Bank UK PLC ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used by the Issuer for its general corporate purposes in accordance with relevant regulatory guidelines.

RISK FACTORS

Investors should carefully consider the risks described below, together with the risks described in the other sections of this Offering Circular before making any investment decision relating to the Notes. The occurrence of any of the following events could have a material adverse effect on the Bank's business including the quality of its assets, its liquidity, its financial performance, its stockholders' equity, its ability to implement its strategy and its ability to repay the interest or principal on the Note in a timely fashion or at all.

Before making an investment decision, prospective investors should carefully consider all of the information contained in this Offering Circular, including the financial statements included in this Offering Circular.

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 Indian economy in general, and the agricultural sector in particular, are also impacted by the level and timing of monsoon rainfall. Investments by the corporate sector in India are impacted by government policies and decisions including policies and decisions regarding awards of licenses, access to land, access to natural resources and the protection of the environment. India's gross domestic product grew by 8.6% in fiscal 2010 and 8.9% in fiscal 2011. Growth slowed to 6.7% in fiscal 2012 and further to 4.5% in fiscal 2013 and 4.7% in fiscal 2014. The slowdown in growth was mainly due to the industrial sector which grew by 1.0% in fiscal 2013 and by 0.4% in fiscal 2014 compared to 7.8% growth in fiscal 2012. Growth in the services sector moderated from 7.0% in fiscal 2013 to 6.8% in fiscal 2014. However, the agricultural sector, which contributed about 14% to India's gross domestic product in fiscal 2013 and 2014, saw an improvement in growth from 1.4% in fiscal 2013 to 4.7% in fiscal 2014. During the three months ended June 30, 2014, India's gross domestic product grew by 5.7% compared to 4.7% growth during the three months ended June 30, 2013.

Economic growth in India is influenced by several factors, including inflation, interest rates, government policies, and external trade and capital flows. The level of inflation or depreciation of the Indian rupee may limit monetary easing or cause monetary tightening by the Reserve Bank of India. Any increase in inflation, due to increases in domestic food prices or global prices of commodities, including crude oil, the impact of currency depreciation on the prices of imported commodities and additional pass through of higher fuel prices to consumers, or otherwise, may result in a tightening of monetary policy. For example, the average annual rate of inflation as measured by the wholesale price index increased from 3.6% in fiscal 2010 to 9.6% in fiscal 2011 and 8.9% in fiscal 2012 in response to which the Reserve Bank of India progressively tightened monetary policy, raising the repo rate by a total of 350 basis points during fiscal years 2011 and 2012. While inflation moderated in fiscal 2013 resulting in a 125 basis points reduction in the repo rate till May 2013, inflationary concerns re-emerged during fiscal 2014, resulting in the Reserve Bank of India increasing the repo rate by 75 basis points through January 2014 to 8.0%. Further, during fiscal 2014, the Reserve Bank of India also took measures to address the volatility in the exchange rate which resulted in a temporary but significant impact through increase in short-term rates and reduced liquidity. The monetary operations were normalized by November 2013.

In September 2013, the Reserve Bank of India set up a committee to review the monetary policy framework and recommend measures and pre-conditions to improve policy transmission. Key recommendations of the committee included adopting the consumer price index as the key inflation measure for monetary policy action and keeping the economy on a disinflationary glide path with a consumer price index inflation target of 8.0% by January 2015 and 6.0% by January 2016. Subsequent monetary policy announcements by the Reserve Bank of India have factored in some of the recommendations of the committee. A higher interest rate environment on account of inflation, other market factors, changes in the conduct of monetary policy or otherwise may have an adverse effect on economic growth in India.

Further, in light of the increasing linkage between India and other economies, the Indian economy is increasingly influenced by economic and market conditions in other countries. As a result, unfavorable developments in the United States, European Union and other countries in the developed world and in major emerging markets like China could have an adverse impact on economic growth and financial markets in India.

In particular, adverse changes to global liquidity conditions, interest rates and risk appetite could lead to significant capital outflows from India. For instance, due to concerns regarding withdrawal of quantitative easing in the U.S. during June 2013, India saw an outflow of foreign institutional investments in the debt segment of about US$7.5 billion during June-July 2013.

A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services, increased competition 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 the Notes.

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 Notes.

Although the proximate cause of the 2008-2009 financial crisis, which was deeper than other recent financial crises, was the U.S. 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. Developments in the Eurozone, including concerns regarding sovereign debt and recessionary economic conditions as well as concerns related to the withdrawal of quantitative easing in developed markets, may lead to increased risk aversion and volatility in global capital markets. A loss of investor confidence in the financial systems of India or other markets and countries or any financial instability in India or any 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 experienced rapid international growth in earlier years which has increased the complexity of the risks that we face"*. We remain subject to the risks posed by the indirect impact of adverse developments in the global 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 downgrade of India's debt rating by an international rating agency could adversely affect our business, our liquidity and the price of the Notes.

Standard & Poor's, an international rating agency, revised its outlook for India's debt rating from 'Stable' to 'Negative' in April 2012 and stated that there was a one in three probability of a downgrade in the next two years. While the outlook by Standard & Poor's continues to remain negative, Standard and Poor's has indicated that any rating action would depend on the policies of the new government. Fitch Ratings, another international rating agency, also revised its outlook for India's debt from 'Stable' to 'Negative' in June 2012, but has since revised the outlook to 'Stable' following improvements in the fiscal deficit and government measures initiated to revive investments. In May 2012, Moody's downgraded the baseline credit assessment of certain Indian banks, including us, to reflect the banks' significant exposure to domestic credit and domestic sovereign debt and their linkage to India's sovereign credit rating. Moody's action did not impact the ratings of the Bank's senior unsecured debt. 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 *"—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 cost of funds"*.

The Bank has certain borrowings that would be affected by a one or two notch downgrade from its current credit rating. These borrowings amount to less than 4% of the total borrowings of the Bank at year-end fiscal 2014. If an international credit rating agency downgrades the Bank's credit rating by one or two notches, the Bank would be required to pay an increased interest rate on certain borrowings, and for certain borrowings, the Bank would be required to re-negotiate a new interest rate with its lenders. If the Bank is not able to reach an agreement for an interest rate with a lender, the lender could require the Bank to prepay the outstanding principal amount of the loan.

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

India imports a majority of its requirements of crude oil, which comprised around 37% of total imports in fiscal 2014. While global oil prices moderated in fiscal 2013 and fiscal 2014 over concerns of a slowdown in global economic growth, developments in Eastern Europe and the Middle East, including the recent events in Iraq, have resulted in volatility in oil prices. The government of India has deregulated the prices and has been reducing the subsidy provided on certain oil products resulting in international crude prices having a greater effect on domestic oil prices. Increases or volatility in oil prices, as well as the impact of currency depreciation, which makes imports more expensive in local currency, 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 higher trade and fiscal deficits. 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 the Notes.

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

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. For instance, India's current account deficit as a percentage of gross domestic product increased sharply from 2.7% in fiscal 2011 to 4.7% in fiscal 2013, due to volatility in global oil prices and weak exports on lower global demand. Concerns regarding the increase in the current account deficit along with the possibility of a reduction in quantitative easing in the U.S. resulted in a sharp depreciation in the Indian rupee against the U.S. dollar during May 2013 to August 2013. While the current account deficit improved significantly to 1.7% of gross domestic product in fiscal 2014, driven primarily by measures to reduce gold imports, if the 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 the Notes 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.

During the first half of fiscal 2014, emerging markets including India witnessed significant capital outflows on account of concerns regarding the withdrawal of quantitative easing in the U.S. and other domestic structural factors such as high current account deficits and lower growth outlook. As a result, the Indian rupee depreciated by 21.1% from Rs. 56.5 per U.S. dollar at end-May 2013 to Rs. 68.4 per U.S. dollar at August 28, 2013. To manage the volatility in the exchange rate, the Reserve Bank of India took several measures including a 200 basis point increase in the marginal standing facility rate and reduction in domestic liquidity. The Reserve Bank of India also subsequently announced measures to attract capital flows, particularly targeted towards the non-resident Indian community. Subsequent to stability in the exchange rate being restored from September 2013 onwards, the Reserve Bank of India reversed some of these measures. Any increased intervention in the foreign exchange market or other measures by the Reserve Bank of India 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 the Notes. A sharp depreciation in the exchange rate may also impact some corporate borrowers having foreign currency obligations that are not fully hedged. See also *"—Risks Relating to Our Business—We and our customers are exposed to fluctuations in foreign exchange rates"*. Further, reduction or increased volatility in capital flows, due to changes in monetary policy in the United States or other economies and consequent reduction in global liquidity, or otherwise, may also impact the Indian economy and financial markets and increase the complexity and uncertainty in monetary policy decisions in India, leading to volatility in inflation and interest rates in India, which could adversely impact our business, our financial performance, our stockholders' equity and the price of the Notes.

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

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 in 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 a few days in April 2003. During September and October 2008, following the disclosure of our exposure to Lehman Brothers and other U.S. and European financial institutions, rumors 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. In fiscal 2011, Indian government agencies initiated proceedings against certain financial institutions, alleging bribery in the loans and investment approval process, which impacted market sentiment. Similar developments in the future could adversely impact the financing of proposed investments by the corporate sector and negatively impact confidence in the financial sector.

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 the Notes.

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 constituted approximately 14% of India's gross domestic product in fiscal 2014. 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. The monsoons in fiscal 2015 so far have been below average. 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. In fiscal 2010, there were outbreaks of swine flu, caused by the 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.

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

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. While a single party achieved majority in the general elections in fiscal 2015, India has been governed by coalition governments in previous years. The leadership of India and the composition of the government are subject to change, and election results are sometimes not along expected lines. It is difficult to predict the economic policies that will be pursued by governments in the future. In addition, investments by the corporate sector in India may be impacted by government policies and decisions, including with respect to awards of licenses and resources, access to land and natural resources and policies with respect to protection of the environment. Such policies and decisions may result in delays in execution of projects, including those financed by us, and also limit new project investments, and thereby impact economic growth. 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 adopting 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 India or elsewhere increase, our business and the price of the Notes 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 addition, geo-political events such as the recent developments in the Middle East and Eastern Europe or terrorist or military action in other parts of the world may impact prices of key commodities, financial markets and trade and capital flows. These factors and any political or economic instability in India could adversely affect our business, our future financial performance, our stockholders' equity and the price of the Notes.

Uncertain enforcement of civil liabilities could adversely affect our business and the price of the Notes.

We are incorporated under the laws of India and most of our directors and executive officers reside outside the United States. In addition, a substantial portion of our assets are located outside the United States. As a result, investors in the Notes may be unable to:

- effect service of process within the United States upon us and other persons or entities; or
- enforce in the U.S. courts judgments obtained in the U.S. courts against us and other persons or entities, including judgments predicated upon the civil liability provision of the federal securities laws of the United States.

The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India.

However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States within three years of obtaining such final judgment. If and to the extent that Indian courts were of the opinion that fairness and good faith so required, they would, under current practice, give binding effect to the final judgment which had been rendered in the United States, unless such a judgment contravened principles of public policy of India. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered in the United States if it believed that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the Reserve Bank of India to execute such a judgment or to repatriate any amount recovered. For more information, see *"Enforceability of Civil Liabilities"* in this Offering Circular.

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.

Interest rates in India are impacted by a range of factors including inflation, fiscal deficit and government borrowing, monetary policy and market liquidity. For instance, in July 2013, with a view to manage the volatility in the exchange rate, the Reserve Bank of India introduced measures to reduce liquidity in the Indian banking system and increase the cost of borrowing from the Reserve Bank of India.

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 also *"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. Realized and marked-to-market gains or losses on investments in fixed income securities, including government of India securities, are an important element of our profitability and are impacted by movements in market yields. A rise in yields on government securities reduces our profits from this activity and the value of our fixed income portfolio. 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. We are also exposed to interest rate risk through our treasury operations as well as the operations of certain of our subsidiaries, including ICICI Lombard General Insurance Company, which has a portfolio of fixed income securities, and 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 adversely impacts our revenues and profits from this business. See also *"—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"* and *"—Risks Relating to India and Other Economic and Market Risks—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"*.

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 would be adversely impacted. Any systemic decline in low cost funding available to banks in the form of current and savings account deposits would adversely impact our net interest margin. In its second quarter review of monetary policy in October 2011, the Reserve Bank of India deregulated the interest rate on savings deposits, following which some of the smaller banks in India increased their savings deposit rates by 200-300 basis points. If other banks with whom we compete similarly raise their deposit rates, we may also have to do so to remain competitive and this would adversely impact our cost of funds. If there are increases in our cost of funds and if we are unable to pass on the increases fully into our lending rates, our net interest margins and profitability would be adversely impacted. Further, any tightening of liquidity and volatility in international markets may limit our access to international bond markets and result in an increase in our cost of funding for our international business. Continued volatility in international markets could constrain and increase the cost of our international market borrowings and our ability to replace maturing borrowings and fund new assets. Our overseas banking subsidiaries are also exposed to similar risks.

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.

Increases in the level of non-performing loans increase the risk of investing in the Notes. 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 an increase in the level of our non-performing assets and have a material adverse impact on the quality of our loan portfolio.

In fiscal 2009 and fiscal 2010, due to an adverse macroeconomic environment and challenges in loan recovery, we experienced an increase in non-performing loans, especially in the non-collateralized retail loan portfolio. As a result of a slowdown in economic activity, rising interest rates and the limited ability of corporations to access capital in view of the volatility in global and domestic financial markets, there has been an increase in non-performing and restructured loans in the banking system as well as in our portfolio since fiscal 2012. The loan portfolio of our international branches and subsidiaries includes foreign currency loans to Indian companies for their Indian operations (where 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, the quality of our long-term project finance loan portfolio could be adversely impacted by several factors. See also *"—Our loan portfolio includes long-term project finance loans, which are particularly vulnerable to completion and other risks"*. In certain cases, we have extended loan facilities to clients based on collateral consisting of equity shares and any volatility in the capital markets may impact the value of such collateral. Economic and project implementation challenges, in India and overseas, could result in some of our borrowers not being able to meet their debt obligations, including debt obligations that have already been restructured, resulting in an increase in non-performing loans.

Further, guidelines issued by the Reserve Bank of India relating to identification and classification of non-performing assets could result in an increase in our loans classified as non-performing. For instance, in May 2013, the Reserve Bank of India issued guidelines on the restructuring of loans, which requires all restructured loans (other than due to delay up to a specified period) from April 1, 2015 onwards to be 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"*. In January 2014, the Reserve Bank of India issued a framework for early identification and resolution of stressed assets. With effect from April 1, 2014, the guidelines introduce an asset classification category of "special mention accounts", which comprises cases that are not yet restructured or classified as non-performing but which exhibit early signs of stress, as specified through various parameters. Banks are also required to share data on a category of special mention accounts, form joint lenders' forums and devise action plans for resolution of these accounts. The failure to do so within stipulated timeframes would attract accelerated provisioning for such cases. See also *"Supervision and Regulation—Loan Loss Provisions and Non-performing Assets—Asset Classification"*. We may not be able to adequately control or reduce the level of non-performing assets in our portfolio.

We also have investments in security receipts arising from the sale of non-performing assets by us to Asset Reconstruction Company (India) Limited, a reconstruction company registered with the Reserve Bank of India and other reconstruction companies. See also *"Description of ICICI Bank — 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 adequately control or reduce the level of non-performing assets, the overall quality of our loan portfolio would deteriorate, we may become subject to enhanced regulatory oversight and scrutiny, our reputation may be adversely impacted and our profitability and the price of the Notes could be adversely affected.

We are subject to the directed lending requirements of the Reserve Bank of India, and any shortfall in achieving these requirements may be required to be invested in government schemes that yield low returns, thereby impacting our profitability. We may also experience a higher level of non-performing assets in our directed lending portfolio, which could adversely impact the quality of our loan portfolio, our business and the price of the Notes.

Under the directed lending norms of the Reserve Bank of India, banks in India are required to lend 40.0% of their adjusted net bank credit to certain eligible sectors, categorized as priority sectors. Of this, 18.0% of adjusted net bank credit is required to be lent to the agricultural sector, including direct agricultural advances of at least 13.5% and indirect agricultural advances of not more than 4.5%. Direct agricultural advances include loans made directly to individual farmers or groups of individual farmers for agriculture and related activities. Indirect agricultural advances include loans for purposes linked to agriculture, such as loans to food and agri-processing units, finance for hire-purchase schemes for distribution of agricultural machinery and implements, financing farmers indirectly through the co-operative system and loans for the construction and operation of storage facilities. Other than the 18.0% of adjusted net bank credit that is required to be lent to the agricultural sector, the balance of the priority sector lending requirement can be met by lending to a range of sectors, including small businesses and residential mortgages satisfying certain criteria. Loans to identified weaker sections of society must comprise 10.0% of adjusted net bank credit. These requirements are to be met as of the last reporting Friday of the fiscal year with reference to the adjusted net bank credit of the previous fiscal year. These requirements apply to ICICI Bank on a stand-alone basis.

Further, in July 2012, the Reserve Bank of India issued revised guidelines on priority sector lending requirements that restrict the ability of banks to meet the directed lending obligations through lending to specialised financial intermediaries. While keeping the lending targets unchanged, the revised guidelines specify certain categories of lending that would be eligible for classification as priority sector lending and its sub-segments. The guidelines also aim to increase direct agricultural lending by banks to individuals and reduce lending activity through intermediaries like non-banking finance companies and housing finance companies. The guidelines also stipulate that investments by banks in securitized assets and outright purchases of loans and assignments would be eligible for classification under the priority sector if the underlying assets themselves qualified for such treatment. Further, the interest rates charged to ultimate borrowers by the originating entities in such transactions have also been capped in order for such transactions to be classified as priority sector lending. The guidelines also increased the priority sector lending requirements of foreign banks in India that have 20 or more branches, bringing them on par with domestic banks with the target increasing from 32.0% of adjusted net bank credit to 40.0%.

Any shortfall in meeting these requirements may be required to be invested in government schemes that yield low returns, ranging from 3.0% to 6.5%, depending on the level of shortfall, thereby impacting our profitability. The aggregate amount of funding required by such schemes is drawn from banks that have shortfalls in achievement of their priority sector lending targets, with the amounts drawn from each bank determined by the Reserve Bank of India. At March 31, 2014, our total mandated investments in such schemes on account of past shortfalls in achieving the required level of priority sector lending were Rs. 248.19 billion. In May 2014, the Reserve Bank of India issued guidelines allowing banks to include the outstanding mandated investments in government schemes at March 31 of the fiscal year to be treated as part of indirect agricultural and count towards overall priority sector target achievement. Also, investments at March 31 of the preceding year would be included in the adjusted net bank credit which forms the base for computation of the priority sector and sub-segment lending requirements. These changes were made effective fiscal 2014. At year-end fiscal 2014, ICICI Bank's priority sector lending was Rs. 1,010.30 billion, constituting about 108.5% of the priority sector lending target. However, the Bank met 46.4% and 27.0% of its direct agriculture lending and "weaker section" category lending requirements respectively. Our investments in government schemes are expected to increase in view of the continuing shortfall in direct agricultural and weaker section loans.

As a result of priority sector lending requirements, we may experience a higher level of non-performing assets in our directed lending portfolio, particularly due to 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 Bank's gross non-performing assets in the priority sector loan portfolio were 3.3% in fiscal 2011, 2.6% in fiscal 2012, 2.2% in fiscal 2013 and 2.3% in fiscal 2014.

In September 2013, the Reserve Bank of India set up a committee on comprehensive financial services for small businesses and low income households which, among others, recommended a new methodology for computation of priority sector targets based on district-level credit penetration and other criteria. See also *"Supervision and Regulation—Directed lending"*. Any future changes by the Reserve Bank of India to the directed lending norms may result in our continued inability to meet the priority sector lending requirements as well as require us to increase our lending to relatively more risky segments and may result in an increase in non-performing loans.

In addition to the directed lending requirements, the Reserve Bank of India has mandated banks in India to have a financial inclusion plan for expanding banking services to rural and unbanked centers and to customers who currently do not have access to banking services. In the Union Budget for fiscal 2015, the Finance Minister announced the launch of a financial inclusion mission from August 2014 pursuant to which it proposed to open two bank accounts for each household. It is also envisaged that credit facilities may need to be provided to these households. The expansion into these markets involves significant investments and recurring costs. The profitability of these operations depends on our ability to generate business volumes in these centers and from these customers.

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 also *"Description of ICICI Bank—Classification of Loans—Restructured Loans"*. As a result of a slowdown in economic activity, rising interest rates and the limited ability of corporations to access capital in view of the volatility in global and domestic financial markets, there has been an increase in restructured loans in the banking system as well as in our portfolio since fiscal 2012. 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, the quality of our long-term project finance loan portfolio could be adversely impacted by several factors. See also *"—Our loan portfolio includes long-term project finance loans, which are particularly vulnerable to completion and other risks"*. Economic and project implementation challenges, in India and overseas, could result in additions to restructured loans and we may not be able to control or reduce the level of restructured loans in our project and corporate finance portfolio.

In November 2012, the Reserve Bank of India increased the general provisioning requirement on restructured standard accounts from 2.00% to 2.75%. Further, in May 2013, the Reserve Bank of India issued final guidelines on the restructuring of loans. Pursuant to the guidelines, loans that are restructured (other than due to delays in project implementation under certain conditions and up to specified periods) from April 1, 2015 onwards would be classified as non-performing. Further, the general provisioning requirement on standard restructured loans was increased with all incremental restructured loans from June 1, 2013 requiring a 5.0% general provision while the general provisioning requirement on the existing stock of standard restructured loans was mandated to be increased in phases from 2.75% to 5.0% by March 31, 2016.

The combination of changes in regulations regarding restructured loans and provisioning thereof, any 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 the Notes.

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

Project financing provided to the industrial and manufacturing sectors constituted a significant portion of the Bank's loan portfolio. In the past, we have experienced a high level of default and restructuring in our industrial and manufacturing project finance loan portfolio as a result of the downturn in certain global commodity markets and increased competition in India.

The Indian banking sector has experienced a significant increase in infrastructure sector loans in recent years. We expect long-term project finance to be an area of growth in our business over the medium to long-term, and the quality of this portfolio could be adversely impacted by several factors. The viability of these projects depends upon a number of factors, including market demand, government policies, the processes for awarding government licenses and access to natural resources and their subsequent judicial or other review, the financial condition of the government or other entities that are the primary customers for the output of such projects 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. Our loans to the power sector increased from 6.2% of our gross loans at March 31, 2013 to 6.4% at March 31, 2014 and further to 6.6% at June 30, 2014. Concerns have emerged about the availability of coal for power projects in India, primarily due to environmental concerns around coal mining. In addition, power projects inherently have high leverage levels and the current volatility in capital markets and concerns about the implementation of these projects and their future cash flows may constrain the availability of equity funding for such projects. We cannot be sure that these projects will begin operations as scheduled or perform as anticipated. While a large portion of these projects are under implementation and the commercial dates of operations are yet to be reached, we may see an increase in our non-performing assets or restructured assets portfolio in case of delays of more than two years from the scheduled commercial date of operations of such projects, in line with Reserve Bank of India guidelines. In addition, any reduction in the output of operational power plants due to lower availability of fuel, or otherwise, may have an adverse impact on their financial condition and their ability to service their debt obligations, including to us. 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 the Notes.

Further deterioration of our non-performing asset portfolio combined with an increase in Reserve Bank of India requirements on provisioning could adversely affect our business and profitability.

There can be no assurance that the percentage of non-performing assets that we will be able to recover will be similar to our past experience of recoveries of non-performing assets. As a result of a slowdown in economic activity, rising interest rates and the limited ability of corporations to access capital in view of the volatility in global markets, there has been an increase in non-performing and restructured loans in the banking system as well as in our portfolio since fiscal 2012. The failure of our restructured loans 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"*.

The classification of our loans into non-performing and restructured loans is governed by the Reserve Bank of India's guidelines. Further, the classification of the loan portfolio of our overseas branches and subsidiaries is also subject to the regulations and views of respective local regulators. Our provisioning requirements are a function of the additions to non-performing and restructured loans as well as the Reserve Bank of India and other regulators' stipulations in this regard. Further, banks in India are also required to maintain general provisions on standard loans at rates prescribed by the Reserve Bank of India. In its annual policy statement for fiscal 2012, the Reserve Bank of India increased the specific provisioning requirements on sub-standard and doubtful assets by 5%-10% of the gross outstanding from their existing levels. Since November 2012, the Reserve Bank of India has also increased the general provisioning requirements on standard restructured assets. In January 2014, the Reserve Bank of India issued guidelines requiring higher capital and provisioning requirements for banks with respect to their exposures to companies having unhedged foreign currency exposures, based on an assessment of likely losses on such exposure compared to the companies' earnings. In January 2014, the Reserve Bank of India issued a framework for early identification and resolution of stressed assets. With effect from April 1, 2014, the guidelines introduce an asset category of special mention accounts, comprising cases that are not yet restructured or classified as non-performing but exhibit early signs of stress, as specified through various parameters. Banks are also required to share data on a category of special mention accounts, form joint lenders' forums and come up with action plans for resolution of these accounts. The failure to do so within stipulated timeframes would attract accelerated provisioning for such cases. In March 2012, with the objective of limiting the volatility in loan loss provisioning requirements witnessed during an economic cycle, the Reserve Bank of India released a discussion paper on the dynamic loan loss provisioning framework. The framework proposes to replace existing general provisioning norms and recommends that banks make provisions on their loan books every year based on their historical loss experience in various categories of loans. In years where the specific provision is higher than the computed dynamic provision requirement, the existing dynamic provision balance can be drawn down to the extent of the difference, subject to a minimum specified level of dynamic provision balance being retained. The combination of any mandated increase in provisions, regulators' assessment of our provisions, any change in the definition of non-performing assets by the regulator 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 the Notes.

We have seen a significant increase in our branch network over the last few years and any inability to use these branches productively or substantial delays in achieving desired levels of productivity may have an adverse impact on our growth and profitability.

The branch network of ICICI Bank in India has increased from 1,419 branches at March 31, 2009 to 3,763 branches at June 30, 2014. See also *"— We may seek opportunities for growth through acquisitions, divest our existing businesses, or be required to undertake mergers by the Reserve Bank of India and could face integration and other acquisitions risks"*. Recently, we have also substantially scaled up our branch network in rural and semi-urban areas and have also established low-cost branches in centers in the country having no bank presence. Our new branches typically operate at lower productivity levels, as compared to our existing branches. Our performance depends also on the productivity of our employees. Any inability to achieve or substantial delays in achieving desired levels of productivity would have an adverse impact on our growth and profitability and the price of the Notes.

We are subject to capital adequacy and liquidity requirements stipulated by the Reserve Bank of India, including Basel III, and any inability to maintain adequate capital or liquidity due to changes in regulations, a lack of access to capital markets, or otherwise may impact our ability to grow and support our businesses.

With effect from April 1, 2013, banks in India commenced implementation of the Basel III capital adequacy framework as stipulated by the Reserve Bank of India. The Basel III guidelines, among other things, establish Common Equity Tier 1 as a new tier of capital; impose a minimum Common Equity Tier 1 risk-based capital ratio of 5.5% and a minimum Tier 1 risk-based capital ratio of 7.0% while retaining the minimum total risk-based capital ratio of 9.0%; require banks to maintain a Common Equity Tier 1 capital conservation buffer of 2.5% of risk-weighted assets above the minimum requirements to avoid restrictions on capital distributions and discretionary bonus payments; establish new eligibility criteria for capital instruments in each tier of regulatory capital; require more stringent adjustments to and deductions from regulatory capital; provide for more limited recognition of minority interests in the regulatory capital of a consolidated banking group; impose a 4.5% Basel III leverage ratio of Tier 1 capital to exposure during a parallel run period from 2013 to 2017; and modify the Reserve Bank of India's Basel II guidelines with respect to credit risk, including counterparty credit risk and credit risk mitigation, and market risk. The guidelines were initially to be fully implemented by March 31, 2018, which was revised to March 31, 2019 in fiscal 2014. Applying the Basel III guidelines, capital ratios of ICICI Bank as of June 30, 2014 were: Common Equity Tier 1 risk-based capital ratio of 12.2%; Tier 1 risk-based capital ratio of 12.2%; and total risk-based capital ratio of 17.0%.

The capital regulations continue to evolve, both globally and in India. The Reserve Bank of India may require additional capital to be held by banks as a systemic buffer. For instance, in July 2014, the Reserve Bank of India issued guidelines requiring additional Common Equity Tier 1 capital requirements ranging from 0.2% to 0.8% of risk-weighted for domestic banks that are identified as systemically important. The systemic importance of a bank would be determined based on the size, inter-connectedness, substitutability and complexity of the bank, with a larger weightage given to size. Further, the Reserve Bank of India also released draft guidelines on implementation of counter-cyclical capital buffers which propose higher capital requirements for banks, ranging from 0% to 2.5% of risk-weighted assets, during periods of high economic growth. The capital requirement would be determined based on certain triggers such as deviation of long-term average credit-to-GDP ratio and other indicators. In addition, with the approval of the Reserve Bank of India, banks in India may migrate to advanced approaches for calculating risk-based capital requirements in the medium term. These evolving regulations may impact the amount of capital that we are required to hold. In December 2013, the Reserve Bank of India issued guidelines on stress testing according to which banks would have to carry out stress tests for credit risk and market risk to assess their ability to withstand shocks. Banks would be classified into three categories based on size of risk-weighted assets and banks with risk-weighted assets of more than Rs. 2,000.0 billion would be required to carry out complex and severe stress testing. Our ability to grow our business and execute our strategy is dependent on our level of capitalization and we typically raise resources from the capital markets to meet our capital requirements.

In June 2014, the Reserve Bank of India released guidelines on liquidity coverage ratio requirements under the Basel III liquidity framework. The Reserve Bank of India has proposed the monitoring and reporting of the Basel III liquidity coverage ratio, which is a ratio of the stock of high quality liquid assets and total net cash outflows over the next 30 calendar days. The Reserve Bank of India has also defined categories of assets qualifying as high quality liquid assets and has mandated a minimum liquidity coverage ratio of 60.0% from January 1, 2015, which would be increased in a phased manner to a minimum of 100.0% from January 1, 2019. These requirements together with the existing statutory liquidity ratio and cash reserve requirements may result in Indian banks, including us, holding higher amounts of liquidity, thereby impacting profitability.

Any reduction in our regulatory capital ratios, increase in liquidity requirements applicable to us on account of regulatory changes or otherwise, changes in the composition of liquidity and any inability to access capital markets may limit our ability to grow our business, impact our profitability and our future performance and strategy.

Our risk profile is linked to the Indian economy and the banking and financial markets in India which are still evolving.

Our credit risk may be higher than the credit risk of banks in some developed economies. Unlike several developed economies, a nation-wide credit bureau has been operational in India only since 2001. This may limit the 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 evolving Indian regulatory, political, economic and industrial environment. 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 also *"—We are subject to the directed lending requirements of the Reserve Bank of India, and any shortfall in achieving these requirements may be required to be invested in government schemes that yield low returns, thereby impacting our profitability. We may also experience a higher level of non-performing assets in our directed lending portfolio, which could adversely impact the quality of our loan portfolio, our business and the price of the Notes"* and *"Description of ICICI Bank—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 the Notes.

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 a developing economy with all of the risks that come with such an economy. Our activities in India are widespread and diverse 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. In the aftermath of the financial crisis, regulatory scrutiny of these risks is increasing.

The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past.

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 global financial crisis, regulators in India and in the other jurisdictions in which we operate have intensified their review, supervision and scrutiny of many financial institutions, including us. In the aftermath of the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past, in a range of areas. This increased review and scrutiny or any changes in the existing regulatory supervision framework, 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 and management functioning, other measures of the safety and soundness of our operations or compliance with applicable laws, regulations, accounting norms or regulatory policies. Regulators may find that we are not in compliance with applicable laws, regulations, accounting norms or regulatory policies, or with the regulators' revised interpretations of such laws, regulations or regulatory policies, and may take formal or informal actions against us. Such formal or informal actions might force us to make additional provisions for our non-performing assets or otherwise, divest our 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".*

Our banking subsidiaries in the United Kingdom and Canada have in the past focused primarily on leveraging their deposit franchises in these markets to extend financing to Indian companies for their operations in India and globally, including the financing of overseas acquisitions by Indian companies through structured transactions. In view of regulatory limitations on cross-border financing of this nature, these subsidiaries have experienced a reduction in their business, impacting their profitability and resulting in a sharp reduction in the return on the capital invested in these businesses. While both these subsidiaries are focused on growing their business within the current regulatory framework, the opportunities to do so may be limited. Further, while both these subsidiaries are focused on optimizing their capital base and have repatriated capital and made dividend payments to ICICI Bank in the recent past, such initiatives are subject to regulatory approvals. There can be no assurance regarding the timing or grant of such approvals in the future. Our overseas branches are also subject to respective local regulatory requirements, including any requirements related to liquidity, capital and asset classification and provisioning.

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 lead to additional costs or restrictions on our 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 the future, in regulatory actions, including financial penalties and restrictions on or suspension of the related business operations. Following the release on the Internet in March 2013 of videos forming part of a sting operation on banks and insurance companies in India that purported to show the Bank's frontline branch employees engaging in conversations that would violate our Group's Code of Business Conduct and Ethics and could have, if any transactions had been consummated, led to violations of anti-money laundering and 'know-your-customer' norms, the Reserve Bank of India undertook investigations at ICICI Bank and over 30 other banks in India. While the Reserve Bank of India's investigations did not reveal any prima facie evidence of money laundering, the Reserve Bank of India imposed an aggregate penalty of Rs. 665.0 million (US$11.0 million) on 31 Indian banks, including Rs. 10.0 million (US$0.2 million) on ICICI Bank, for instances of violation of applicable regulations, which the Bank has paid. Although we have not received any formal notice of investigation, there can be no assurance that these incidents will not be the subject of further investigation by the regulatory authorities, including the tax enforcement authorities.

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 and 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, cause us to incur additional costs, penalties, claims and expenses 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 risks. This could, in turn, increase the size and number of claims and damages asserted against us and/or subject us to regulatory investigations, enforcement actions or other proceedings, or lead to increased supervisory concerns. We may also be required to spend additional time and resources on 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 restrict our operations, stipulate higher capital and liquidity requirements or 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 are increasingly common for international banks and financial institutions, but we would expect to cooperate with any such regulatory investigation or proceeding.

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 also *"Description of ICICI Bank—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.

In India, foreclosure on collateral consisting of property can be undertaken directly by lenders by fulfilling certain procedures and requirements (unless challenged in courts of law) or otherwise by a written petition to an Indian court or tribunal. An application, when made (or a legal challenge to the foreclosure undertaken directly), may be subject to delays or administrative requirements that may result in, or be accompanied by, a decrease in the value of collateral. These delays can last for several years and might lead to deterioration in the physical condition or 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. If a company becomes a "sick unit" (as defined under Indian law, which provides for a unit to be so categorized based on the extent of its accumulated losses relative to its stockholders' equity), foreclosure and enforceability of collateral is stayed.

In addition, for collateral we hold in jurisdictions outside India, the applicable laws and regulations in such jurisdictions may impact our ability to foreclose on collateral and realize its value. 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 the Notes.

We have a high concentration of loans to certain customers, borrower groups 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 the Notes could be adversely affected.

Our loan portfolio and non-performing asset portfolio have a high concentration in certain types of customers. ICICI Bank's policy is to limit its exposure to any particular industry (other than retail loans) to 15.0% of its total exposure. Our loans and advances to the retail finance segment constituted 41.2% of our gross loans and advances at June 30, 2014. Our loans and advances to (i) the infrastructure sector (excluding power), (ii) the power sector, (iii) the non-finance service sector and (iv) the iron and steel sector constituted 6.9%, 6.6%, 6.3% and 5.2%, respectively, of our gross loans and advances at June 30, 2014. Pursuant to the guidelines of the Reserve Bank of India, ICICI Bank's credit exposure to an individual borrower must not exceed 15.0% of its capital funds, unless the exposure is with regards to an infrastructure project. ICICI Bank's exposure to a group of companies under the same management control generally must not exceed 40.0% of its capital funds unless the exposure is with regards to an infrastructure project, as per the Reserve Bank of India guidelines. Banks may, in exceptional circumstances, with the approval of their boards, enhance the exposure by 5.0% of capital funds (i.e., aggregate exposure can be 20.0% of capital funds for an individual borrower and aggregate exposure can be 45.0% of capital funds for a group of companies under the same management). At June 30, 2014, our largest non-bank borrower accounted for approximately 14.4% of our capital funds. The largest group of companies under the same management control accounted for approximately 30.1% of our capital funds. See also *"Description of ICICI Bank—Loan Portfolio—Loan Concentration"*.

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 their 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 only recently built up its database in India. 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 are important elements of our profitability, and regulatory changes 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 loan processing, syndication and advisory services for corporate clients with respect to 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 including new financing proposals, 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. Our commission, exchange and brokerage income is also impacted by applicable regulations governing various products and segments of financial services and changes in these regulations may adversely impact our ability to grow in this area. For example, in May 2014, the Reserve Bank of India directed banks to remove foreclosure charges on floating rate term loans given to individual borrowers and were prohibited from levying a penalty for non-maintenance of minimum balance in inoperative accounts. 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. Since fiscal 2012, we have witnessed a moderation in growth in our commission, exchange and brokerage income, primarily due to the decline in corporate investment activity and new financing proposals. While the growth rate of our commission, exchange and brokerage income has improved during fiscal 2014, various factors could adversely impact these income streams in the future and adversely affect our financial performance.

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

Beginning in fiscal 2004, we began international expansion, opening banking subsidiaries in the United Kingdom, Canada and Russia and branches and representative offices in several countries. 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 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 expect to face additional 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 businesses are subject to changes in legal and regulatory requirements and it may not be possible to predict the timing or nature of such changes.

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. Our banking subsidiaries in the United Kingdom and Canada have in the past focused primarily on leveraging their deposit franchises in these markets to extend financing to Indian companies for their operations in India and globally, including the financing of overseas acquisitions by Indian companies through structured transactions. In view of the position taken by these subsidiaries' respective regulators in connection with cross-border risk and exposure concentration, these subsidiaries have reduced their business volumes, resulting in a high level of capital relative to their assets and impacting their profitability and return on the capital invested by ICICI Bank in these subsidiaries. While these subsidiaries are focused on growing their business within the current regulatory framework, the opportunities to do so may be limited. Further, while we are seeking to rationalize the capital invested in our overseas banking subsidiaries and these subsidiaries have repatriated a part of their excess capital to ICICI Bank, there can be no assurance that we will be able to achieve further capital rationalization through repatriation or otherwise. See also *"—The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past"* and *"—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment"*. 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 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 would 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 interbank 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. In addition, we have seen significant growth in project financing in recent years, where the assets would typically be of longer-term maturities, relative to our funding profile. Our ability to raise fresh deposits and grow our deposit base depends in part on our ability to expand our network of branches, which in the past required the prior approval of the Reserve Bank of India. We have recently significantly expanded our branch network pursuant to the Reserve Bank of India's authorizations for establishing new branches, and the Reserve Bank of India has also recently permitted banks to freely open new branches subject to certain conditions. Our new branches typically operate at lower efficiency levels, as compared to our existing branches, and although we intend to increase their efficiency over time, any inability to use these branches productively, or substantial delays in achieving desired levels of productivity, may have an impact on our ability to grow our deposit base to the desired extent. During September and October 2008, following the disclosure of our exposure to Lehman Brothers and other U.S. 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. The deregulation of savings account interest rates in October 2011 may also increase the volatility of this component of our funding.

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, would have an adverse effect on our liquidity position, our business, our future financial performance, our stockholders' equity and the price of the Notes.

Furthermore, a part of our loan and investment portfolio, consisting primarily of the loan and investment portfolios of our international branches and subsidiaries is denominated in foreign currencies, including the U.S. 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. Volatility in the international debt markets may constrain our international capital market borrowings. There can be no assurance that our international branches and subsidiaries will be able to obtain 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. In addition, borrowers who have taken foreign currency loans from us may face challenges in meeting their repayment obligations on account of market conditions and currency movements. 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 the Notes"*, *"—Risks 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 the Notes"* and *"—Risks Relating to Our Business—We 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. Recent regulatory changes as well as changes currently under discussion, such as changes with respect to Basel III risk-based and leverage capital requirements, Basel III liquidity requirements; restrictions on cross-border capital flows; enhanced emphasis on local lending obligations in overseas jurisdictions; changes in directed lending regulations in India; and discussions on management compensation, board governance, consumer protection and risk management, among other areas, are expected to have an impact on our business and our future strategy. These changes could require us to reduce or increase our business in specific segments, impact our overall growth and impact our return on capital. For instance, our wholly owned banking subsidiaries in the United Kingdom and Canada reduced their business volumes after fiscal 2009 in response to the changes in the regulatory environment, which has impacted their growth and profitability. While both these subsidiaries are focused on growing their business within the current regulatory framework, the opportunities to do so may be limited. Further, while both these subsidiaries are focused on optimizing their capital base and have repatriated capital and made dividend payments to ICICI Bank in the recent past, such measures are subject to regulatory approvals. There can be no assurance regarding the timing or grant of such approvals in the future. The Reserve Bank of India has moved to a risk-based supervision approach for Indian banks, including us, and may require banks to hold additional capital over and above the minimum regulatory requirements based on its assessment of risks for individual banks.

Changes in laws, regulations and regulatory policies, or the interpretation or application thereof, have and we expect will continue to lead to enhanced regulatory oversight and scrutiny and increased compliance costs. In the aftermath of the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past. This increased 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. In addition, regulators may find that we are not in compliance with applicable laws, regulations or regulatory policies, or with the regulators' revised interpretations of such laws, regulations or regulatory policies, and may take formal or informal actions against us. Our ability to predict future legal or regulatory changes is limited and we may face enhanced legal or regulatory burdens without advance notice. For example, the Reserve Bank of India, in its guidelines for new private sector banking licenses issued in February 2013, has mandated all new banks pursuant to the issuance of such licenses, to be set up under a financial holding company structure. In future, such requirements may be extended to existing banks in India, including us. Also, the Reserve Bank of India has released a discussion paper on a new banking structure in India. See also *"— Overview of the Indian Financial Sector—Recent structural reforms"*. Any such regulatory or structural changes may result in increased expenses, operational restrictions, increased competition or revisions to our business operations, which may reduce our profitability or force us to forego potentially profitable business opportunities. See also *"—The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past"*.

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 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 to 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 an increase in Reserve Bank of India requirements on provisioning could adversely affect our business and profitability"*. 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 domestic and international 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 downgrade of India's debt rating by an international rating agency could adversely affect our business, our liquidity and the price of the Notes"*. 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 also *"Description of ICICI Bank—Risk Management—Quantitative and Qualitative Disclosures about Market Risk—Liquidity Risk"*.

Negative publicity could damage our reputation and adversely impact our business and financial results and the price of the Notes.

Reputation risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. The reputation of the financial services industry in general has been closely monitored as a result of the financial crisis and other matters affecting the financial services industry. Negative public opinion about the financial services industry generally or us specifically could adversely affect our ability to keep and attract customers, and expose us to litigation and regulatory action. Negative publicity can result from our actual or alleged conduct in any number of activities, including lending practices and specific credit exposures, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government, regulators and community organizations in response to that conduct. Although we take steps to minimize reputation risk in dealing with customers and other constituencies, we, as a large financial services organization are inherently exposed to this risk. Our subsidiaries' businesses include mutual fund, portfolio and private equity fund management, which are exposed to various risks including diminution in value of investments and inadequate liquidity of the investments. We also distribute products of our insurance, asset management and private equity subsidiaries. Investors in these funds and schemes may allege mismanagement or weak fund management as well as mis-selling and conflicts of interest which may impact our overall reputation as a financial services group and may require us to support these businesses with liquidity and may result in a reduction in business volumes and revenues from these businesses. We are also exposed to the risk of litigation by customers across our businesses.

We may seek opportunities for growth through acquisitions, divest our existing businesses, or be required to undertake mergers by the Reserve Bank of India and could face integration and other acquisitions 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. We have undertaken mergers and acquisitions in the past. Most recently, the Bank of Rajasthan, a private sector bank, merged with us effective August 12, 2010. 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. We may in the future examine and seek opportunities for acquisitions in countries where we currently operate. Our non-banking subsidiaries in India may also undertake mergers and acquisitions.

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 related liabilities, 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 may also sell all or part of one or more of our businesses, including our subsidiaries, for a variety of reasons including changes in strategic focus, redeployment of capital, contractual obligations and regulatory requirements. See also *"Description of ICICI Bank— Overview of Our Products and Services — Insurance"*.

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

Several of our borrowers enter into derivative contracts to manage their foreign exchange risk exposures. Volatility in exchange rates may result in increased mark-to-market losses in derivative transactions for our clients. Upon the maturity or premature termination of the derivative contracts, these mark-to-market losses become receivables owed to us. Consequently, we become exposed to various kinds of risks including but not limited to credit risk, market risk and exchange risk.

Since fiscal 2012, following the volatility in the global capital markets and the economic slowdown in India, the rupee has depreciated sharply against the U.S. dollar. The rupee depreciated by 14.6% in fiscal 2012 and by 6.3% in fiscal 2013. During fiscal 2014, the rupee depreciated sharply against the U.S. dollar following the commencement of tapering of quantitative easing in the United States and the consequent withdrawal of capital flows from many emerging economies. During April to August 2013, the rupee depreciated by 22.4% to Rs. 68.4 per U.S. dollar before stabilising at Rs. 60.1 per U.S. dollar at end-March 2014. During the three months ended June 30, 2014, the rupee remained stable at Rs. 60.0 to Rs. 61.0 per U.S. dollar. Some of our borrowers with foreign exchange and derivative exposures may be adversely impacted by the depreciation of the rupee. These include borrowers impacted by higher rupee denominated interest or principal repayment on unhedged foreign currency borrowings; increases in the cost of raw material imports where there is limited ability to pass through such escalations to customers; and the escalation of project costs due to higher imported equipment costs; and borrowers that may have taken adverse positions in the foreign exchange markets. The failure of our borrowers to manage their exposures to foreign exchange and derivative risk, particularly adverse movements and volatility in foreign exchange rates, may adversely affect our borrowers and consequently the quality of our exposure to our borrowers and our business volumes and profitability. In January 2014, the Reserve Bank of India issued guidelines requiring higher capital and provisioning requirements for banks on their exposures to companies having unhedged foreign currency exposure, based on an assessment of likely loss on such exposures compared to the earnings of the corporate. An increase in non-performing or restructured assets on account of our borrowers' inability to manage exchange rate risk and any increased capital or provisioning requirement against such exposures may have an adverse impact on our profitability, our business and the price of the Notes. We have adopted certain risk management policies to mitigate such risk. However there is no assurance that such measures will be fully effective in mitigating such risks.

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

The rapid growth of our retail loan business and our rural initiative exposes 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. Since fiscal 2012 we have focused on scaling up our retail lending volumes and in fiscal 2014, we have also seen an increase in our retail unsecured portfolio. Our retail loan portfolio grew by 25.6% in fiscal 2014 compared to an increase of 17.1% in our overall gross loan portfolio. Further, we are also focusing on scaling up our business and distribution network in rural areas. While we have taken measures to address the risks in these businesses, there can be no assurance that the businesses would perform according to our expectations or that there would not be any adverse developments in these businesses in the future. Our inability to manage such risks may have an adverse impact on our future business and strategy, our asset quality and profitability and the price of the Notes.

During fiscal 2011 and fiscal 2012, we have seen a significant increase in our project finance exposure to the power sector. We cannot be sure that these projects will begin operations as scheduled or perform as anticipated. Any delays in operations or the inability of these projects to perform in accordance with our expectations may have an adverse impact on our asset quality and profitability. See also *"—Our loan portfolio includes long-term project finance loans, which are particularly vulnerable to completion and other risks"*.

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 experienced higher growth, achieved better profitability and increased their market shares relative to us. In addition, the moderation of growth in the Indian banking sector may lead to greater competition for business opportunities. Recent changes in the Indian banking sector include deregulation of interest rates on savings bank deposits, following which some smaller banks have significantly increased interest rates paid on savings deposits to compete with larger banks, including us, and removal of foreclosure charges or prepayment penalties payable by borrowers for floating rate home loans, which may lead to a higher proportion of higher yielding loans being prepaid as borrowers seek to refinance their existing loans. In February 2013, the Reserve Bank of India issued guidelines on the entry of new banks in the private sector including eligibility criteria, structure, capital requirements, shareholding structure and corporate governance practices. The Reserve Bank of India has issued in-principle licenses to two applicants during fiscal 2014. Further, in October 2013, the Reserve Bank of India completely deregulated branch licensing requirements and banks are permitted to open branches across tier 1 to tier 6 centers without the prior approval of the Reserve Bank of India, subject to them maintaining a prescribed proportion of 25% of their incremental branches in rural and semi-urban areas. See also "*Supervision and Regulation-Regulations Relating to the Opening of Branches and Automated Teller Machines*". Greater presence of existing competitors or new entrants of banks offering a wider range of products and services could increase competition. The Reserve Bank of India released a discussion paper in August 2013 on the banking structure in India which proposes a differentiated licensing policy for different types of banks for niche business areas. It also recommends having a continuous licensing policy for entry of new banks compared to the current practice of issuing licenses intermittently. The Reserve Bank of India has also released the framework for the presence of foreign banks in India, and has proposed according treatment substantively similar to domestic banks for foreign banks, based on the principles of reciprocity and subsidiary mode of presence. In January 2014, the Reserve Bank of India constituted a committee to review the governance of boards of banks in India which, among others, has proposed several measures aimed at improving the governance, ownership and board oversight of public sector banks. In July 2014, the Reserve Bank of India issued draft guidelines for licensing of payments banks and small banks. The Reserve Bank of India has also indicated that it would issue guidelines with respect to a continuous licensing policy for universal banks. Any changes in the banking structure in India, including the entry of new banks, greater competition between existing players and improvement in the efficiency and competitiveness of existing banks, may have an adverse impact on our business. Due to competitive pressures, we may be unable to successfully execute our growth strategy or offer products and services at reasonable returns and this may adversely impact our business. See also *"Description of ICICI Bank—Competition"* and *"Overview of the Indian Financial Sector—Commercial Banks—Foreign Banks"*.

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. We may experience an adverse impact on the cash float and fees from our cash management business resulting from the development and increased usage of payment systems, as well as other similar structural changes. Some recent structural changes in banking transactions in India include free access for a customer of any bank to ATMs of all other banks with restrictions on the amount and number of transactions. Furthermore, the Reserve Bank of India, from time to time, also imposes limits on transaction charges levied by banks on customers, including those on cash and card transactions. In fiscal 2013, banks were directed to remove foreclosure charges on home loans. In fiscal 2014, banks were mandated to have a uniform pricing policy for all customers across all branches, irrespective of the branch in which the account was opened. Also, banks were directed to remove foreclosure charges on floating rate term loans given to individual borrowers and were prohibited from levying penalty on inoperative accounts for non-maintenance of minimum balance. Such developments may adversely impact the profitability of banks, including us, by reducing float balances and fee incomes, and increasing costs. See also *"—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment"*. Our subsidiaries are also subject to similar risks. For example, in the Union Budget for fiscal 2015, the Finance Minister announced an increase in the long term capital gains tax rate on investments in debt mutual funds from 10% to 20% and also increased the minimum holding period for qualification as a long term investment from 12 months to 36 months. These changes may have an impact on the inflows seen by mutual funds, including the funds managed by our asset management subsidiary, into debt schemes.

Additional capital requirements of our insurance subsidiaries may adversely impact our business and the price of the Notes.

While our life insurance business has recorded accounting profits since fiscal 2011, and the growth of our life insurance subsidiary has moderated, additional capital may be required to support the insurance business. In accordance with the Insurance Regulatory and Development Authority's order dated March 12, 2011, all general insurance companies in India, including our general insurance subsidiary, were required to provide for losses on the third party motor pool (a multilateral arrangement for insurance in respect of third party claims against commercial vehicles, the results of which are shared by all general insurance companies in proportion to their overall market share) at a provisional rate of 153.0% from fiscal 2008 to fiscal 2011, as compared to the earlier loss rate of 122% to 127%. Since the losses are allocated to general insurance companies based on their overall market shares, the profitability and solvency ratio of our general insurance subsidiary were adversely impacted. Accordingly, we invested Rs. 2.5 billion of capital into our general insurance subsidiary, ICICI Lombard General Insurance Company Limited, in fiscal 2011. In fiscal 2012, the Insurance Regulatory and Development Authority ordered the dismantling of the motor pool and advised that motor pool liabilities be recognized as per the loss rates estimated by the General Actuaries Department of the United Kingdom, for all underwriting years from fiscal 2008 to fiscal 2012. Our general insurance subsidiary recognized additional pool losses of Rs. 6.9 billion in fiscal 2012 and Rs. 1.0 billion in fiscal 2013. We invested Rs. 740.0 million into our general insurance subsidiary in fiscal 2013, while in fiscal 2014 there was no requirement for additional capital.

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 also *"—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"*, *"Description of ICICI Bank—Insurance"* and *"Supervision and Regulation—The 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 the Notes.

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 levels of profitability.

Our life insurance and general insurance joint ventures are becoming an increasingly important part of our business. See also *"Description of ICICI Bank—Overview of Our Products and Services—Insurance"*. These businesses have seen a moderation in growth since fiscal 2009. There can be no assurance of their future rates of growth. Our life insurance business comprises provision of life, pension and health products. Reduction in capital market valuations and volatility in capital markets have had an adverse impact on the demand for unit-linked products. Our life insurance subsidiary has also been impacted by the substantial changes in unit-linked and non-unit linked product regulations specified by the Insurance Regulatory and Development Authority. With effect from September 1, 2010, changes for unit-linked products include caps on charges including surrender charges, an increase in minimum premium paying term and the introduction of minimum guaranteed returns on pension products. In March 2013, the Insurance Regulatory and Development Authority issued guidelines on non-linked and linked life insurance products which included limits on the commission rates payable by insurance companies, introduction of a minimum guaranteed surrender value and minimum death benefits for non-linked products. The new guidelines require life insurance companies to modify existing products to comply with the revised guidelines. These revisions have impacted the growth, margins and profitability of life insurance companies. Further, in August 2013, the Insurance Regulatory Development Authority permitted banks to act as brokers and sell insurance products of more than one insurer. The guidelines restrict sales of insurance policies of any single insurer to 50.0% of total sales, and to 25.0% of total sales in case the insurer is part of the same promoter group as the bank. Banks have the option to continue as corporate agents or become insurance brokers with the prior approval of the Reserve Bank of India. In November 2013, the Reserve Bank of India issued draft guidelines on permitting banks to enter the insurance broking business. See also "*Supervision and Regulation—Regulations Governing Insurance Companies— Draft Guidelines on permitting banks to enter insurance broking business"*. A change in the guidelines relating to insurance distribution by banks may require our insurance subsidiaries to change their distribution strategies, which may result in increased costs and lower business volumes, as well as impacting ICICI Bank's distribution of their products and the associated fee income.

The growth of our general insurance business has been adversely impacted by the deregulation of pricing on certain products since 2007, which has resulted in a reduction in premiums for those products. There can be no assurance of the future rates of growth in the insurance business.

Further, our general insurance subsidiary has also been adversely impacted by higher losses on the mandated third party motor insurance pool, which resulted in a loss of Rs. 4.2 billion in fiscal 2012 for the subsidiary. This subsidiary has been making profits since fiscal 2013. See also *"—Additional capital requirements of our insurance subsidiaries may adversely impact our business and the price of the Notes"* and *"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 the Notes.

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 actuarial reserves using prudent 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, policy discontinuation and future expense levels. Our life insurance subsidiary monitors its actual experience of these assumptions and to the extent that it considers any deviation from assumption to 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. 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 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. See also *"—Additional capital requirements of our insurance subsidiaries may adversely impact our business and the price of the Notes*".

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 recordkeeping and reconciliation errors or errors resulting from faulty computer or telecommunications systems. We have experienced significant growth in a fast changing environment, and management as well as our regulators, are aware that this may pose significant challenges to our control framework. As a result of our internal evaluations, we and our regulators have noted certain areas where our processes and controls could be improved. Our growth, particularly in retail lending, our rural initiative, our international business and our insurance businesses exposes us to additional operational and control risks. Regulatory scrutiny of areas related to operational risk, including internal audit information, systems and data processing is increasing. The large size of our treasury and retail operations, which use automated control and recording systems as well as manual checks and recordkeeping, exposes us to the risk of errors in control, recordkeeping and reconciliation. 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 require continuous improvement 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 fulfil 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 could be adversely affected by the occurrence of any such events involving our employees, customers or third parties. In addition, regulators or legal authorities may also hold banks, including us, liable for losses on account of customer errors such as inadvertent sharing of confidential account related information. There are inherent limitations to the effectiveness of any system especially of controls and procedures, including the possibility of human error, circumvention or over-riding 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 are committed to continuing to implement and improve internal controls and our risk management processes, and this remains a key priority for us. If, however, 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 also *"Description of ICICI Bank—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 product lines such as insurance may create additional challenges with respect to managing the risk of fraud due to increased geographical dispersion and use of intermediaries. See also *"—Operating and Financial Review and Prospects— Provisions for Restructured Loans and Non-performing Assets"* and *"Description of ICICI Bank—Risk Management—Operational Risk"*. Physical or electronic break-ins, security breaches or other disruptions caused by power disruptions or the increased use of technology could also affect the security of information stored in and transmitted through our computer systems and network infrastructure. Technology has been undergoing a rapid evolution driven by mobility, cloud computing and social networks and this has led to increased cyber threats such as distributed denial of service attacks, spear phishing attacks and proliferation of malware and trojans. Given our focus on technology and presence in diverse geographies, we are exposed to such attacks which may impact the confidentiality, integrity or availability of data pertaining to us or our customers, which in turn may cause damage to our reputation and adversely impact our business and financial results. While ICICI Bank maintains insurance coverage that may, in accordance with the policy terms and conditions, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses. The Bank has a governance framework in place for security and has implemented information security policies, procedures and technologies. However, considering that technology is currently in a phase of rapid evolution and considering that the methods used for cyber attacks are also changing frequently or, in some cases, are not recognised until an actual attack, we may not be able to anticipate or to implement effective preventive measures against all security breaches. The Bank, like many other large global financial institutions, has also experienced a distributed denial of services attack which was intended to disrupt customer access to the Bank's main portal. While the Bank's monitoring and mitigating controls were able to detect and effectively respond to this incident, there can be no assurance that these security measures will be successful in the future. 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 the Notes.

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 also 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 the Notes. Regulatory scrutiny in this area is increasing. See also *"—The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past"*.

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

We are regularly assessed by the government of India's tax authorities, and on account of outstanding tax demands we have included in contingent liabilities Rs. 40.60 billion in additional taxes in excess of our provisions at June 30, 2014. These additional tax demands mainly relate to issues disputed by us and the tax authorities, such as the disallowance of depreciation on leased assets, disallowance of expenditure incurred towards exempt income, withdrawal of a special reserve, marked-to-market losses, double taxation of income of two of our venture capital funds and indirect tax matters. The Rs. 40.60 billion included in our contingent liabilities does not include further disputed tax assessments amounting to Rs. 34.92 billion relating to bad debts written off and penalties levied, which has been considered remote based on favorable Supreme Court decisions in other similar cases. See also *"Description of ICICI Bank—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 based on our consultations with tax counsel and favorable decisions in our own and other cases, 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 the Notes.

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 and our stockholders' equity.

We and our group companies, or our or their directors or officers, are often involved in litigations (civil and 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 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 unconsolidated and 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 unconsolidated and 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 unconsolidated and consolidated financial statements. See also *"Description of ICICI Bank—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 has become more complex with both product line expansion into the insurance area and geographic expansion internationally and through 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. A substantial portion of our compensation structure for middle and senior management is in the form of employee stock options, and dependent on the market price of our equity shares. Depending on market and business conditions, we may decide to reduce our employee strength in certain of our businesses. Further, increased competition, including the entry of new banks into an already competitive sector, may affect our ability to hire and retain qualified employees. If we or one of our business units or other functions fail to staff operations appropriately, or lose one or more 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 also *"Description of ICICI Bank—Employees"*.

Adoption of a different basis of accounting or new accounting standards may result in changes in our reported financial position and results of operations for future and prior periods.

The financial statements and other financial information included in this Offering Circular are based on our unconsolidated and consolidated financial statements under Indian GAAP. It is expected that Indian accounting standards will converge with International Financial Reporting Standards and we may be required to prepare financial statements under International Financial Reporting Standards, as adopted in India, according to a schedule to be determined by regulators for Indian companies in the future. However, the ongoing project undertaken by the International Accounting Standards Board, which will replace the current International Financial Reporting Standards on financial instruments, particularly IAS 39, in a phased manner, may impact the schedule for the adoption of International Financial Reporting Standards by Indian companies. We may issue financial statements under International Financial Reporting Standards prior to the schedule that may be announced by Indian regulators, for compliance with regulations in certain jurisdictions where we have operations or where our securities are listed. Financial statements prepared under standards different from Indian GAAP, as presently in existence, may diverge significantly from the financial statements and other financial information included in this Offering Circular. See also *"Operating and Financial Review and Prospects — Convergence of Indian accounting standards with International Financial Reporting Standards"*.

Risks Relating to the Notes

There is no existing market for any Notes issued under the Global Programme and therefore an investment in any Notes may be illiquid.

Each new series of Notes will constitute a new class of securities with no established market or prior trading history. While certain of the Notes issued under the Global Programme may be listed on the SGX-ST, there can be no assurance that a market for such Notes will be available or, if it is available, that it will provide investors with an avenue for liquidity for their investment, nor is there any assurance as to how long such Notes will be listed on the relevant stock exchange or the prices at which they may trade. In particular, the Notes could trade at prices that may be higher or lower than the initial offering price due to many factors, including prevailing interest rates, the Bank's operating results, the market for similar securities and general macroeconomic and market conditions in India and elsewhere.

The Dealers have made no commitment and have no obligation to make a market in the Notes. Therefore, no assurance can be given that any Dealer will actually make a market in any Notes that are issued under the Global Programme, or if it does, that it will continue to make a market in the future. No assurance can be given that an active trading market for any Notes will develop and therefore the liquidity of the Notes may be considerably less than for comparable emerging market securities.

There are certain restrictions under the Banking Regulation Act, 1949 (the "Banking Regulation Act") which may affect or restrict the rights of investors in the Notes.

Under Sections 35A and 36 of the Banking Regulation Act (which apply to the Bank), RBI is empowered to give directions to the Bank, prohibit the Bank from entering into any transactions, and advise the Bank generally. Consequently, the performance of obligations by the Bank under the Global Programme Agreement, the Trust Deed, the Agency Agreement and the Notes may be restricted by the directions or advice given by RBI under the aforesaid provision.

Under Section 50 of the Banking Regulation Act (which also applies to the Bank), no person shall have a right, whether in contract or otherwise, to any compensation for any loss incurred by reason of operation of certain provisions of such Act, including Sections 35A and 36 of the Banking Regulation Act. Therefore, holders of the Notes may not be able to claim any compensation for a failure by the Bank to perform its obligations under the Global Programme Agreement, the Trust Deed, the Agency Agreement and the Notes, consequent to the operation of the aforesaid provisions.

If we are unable to make payments on the Notes from Hong Kong, Singapore, Bahrain, Dubai or New York or from our Offshore Banking Unit and must make payments from India, including any additional amounts, we may experience delays in obtaining or be unable to obtain the necessary approvals from RBI.

We are under no legal obligation to maintain liquidity at our Hong Kong Branch, Singapore Branch, Bahrain Branch, Dubai Branch, New York Branch or Offshore Banking Unit at levels sufficient to make payments on the Notes. If payment under the Notes is requested directly from us in India (whether by reason of a lack of liquidity of our Hong Kong Branch, Singapore Branch, Bahrain Branch, Dubai Branch, New York Branch or Offshore Banking Unit, as applicable, acceleration, enforcement of a judgment or imposition of any restriction under the law of our Hong Kong Branch, Singapore Branch, Bahrain Branch, Dubai Branch, New York Branch or Offshore Banking Unit, as applicable), and payment thereunder, including any additional amounts, is to be made from India, approval from RBI will be required for the remittance of funds outside India. Any such approval is within the discretion of RBI and we can provide no assurance that we would in fact be able to obtain such approval upon our request. In addition, there could be significant delays in obtaining RBI approval.

In the event that no approvals are obtained or obtainable for the payment by us of amounts owed and payable by our Hong Kong Branch, Singapore Branch, Bahrain Branch, Dubai Branch, New York Branch or Offshore Banking Unit through remittances from India, we may have to seek other mechanisms permitted by applicable laws to effect payment of amounts due under the Notes. However, we cannot assure you that other remittance mechanics permitted by applicable law will be available in the future, and even if they are available in the future, we cannot assure you that the payments due under the Notes would be possible through such mechanisms.

The Notes are subject to transfer restrictions.

The Notes will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to QIBs in reliance on the exemption provided by Rule 144A, to non-U.S. persons in offshore transactions in reliance on Regulation S, or, if available, pursuant to another exemption from, or in another transaction not subject to, the registration requirements of the Securities Act and, in each case, in accordance with applicable state securities laws. In addition, subject to the conditions set forth in the Trust Deed (as defined in "*Terms and Conditions of the Notes*"), a Note may be transferred only if the principal amount of Notes transferred is at least US$200,000 (or its foreign currency equivalent) unless a different minimum denomination is specified in the applicable Pricing Supplement. Under certain conditions and if so set forth in the applicable Pricing Supplement, a Note may be transferred only if the principal amount of Notes transferred is at least € 100,000 or the equivalent in another foreign currency. For a further discussion of the transfer restrictions applicable to the Notes, see "*Subscription and Sale and Transfer and Selling Restrictions*".

Noteholders' right to receive payments on the Notes is junior to certain tax and other liabilities preferred by law.

The Notes will be subordinated to certain liabilities preferred by law such as claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of the Bank's trading or banking transactions.

In particular, in the event of bankruptcy, liquidation or winding up, the Bank's assets will be available to pay obligations on the Notes only after all of those of the Bank's liabilities that rank senior to these Notes have been paid. In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Notes.

The Notes do not restrict the Bank's ability to incur additional debt, repurchase the Notes or to take other actions that could negatively impact holders of the Notes.

The Bank is not restricted under the Terms and Conditions of the Notes from incurring additional debt, including secured debt, or from repurchasing the Notes. In addition, the covenants applicable to the Notes do not require the Bank to achieve or maintain any minimum financial results relating to the Bank's financial position or results of operations. The Bank's ability to recapitalize, incur additional debt and take other actions that are not limited by the Terms and Conditions of the Notes could diminish the Bank's ability to make payments on the Notes and amortizing bonds when due.

If the Bank does not satisfy its obligations under the Notes, Noteholders' remedies will be limited.

Payment of principal due under the Notes may be accelerated only in the event of certain events involving the Bank's bankruptcy, winding up or dissolution or similar events or otherwise if certain conditions have been satisfied. See "*Terms and Conditions of the Notes—Events of Default and Enforcement*".

The book-entry registration system of the Notes may reduce the liquidity of any secondary market for the Notes and may limit the receipt of payments by the beneficial owners of the Notes.

Because transfers of interests in the global notes can be effected only through book entries at Clearstream, Luxembourg and Euroclear or the CMU, in the case of the global notes to be issued in reliance on Regulation S, or DTC, in the case of the global notes to be issued in reliance on Rule 144A, for the accounts of their respective participants, the liquidity of any secondary market for global notes may be reduced to the extent that some investors are unwilling to hold Notes in book-entry form in the name of a Clearstream, Luxembourg, Euroclear, CMU or DTC participant. The ability to pledge interests in the global notes may be limited due to the lack of a physical certificate. Beneficial owners of global notes may, in certain cases, experience delay in the receipt of payments of principal and interest since such payments will be forwarded by the paying agent to Clearstream, Luxembourg, Euroclear, the CMU or DTC, as applicable, who will then forward payment to their respective participants, who (if not themselves the beneficial owners) will thereafter forward payments to the beneficial owners of the interests in the global notes. In the event of the insolvency of Clearstream, Luxembourg, Euroclear, the CMU, DTC or any of their respective participants in whose name interests in the global notes are recorded, the ability of beneficial owners to obtain timely or ultimate payment of principal and interest on global notes may be impaired.

Interest Amounts on the Hybrid Tier I Notes are not cumulative and will not be required to be paid under certain circumstances.

Interest may not be paid in full, or at all, in certain situations described in Condition 2.2(c). Interest payments on the Hybrid Tier I Notes are not cumulative. Accordingly, if interest is not paid on any Interest Payment Date as a result of the foregoing, holders of the Hybrid Tier I Notes will not be entitled to receive such interest on any subsequent Interest Payment Date or any other date.

The Hybrid Tier I Notes have no fixed maturity date and investors have no right to call for redemption of the Hybrid Tier I Notes.

The Hybrid Tier I Notes are perpetual unless the Issuer elects to redeem the Hybrid Tier I Notes to the extent allowed by the "*Terms and Conditions of the Notes*" and the applicable pricing supplement. Accordingly, the Hybrid Tier I Notes have no fixed final redemption date. In addition, holders of the Hybrid Tier I Notes have no right to call for the redemption of the Hybrid Tier I Notes. Although the Issuer may redeem the Hybrid Tier I Notes at its option on the Optional Redemption Date or at any time following the occurrence of certain tax and regulatory events, there are limitations on redemption of the Hybrid Tier I Notes, including the expiry of 10 years from the date of issuance (other than in the case of redemption for regulatory reasons), that the Issuer is solvent at the time of payment and immediately thereafter and that the prior written approval of RBI having been obtained and that any conditions that RBI and other relevant Indian authorities may impose at the time of such approval having been satisfied.

Investors will have limited rights under the Hybrid Tier I Notes.

Investors will have limited voting rights under the Hybrid Tier I Notes and will not be entitled to receive notice of, or attend or vote at, any meeting of shareholders of the Issuer or participate in the management of the Issuer, except in limited circumstances (including certain instances of failure by the Issuer to make payments of amounts due in relation to the Hybrid Tier I Notes). In the event of a default in payment on the Hybrid Tier I Notes, investors will have no right to accelerate payments on the Hybrid Tier I Notes, except if an order is made by the Government for the winding up of the Issuer.

The Hybrid Tier I Notes are subordinated to most of the Issuer's liabilities and the terms of the Hybrid Tier I Notes contain no limitation on issuing debt or senior or pari passu securities.

The Hybrid Tier I Notes will constitute unsecured and subordinated obligations of the Issuer which rank pari passu and without preference among themselves. The Hybrid Tier I Notes are not deposits and are not insured by the Issuer or guaranteed or insured by any party related to the Issuer and they may not be used as collateral for any loan made by the Issuer. In the event of a winding up of the Issuer's operations, the claims of the holders of the Hybrid Tier I Notes will be subordinated in right of payment to the prior payment in full of all of the Issuer's other liabilities (whether actual or contingent, present or future) including all deposit liabilities and other liabilities of the Issuer and all of the Issuer's offices and branches, except those liabilities which by their terms rank equal with or junior to the Hybrid Tier I Notes.

As a consequence of the subordination provision, in the event of a winding up of the Issuer's operations, the holders of the Hybrid Tier I Notes may recover less rateably than the holders of deposit liabilities or the holders of the Issuer's other liabilities that rank senior to the Hybrid Tier I Notes. The Hybrid Tier I Notes, the Trust Deed and the Agency Agreement do not limit the amount of liabilities ranking senior to the Hybrid Tier I Notes which may be hereafter incurred or assumed by the Issuer's except for certain Tier I instruments.

The Hybrid Tier I Notes may not qualify as Tier I Capital.

There is no guarantee that the Hybrid Tier I Notes will qualify as Tier I Notes will qualify as Tier I capital under the capital adequacy guidelines published by the RBI. The Global Programme terms and conditions related to Hybrid Tier I Notes do not meet the Basel III guidelines. The Basel III guidelines specifically provide that non-Basel III-compliant regulatory capital instruments should be phased out beginning January 1, 2013. Consequently, Hybrid Tier I Notes under the current Programme Terms and Conditions would not qualify as additional Tier I capital under the Basel III Guidelines. The Global Programme Terms and Conditions will be updated to conform to the Basel III guidelines prior to any new issuance of additional Tier I capital instruments. See *"Supervision and Regulation—Capital Adequacy Requirements"*. The failure of the Hybrid Tier I Notes to qualify as Tier I capital due to any reason (including changes in laws, regulations or interpretations of the RBI or other governmental authorities) would adversely affect the Issuer's capital adequacy ratio.

Payments under the Hybrid Tier I Notes may be subject to compliance with applicable regulatory requirements, including the prior approval of RBI.

Payments of the principal of and/or interest on Hybrid Tier I Notes in certain situations described in the "*Terms and Conditions of the Notes*" may be subject to compliance with applicable regulatory requirements, including the prior approval of RBI. RBI, while considering the request of the Issuer to approve its payment of the principal of and/or interest on Hybrid Tier I Notes, may take into consideration, amongst other things, the Issuer's capital adequacy position at the time of the proposed payment and thereafter. There can be no assurance that RBI will provide such approval in a timely manner or at all.

Payments under the Notes may be subject to RBI guidelines regarding remittances of funds outside India.

If the Bank is unable to make payments with respect to the Notes from its overseas branches and instead makes payments from India, such payments shall be subject to RBI regulations governing the remittance of funds outside India. The Bank is under no obligation to maintain liquidity at its overseas branches to make interest payments due on the Notes. Any approval, if and when required, for the remittance of funds outside India is at the discretion of RBI and the Bank can give no assurance that it will be able to obtain such approvals.

If the Issuer substitutes the issuing office, branch or unit with another office, branch or unit, the interests of the Noteholders may be materially prejudiced as a result.

The Issuer may elect to substitute the Head Office, the Offshore Banking Unit, the Singapore Branch, the Hong Kong Branch, the Bahrain Branch or the New York Branch of the Issuer in place of the office, unit or branch through which the Issuer originally acted when the Notes were issued provided that certain conditions are met. See "*Terms and Conditions of the Notes—Meetings of Noteholders, Modification, Waiver and Substitution*". However, there is no assurance that the interests of the Noteholders may not be materially prejudiced as a result of the substitution. A substitution may in certain circumstances, among other things, have undesirable taxation consequences for the Noteholders.

Notes may not be a suitable investment for all investors.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks Related to the Structure of a Particular Issue of Notes

A wide range of Notes may be issued under the Global Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one installment. Failure to pay any subsequent installment could result in an investor losing all of its investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favorable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks Related to the Notes Generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification and waivers

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorization of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or Notification Event shall not be treated as such.

Change of law

Except for Condition 2.2., the Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

Integral multiples of less than the minimum Specified Denomination

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination (for example, US$200,000) plus a higher integral multiple of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of the minimum Specified Denomination (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Third Parties

The Issuer may be a party to contracts with a number of other third parties that have agreed to perform services in relation to the Notes. For example, the paying agent has agreed to provide payment and calculation services in connection with the Notes. In the event that any relevant third party fails to perform its obligations under the respective agreements to which it is a party, the Noteholders may be adversely affected.

The Issuer's obligation to pay additional amounts in respect of any withholding taxes is subject to limitations; the Issuer will not be required to pay additional amounts with respect to U.S. or FATCA withholding taxes.

The Issuer's obligations to pay additional amounts in respect of any withholding taxes is subject to certain limitations described in "*Terms and Conditions of the Notes—Taxation*".

In certain circumstances, payments on Notes issued by the New York Branch to non-U.S. persons may be subject to U.S. withholding tax (either under the general U.S. withholding rules or pursuant to FATCA). See "*Taxation—Tax Consequences to Non-U.S. Holders"*. In addition, as described in *"Taxation—Certain U.S. Federal Income Tax Considerations— Notes Issued Through the Issuer's Head Office, Offshore Banking Unit, Singapore Branch, Hong Kong Branch, Bahrain Branch or Dubai Branch—Legislation Affecting Taxation of Notes Held by or Through Foreign Entities*", it is not yet clear whether or to what extent payments on debt obligations such as the Notes issued by the Issuer's Head Office or non-U.S. branches might be subject to FATCA withholding in future taxable years. In either case, the Issuer will not be required to pay additional amounts with respect to any such U.S. or FATCA withholding taxes.

CAPITALIZATION

The following table sets forth our capitalization at June 30, 2014, derived from our audited unconsolidated financial statements prepared in accordance with Indian GAAP and applicable regulatory guidelines. For additional information, see our financial statements and accompanying schedules included elsewhere in this Offering Circular.

Particulars	At June 30, 2014			
	(Rupees in billions)		(US$ in millions)	
Borrowings:[1]				
Short-term debt[2]	Rs.	449.29	US$	7,481
Long-term debt[3]		1,010.17		16,819
Total borrowings (A)	**Rs.**	**1,459.46**	**US$**	**24,300**
Shareholders' funds:				
Equity share capital	Rs.	11.56	US$	193
Reserves[4]		747.43		12,444
Total equity share capital, reserves and surplus (B)	**Rs.**	**758.99**	**US$**	**12,637**
Total capitalization (A) + (B)	**Rs.**	**2,218.45**	**US$**	**36,937**
Capital adequacy:[5][6]				
Tier I (%)		12.2		—
Tier II (%)		4.8		—
Total (%)		17.0		—

(1) Borrowings do not include deposits. Preference share capital of Rs. 3.50 billion is included in "Borrowings" and excluded from "Share capital" in accordance with the Reserve Bank of India guidelines.

(2) Short-term debt is debt maturing within the next one year from June 30, 2014, which includes bonds in the nature of subordinated debt of Rs. 5.44 billion.

(3) Includes Rs. 396.93 billion of unsecured redeemable debentures and bonds in the nature of subordinated debt eligible for inclusion in tier I/tier II capital.

(4) Includes employee stock options outstanding of Rs. 69.0 million at June 30, 2014.

(5) Computed as per the Basel III norms as prescribed by the Reserve Bank of India. See also *"Supervision and Regulation — Capital Adequacy Requirements"*.

(6) Does not include profit for the three months ended June 30, 2014. Considering profits for the three months ended June 30, 2014, the total capital adequacy ratio will be 17.39% and Tier-1 capital adequacy ratio will be 12.62%.

EXCHANGE RATES

Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar will affect the U.S. dollar equivalent of the Indian rupee price of shares of our common stock on the Indian stock exchanges and, as a result, will affect the market price of the Notes.

In early July 1991, the government adjusted the Indian rupee downward by an aggregate of approximately 20.0% against the U.S. dollar. The adjustment was effected as part of an economic package designed to overcome economic and foreign exchange problems. The Indian rupee was made convertible on the current account in March 1993. During fiscal 2012, the rupee depreciated against the U.S, dollar by 10.0%, moving from Rs. 44.54 at March 31, 2011 to Rs. 50.89 at March 31, 2012 due to volatility in capital flows on account of increased risk aversion following European sovereign debt concerns. During fiscal 2013, the rupee depreciated against the U.S. dollar by 7.1%, moving from Rs. 50.89 at March 31, 2012 to Rs. 54.52 at March 31, 2013. During fiscal 2014, the rupee further depreciated against the U.S. dollar by 10.1%, moving from Rs. 54.52 at March 31, 2013 to Rs. 60.00 at March 31, 2014 due to concerns about India's current account deficit and possible implications of prospective withdrawal of quantitative easing by the U.S. Federal Reserve. At August 29, 2014, the exchange rate was Rs. 61.51 per US$1.00. See *"Risk Factors—Risks Relating to India and Other Economic and Market Risks—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 following table sets forth, for the periods indicated, certain information concerning the exchange rates between Indian rupees and US$. 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)
2012	50.89	48.01
2013	54.52	54.48
2014	60.00	60.76
2015 (through August 29, 2014)	61.51	60.30

Month	High	Low
April 2013	54.91	53.68
May 2013	56.50	53.65
June 2013	60.70	56.43
July 2013	60.80	59.01
August 2013	68.80	60.34
September 2013	67.71	61.68
October 2013	62.46	61.09
November 2013	63.73	61.74
December 2013	62.38	60.87
January 2014	63.09	61.45
February 2014	62.63	61.78
March 2014	62.17	59.89
April 2014	61.17	59.86
May 2014	60.21	58.30
June 2014	60.32	59.15
July 2014	60.55	59.69
August 2014	61.51	60.43

(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 Offering Circular have been translated into US$ for convenience, this does not mean that the rupee amounts referred to could have been, or could be, converted into US$ at any particular rate, the rates stated below or at all. Except as otherwise stated in this Offering Circular, all translations from rupees to US$ are based on the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board at June 30, 2014. 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, 2014 was Rs. 60.00 per US$1.00, at June 30, 2014 was Rs. 60.06 per US$1.00 and at August 29, 2014 was Rs. 61.51 per US$1.00.

SELECTED FINANCIAL AND OPERATING DATA

Our financial and other data as of and for the fiscal years ended March 31, 2012, March 31, 2013 and March 31, 2014 and as of and for the three months ended June 30, 2013 and June 30, 2014, included in this Offering Circular, have been derived from our unconsolidated financial statements prepared in accordance with Indian GAAP, guidelines issued by the Reserve Bank of India from time to time and practices generally prevailing in the banking industry in India. These financial statements do not include the results of operations of our subsidiaries and other consolidating entities. The principal subsidiaries whose results are not included are: ICICI Bank UK PLC, ICICI Bank Canada, ICICI Bank Eurasia Limited Liability Company, ICICI Securities Limited, ICICI Securities Primary Dealership Limited, ICICI Venture Funds Management Company Limited, ICICI Home Finance Company Limited, ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited and ICICI Prudential Asset Management Company Limited and certain consolidated funds managed by ICICI Venture Funds Management Company Limited.

Additionally, certain financial data as of and for the fiscal years ended March 31, 2012, March 31, 2013 and March 31, 2014 and as of and for the three months ended June 30, 2013 and June 30, 2014, included in this Offering Circular, have been derived from our consolidated financial statements which are prepared in accordance with Indian GAAP, and guidelines issued by the Reserve Bank of India, Insurance Regulatory and Development Authority and National Housing Bank from time to time and practices generally prevailing in India. In the case of our foreign subsidiaries, generally accepted accounting principles as applicable to the respective foreign subsidiary are followed.

The unconsolidated financial statements for fiscal years ended March 31, 2012, March 31, 2013 and March 31, 2014 and as of and for the three months ended June 30, 2013 were audited by S.R. Batliboi & Co. LLP (previously known as S.R. Batliboi & Co.), Chartered Accountants and as of and for the three months ended June 30, 2014 were audited by B S R & Co. LLP, Chartered Accountants. You should read the following discussion and analysis of our selected financial and operating data with the more detailed information contained in our audited unconsolidated financial statements. *See also "Independent Accountant*s".

Unless otherwise indicated, the financial information contained in this Offering Circular is unconsolidated and prepared in accordance with Indian GAAP, while the financial information in our annual reports in Form 20-F for fiscal 2012, fiscal 2013 and fiscal 2014 is based on consolidated financial statements and accompanying notes prepared in accordance with Indian GAAP, with the net income and stockholders' equity reconciled to U.S. GAAP. For discussion of certain significant differences between Indian GAAP and U.S. GAAP, see "*Description of Certain Differences between Indian GAAP and U.S. GAAP*".

Operating Results Data

The operating results data for fiscal 2012, fiscal 2013, fiscal 2014 and the three months ended June 30, 2013 and 2014 are given below.

	Year ended March 31,			June 30,		
	2012	2013	2014	2013	2014	2014
	(Rupees in billion, except per share data)					(US$ in million)
Interest income						
Interest on advances[1]	Rs. 221.30	Rs. 273.41	Rs. 314.28	Rs. 71.96	Rs. 83.92	US$ 1,397
Income on investments[2]	96.84	110.09	115.57	28.85	29.77	496
Interest on balances with the Reserve Bank of India and other inter-bank funds and others[3]	17.29	17.25	11.93	3.40	3.98	66
Total interest income	**Rs. 335.43**	**Rs. 400.75**	**Rs. 441.78**	**Rs. 104.21**	**Rs. 117.67**	**US$ 1,959**
Interest expense						
Interest on deposits	Rs. (143.04)	Rs. (168.89)	Rs. (178.68)	Rs. (42.71)	Rs. (48.95)	US$ (815)
Interest on the Reserve Bank of India/inter-bank borrowings	(14.69)	(20.86)	(21.50)	(4.16)	(3.34)	(56)
Others (including interest on borrowings of the erstwhile ICICI Limited)[4]	(70.35)	(72.34)	(76.85)	(19.13)	(20.46)	(341)
Total interest expense	**Rs. (228.08)**	**Rs. (262.09)**	**Rs. (277.03)**	**Rs. (66.00)**	**Rs. (72.75)**	**US$ (1,212)**
Net interest income	**Rs. 107.35**	**Rs. 138.66**	**Rs. 164.75**	**Rs. 38.21**	**Rs. 44.92**	**US$ 747**
Non-interest income						
Commission, exchange and brokerage[5]	Rs. 54.35	Rs. 54.62	Rs. 63.07	Rs. 14.07	Rs. 16.07	US$ 268
Profit/(loss) on sale of investments (net)	3.31	5.65	4.17	5.06	2.74	46
Profit/(loss) on foreign exchange transactions (net)	12.59	13.33	18.27	3.77	4.60	77
Profit/(loss) on revaluation of investments (net)	(4.05)	(1.29)	3.48	(1.07)	0.66	11
Lease income	0.51	0.45	0.47	0.11	0.13	2
Dividend from subsidiaries	7.36	9.12	12.96	2.81	4.16	69
Miscellaneous income[6]	0.95	1.58	1.86	0.09	0.14	2
Total non-interest income	**Rs. 75.02**	**Rs. 83.46**	**Rs. 104.28**	**Rs. 24.84**	**Rs. 28.50**	**US$ 475**
Total income	**Rs. 182.37**	**Rs. 222.12**	**Rs. 269.03**	**Rs. 63.05**	**Rs. 73.42**	**US$ 1,222**
Non-interest expense						
Depreciation on leased assets	(0.42)	(0.33)	(0.32)	(0.08)	(0.08)	(1)
Other operating expenses[7]	(78.08)	(89.80)	(102.77)	(24.83)	(28.17)	(469)
Total non-interest expense	**Rs. (78.50)**	**Rs. (90.13)**	**Rs. (103.09)**	**Rs. (24.91)**	**Rs. (28.25)**	**US$ (470)**
Operating profit before provisions	**Rs. 103.87**	**Rs. 131.99**	**Rs. 165.94**	**Rs. 38.14**	**Rs. 45.17**	**US$ 752**
Provisions and contingencies	(15.83)	(18.03)	(26.26)	(5.93)	(7.26)	(121)
Profit before tax	**Rs. 88.04**	**Rs. 113.96**	**Rs. 139.68**	**Rs. 32.21**	**Rs. 37.91**	**US$ 631**
Tax[8]	(23.38)	(30.71)	(41.58)	(9.47)	(11.36)	(189)
Profit after tax	**Rs. 64.66**	**Rs. 83.25**	**Rs. 98.10**	**Rs. 22.74**	**Rs. 26.55**	**US$ 442**
Dividend per share	Rs. 16.50	Rs. 20.00	23.00	—	—	—
Earnings per share (basic)[9]	56.11	72.20	84.99	19.71	22.98	—
Earnings per share (diluted)[9]	55.95	71.93	84.65	19.61	22.80	—

(1) Interest on advances represents interest on rupee and foreign currency loans and advances (including bills) and gains/losses on sell-down of loans.

(2) Income on investments primarily represents interest earned on government and other approved securities in India held for statutory liquidity ratio compliance, debentures, bonds and dividend income from equity and other investments in mutual funds/companies other than subsidiaries and other consolidated entities.

(3) Includes interest on income tax refund of Rs. 1.04 billion in the three months ended June 30, 2014 (fiscal 2014: Rs. 1.82 billion; fiscal 2013: Rs. 2.58 billion; fiscal 2012: Rs. 0.80 billion; and three months ended June 30, 2013: Rs. 0.94 billion).

(4) Interest expense — others primarily includes interest expense on refinancings from financial institutions, borrowings taken over from ICICI, commercial paper, bonds and debentures, subordinated debt, bills rediscounted and borrowings outside India from multilateral and bilateral credit agencies, institutions and consortiums.

(5) Commission, exchange and brokerage primarily includes income from commissions on guarantees, letters of credit, cash management services, loan processing fees, project advisory, structuring and syndication fees, commission for distribution of products and fees from credit and debit card and demat accounts. It also includes commission on bills for collection and bills purchased/discounted. It does not include merchant foreign exchange income and margin on customer derivative transactions, which are included in profit/(loss) on foreign exchange transactions.

(6) Miscellaneous income primarily includes profit/(loss) on sale of properties.

(7) Other operating expenses primarily include employee expenses, establishment expenses, depreciation on fixed assets and other general office expenses.

(8) Tax includes income tax (after adjusting for deferred tax) and wealth tax.

(9) Earnings per share is computed based on the weighted average number of shares.

For other notes to accounts, please refer to the unconsolidated financial statements for fiscal 2012, 2013 and 2014 included elsewhere in this Offering Circular.

Balance Sheet Data

The balance sheet data at March 31, 2012, 2013 and 2014 and at June 30, 2013 and 2014 are given below.

	At March 31,						At June 30,					
	2012		2013		2014		2013		2014		2014	
	(Rupees in billions)										(US$ in millions)	
Asset:												
Cash and cash equivalents	Rs.	362.29	Rs.	414.18	Rs.	415.30	Rs.	326.87	Rs.	422.01	US$	7,026
Investments (net of provisions) Government and other approved securities, in India		869.48		923.76		951.82		994.21		967.53		16,109
Debentures and bonds, in India		195.14		174.78		121.20		146.80		99.30		1,653
Others[(1)]		530.98		615.40		697.20		605.24		634.70		10,568
Total investments	**Rs.**	**1,595.60**	**Rs.**	**1,713.94**	**Rs.**	**1,770.22**	**Rs.**	**1,746.25**	**Rs.**	**1,701.53**	**US$**	**28,330**
Advances (net of provision)[(2)]		2,537.28		2,902.49		3,387.03		3,013.70		3,470.67		57,787
Fixed assets (including leased assets)		46.15		46.47		46.78		46.57		46.71		778
Others assets[(3)]		349.37		290.87		327.09		352.20		242.63		4,040
Total assets	**Rs.**	**4,890.69**	**Rs.**	**5,367.95**	**Rs.**	**5,946.42**	**Rs.**	**5,485.59**	**Rs.**	**5,883.55**	**US$**	**97,961**
Liabilities and capital:												
Saving deposits	Rs.	760.46	Rs.	856.51	Rs.	991.33	Rs.	888.53	Rs.	1,027.36	US$	17,106
Other demand deposits		349.73		369.26		432.46		369.81		416.78		6,939
Term deposits		1,444.81		1,700.37		1,895.35		1,653.51		1,913.53		31,860
Total deposits	**Rs.**	**2,555.00**	**Rs.**	**2,926.14**	**Rs.**	**3,319.14**	**Rs.**	**2,911.85**	**Rs.**	**3,357.67**	**US$**	**55,905**
Borrowings[(4)]		1,022.00		1,053.29		1,142.24		1,154.31		1,053.59		17,542
Subordinated unsecured redeemable debenture/bonds[(5)]		376.15		396.62		401.85		401.39		402.37		6,700
Preference share capital		3.50		3.50		3.50		3.50		3.50		58
Other liabilities and provisions[(6)]		329.99		321.34		347.56		313.74		307.43		5,119
Equity capital		11.53		11.54		11.55		11.54		11.56		192
Reserves and surplus[(7)]	**Rs.**	**592.52**	**Rs.**	**655.52**	**Rs.**	**720.58**	**Rs.**	**689.26**	**Rs.**	**747.43**	**US$**	**12,445**
Total liabilities and capital	**Rs.**	**4,890.69**	**Rs.**	**5,367.95**	**Rs.**	**5,946.42**	**Rs.**	**5,485.59**	**Rs.**	**5,883.55**	**US$**	**97,961**
Contingent liabilities:												
Claims against the bank not acknowledged as debts	Rs.	29.31	Rs.	36.37	Rs.	42.24	Rs.	37.11	Rs.	41.10	US$	684
Liability for partly paid investments		0.13		0.13		0.07		0.13		0.07		1
Liability on account of outstanding forward exchange contracts[(8)]		3,560.05		2,838.50		2,691.37		2,983.77		2,995.12		49,869
Guarantees given on behalf of constituents		955.01		944.17		1,022.06		960.75		995.43		16,574
Acceptances, endorsements and other obligations		568.86		621.18		505.54		643.61		533.14		8,877
Currency swaps[(8)]		616.40		565.47		594.39		591.62		541.87		9,022
Interest rate swaps and currency options[(8)]		3,362.01		2,855.94		2,919.04		3,222.32		3,168.95		52,763
Other items for which ICICI Bank is contingently liable		62.88		38.13		39.60		46.94		25.95		432
Total	**Rs.**	**9,154.65**	**Rs.**	**7,899.89**	**Rs.**	**7,814.31**	**Rs.**	**8,486.25**	**Rs.**	**8,301.63**	**US$**	**138,222**
Bills for collection		75.72		123.95		135.35		137.58		138.11		2,300

(1) Includes investment in government securities issued outside India.

(2) Advances include rupee/foreign currency loans, assistance by way of securitization, loans under retail finance operations and receivables under finance leases.

(3) Other assets primarily include interest accrued but not due at period end, advances paid for capital assets, advance taxes paid, deposits for utilities, outstanding fee and other income, inter office adjustments (net debit), non-banking assets acquired in satisfaction of claims, mark-to-market on foreign exchange and derivatives trading transactions (including revaluation on outstanding funding swaps) and interest accrual on hedge swaps and deferred tax assets.

(4) Borrowings include call borrowings and refinance from the Reserve Bank of India, banks and other financial institutions, borrowings taken over from ICICI Ltd., bonds and debentures, commercial paper and borrowings outside India from multilateral and bilateral credit agencies, banks, institutions and consortiums.

(5) Subordinated unsecured redeemable debenture/bonds include unsecured borrowings eligible for inclusion in capital for capital adequacy purposes, pursuant to grandfathering rule under the Reserve Bank of India Basel III framework, included in Borrowings.

(6) Other liabilities and provisions include bills payable, interest accrued but not due, creditors for expenses, unclaimed refunds, brokerage and interest, proposed dividend, dividend tax thereon, inter office adjustments (net credit), general provision on standard assets, mark-to-market on foreign exchange and derivatives trading transactions (including revaluation on outstanding funding swaps) and interest accrual on hedge swaps and security deposits from clients.

(7) Includes employee stock options outstanding of Rs. 69.0 million at June 30, 2014 (at March 31, 2014: Rs. 65.7 million, at March 31, 2013: Rs. 44.8 million, at March 31, 2012: Rs. 23.9 million and at June 30, 2013: Rs. 50.0 million).

(8) Represents notional principal amounts.

Average Balance Sheet

The following table sets forth, for the periods indicated, the average balances of the assets and liabilities outstanding, along with the related interest income (including dividend income) and interest expense. The average balances are based on daily average balances outstanding, except for the averages of foreign branches of ICICI Bank, which are calculated on a fortnightly basis.

	Year ended March 31,								
	2012			2013			2014		
Particulars	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Average yield/cost
				(Rupees in billion, except percentages)					
Advances	Rs. 2,316.69	221.30	9.6%	Rs. 2,751.19	273.41	9.9%	Rs. 3,144.21	314.28	10.0%
Investments	1,337.46	96.84	7.3	1,424.90	110.09	7.7	1,544.96	115.57	7.5
Others	278.44	17.29	6.2	289.31	17.25	6.0	262.40	11.93	4.5
Total average interest-earning assets	**Rs. 3,932.59**	**335.43**	**8.5%**	**Rs. 4,465.40**	**400.75**	**9.0%**	**Rs. 4,951.57**	**441.78**	**8.9%**
Fixed assets	46.83	—	—	46.40	—	—	46.60	—	—
Other assets	576.15	—	—	546.09	—	—	572.30	—	—
Less: Adjustments(1)	(53.50)	—	—	(35.00)	—	—	(9.78)	—	—
Total average assets	**Rs. 4,502.07**	**335.43**	**—**	**Rs. 5,022.89**	**400.75**	**—**	**Rs. 5,560.69**	**441.78**	**—**
Deposits	2,335.93	143.04	6.1%	2,648.48	168.89	6.4%	2,922.42	178.69	6.1%
Saving deposits	666.65	26.17	3.9	755.33	29.89	4.0	866.51	34.35	4.0
Other demand deposits	246.22	—	—	251.25	—	—	284.10	—	—
Term deposits	1,423.06	116.87	8.2	1,641.90	139.00	8.5	1,771.81	144.34	8.1
Borrowings	1,267.58	85.04	6.7	1,424.99	93.20	6.5	1,540.12	98.34	6.4
Total average interest-bearing liabilities	**Rs. 3,603.51**	**228.08**	**6.3%**	**Rs. 4,073.47**	**262.09**	**6.4%**	**Rs. 4,462.54**	**277.03**	**6.2%**
Capital and reserves(2)	590.53	—	—	652.79	—	—	724.24	—	—
Other liabilities	361.53	—	—	331.63	—	—	383.69	—	—
Less: Adjustments(1)	(53.50)	—	—	(35.00)	—	—	(9.78)	—	—
Total average liabilities	**Rs. 4,502.07**	**228.08**	**—**	**Rs. 5,022.89**	**262.09**	**—**	**Rs. 5,560.69**	**277.03**	**—**

(1) Average advances and borrowings are grossed up for average participation certificates and average bills rediscounting. Average other assets and other liabilities are adjusted to that extent.

(2) Excludes preference share capital.

Particulars	Three months ended June 30, 2013 Average balance	Interest income/ expense	Average yield/cost(3)	2014 Average balance	Interest income/ expense	Average yield/cost(3)
	(Rupees in billion, except percentages)					
Advances	2,892.51	71.96	9.98%	3,371.89	83.92	9.98%
Investments	1,545.07	28.85	7.49%	1,602.11	29.77	7.45%
Others	246.12	3.40	5.55%	326.50	3.98	4.88%
Total average interest-earning assets	**4,683.70**	**104.21**	**8.92%**	**5,300.50**	**117.67**	**8.90%**
Fixed assets	46.61	—	—	46.99	—	—
Other assets	485.20	—	—	511.52	—	—
Less: Adjustments[1]	(12.29)	—	—	(5.93)	—	—
Total average assets	**5,203.22**	**104.21**	**—**	**5,853.08**	**117.67**	**—**
Deposits	2,762.39	42.71	6.20%	3,171.10	48.95	6.19%
Saving deposits	815.04	8.07	3.97%	945.48	9.34	3.96%
Other demand deposits	262.71	—	—	306.28	—	—
Term deposits	1,684.64	34.64	8.25%	1,919.34	39.61	8.28%
Borrowings[2]	1,439.08	23.29	6.49%	1,542.77	23.80	6.19%
Total average interest-bearing liabilities	**4,201.46**	**66.00**	**6.30%**	**4,713.87**	**72.75**	**6.19%**
Capital and reserves[2]	685.44	—	—	750.38	—	—
Other liabilities	328.60	—	—	394.76	—	—
Less: Adjustments[1]	(12.29)	—	—	(5.93)	—	—
Total average liabilities	**5,203.22**	**66.00**	**—**	**5,853.08**	**72.75**	**—**

(1) Average advances and borrowings are grossed up for average participation certificates and average bills rediscounting. Average other assets and other liabilities are adjusted to that extent.

(2) Excludes preference share capital.

(3) Annualized.

Yields, Spreads and Margins

The following table sets forth, for the periods indicated, the yields, spreads and net interest margins on interest-earning assets.

Particulars	Year ended March 31, 2012	2013	2014	Three months ended June 30, 2013	2014	2014 (US$ in million)
	(Rupees in billion, except percentages)					
Average interest-earning assets	Rs. 3,932.59	Rs. 4,465.40	Rs. 4,951.57	Rs. 4,683.70	Rs. 5,300.50	US$ 88,253
Average interest-bearing liabilities	3,603.51	4,073.47	4,462.54	4,201.46	4,713.87	78,486
Average total assets	Rs. 4,502.07	Rs. 5,022.89	Rs. 5,560.69	Rs. 5,203.22	Rs. 5,853.08	US$ 97,454
Average interest-earning assets as a percentage of average total assets (%)	87.4	88.9	89.0	90.0	90.6	
Average interest-bearing liabilities as a percentage of average total assets (%)	80.0	81.1	80.3	80.7	80.5	
Average interest-earning assets as a percentage of average interest-bearing liabilities (%)	109.1	109.6	111.0	111.5	112.4	
Yield[1] [4] (%)	8.5	9.0	8.9	8.9	8.9	
Cost of funds[1] [4] (%)	6.3	6.4	6.2	6.3	6.2	
Spread[1] [2] [4] (%)	2.2	2.6	2.7	2.6	2.7	
Net interest margin[2] [3] [4] (%)	2.7	3.1	3.3	3.3	3.4	

(1) 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. Spread is the difference between yield on average interest-earning assets and cost of average interest-bearing liabilities.

(2) 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 spread and if average interest-bearing liabilities exceed average interest-earning assets, net interest margin is less than spread.

(3) The average balances are based on daily average balances outstanding, except for the averages of foreign branches of ICICI Bank, which are calculated on a fortnightly basis.

(4) Average yield/cost and net interest margin for the three months ended June 30, 2013 and June 30, 2014 are annualized.

Financial Ratios

	Year ended March 31,			Three months ended June 30,	
Particulars	**2012**	**2013**	**2014**	**2013**	**2014**
			(Percentages)		
Return on average equity[(1),(8),(11)]	11.1	12.9	13.7	13.3	14.3
Return on average assets[(2),(8),(11)]	1.4	1.7	1.8	1.8	1.8
Dividend payout ratio[(3)]	29.4	27.7	27.1	—	—
Cost to average assets[(4),(8)]	1.7	1.8	1.8	1.9	1.9
Basel III framework					
Tier 1 capital adequacy ratio[(9)]	—	—	12.8	11.7	12.2
Tier 2 capital adequacy ratio[(9)]	—	—	4.9	5.3	4.8
Total capital adequacy ratio[(10)]	—	—	17.7	17.0	17.0
Basel II framework					
Tier 1 capital adequacy ratio	12.7	12.8	—	—	—
Tier 2 capital adequacy ratio	5.8	5.9	—	—	—
Total capital adequacy ratio	18.5	18.7	—	—	—
Net non-performing assets ratio[(5)]	0.62	0.64	0.82	0.69	0.87
Allowance as a percentage of gross non-performing assets[(6)]	80.4	76.8	68.6	75.4	68.4
Average net worth to total average assets[(7),(11)]	13.0	12.8	12.9	13.1	12.7

(1) Return on average equity is the ratio of the net profit after tax to the quarterly average of equity share capital, employee stock options outstanding and reserves and surplus.

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

(3) Dividend payout ratio is the ratio of total dividend payouts (excluding dividend distribution tax) to profit after tax.

(4) Cost to average assets is the ratio of the non-interest expense excluding lease depreciation to the average assets.

(5) Net non-performing assets ratio is the ratio of net non-performing assets to the net customer assets.

(6) Allowance as a percentage of gross non-performing assets is the ratio of provisions made to the gross non-performing assets.

(7) Average net worth is quarterly average of equity share capital, employee stock options outstanding and reserves and surplus.

(8) Return on average equity, return on average assets and cost to average assets for the three months ended June 30, 2013 and June 30, 2014 are annualized.

(9) Does not include profit for the three months ended June 30, 2013 and June 30, 2014.

(10) ICICI Bank is subject to the Basel III capital adequacy guidelines stipulated by the Reserve Bank of India with effect from April 1, 2013.

(11) The average balances are based on daily average balances outstanding, except for the averages of foreign branches of ICICI Bank, which are calculated on a fortnightly basis.

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 unconsolidated 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. We are the largest private sector 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 products and services through specialized subsidiaries. Our total assets on an unconsolidated basis at June 30, 2014 were Rs. 5,883.55 billion. Our net worth on an unconsolidated basis (equity share capital and reserves excluding foreign currency translation reserve and net of intangible assets) at June 30, 2014 was Rs. 729.23 billion. During the three months ended June 30, 2014, our unconsolidated net profit was Rs. 26.55 billion as compared to Rs. 22.74 billion during the three months ended June 30, 2013 (Rs. 98.10 billion in fiscal 2014 compared to Rs. 83.25 billion in fiscal 2013).

Our primary business consists of commercial banking operations for retail and corporate customers. Our commercial banking operations for retail customers consist of retail lending and deposit taking and distribution of insurance and investment products. We deliver our products and services through a variety of channels, including bank branches, ATMs, call centers, internet and mobile phones. We had a network of 3,763 branches and 11,447 ATMs in India at June 30, 2014. 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. 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 offering products and services to persons of Indian origin, Indian businesses, select local businesses and multi-national corporations and insured mortgage products through our Canadian subsidiary as well as offering deposit products to the larger community. ICICI Bank's overseas branches 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 International Finance Centre, Sri Lanka, Hong Kong, Qatar Financial Center, the United States and Bahrain and representative offices in China, the United Arab Emirates, Bangladesh, South Africa, Malaysia and Indonesia. Our subsidiary in the United Kingdom has established a branch in Antwerp, Belgium and Frankfurt, Germany.

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, swaps and options. We take advantage of movements in markets to earn treasury income. We also earn fees from treasury products that we offer to our customers. Our overseas branches and subsidiaries also have investments in bonds issued by 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 the three months ended June 30, 2014, with a market share of 8.3% based on 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, with a market share of 9.4% in gross written premiums during fiscal 2014. ICICI Prudential Asset Management Company manages the ICICI Prudential Mutual Fund, which was the second largest mutual fund in India in terms of average funds under management for the three months ended June 30, 2014. 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 Limited 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. which is, engaged in brokerage services. Our private equity fund management subsidiary ICICI Venture Funds Management Company manages funds that make private equity investments.

Business environment

The financial information contained in this Offering Circular is unconsolidated and prepared in accordance with Indian GAAP as applicable for banks, while the financial information in our annual reports on Form 20-F for fiscal years 2012, 2013 and 2014 is based on our audited consolidated financial statements and accompanying notes prepared in accordance with Indian GAAP. The consolidated net income and stockholders' equity as per Indian GAAP are reconciled with U.S. GAAP in our Form 20-F. For discussion of certain significant differences between Indian GAAP and U.S. GAAP, see "*Description of Certain Differences between Indian GAAP and U.S. GAAP*".

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, conditions in global financial markets, economic conditions in the United States and in foreign countries where we have a significant presence or which impact the Indian economy and global markets, and evolving global and domestic regulations. For ease of understanding the following discussion of our results of operations, you should consider these macroeconomic factors and other key factors.

Trends in fiscal 2014

Global economic growth remained subdued during fiscal 2014, while global financial markets witnessed volatility in response to the commencement of withdrawal of quantitative easing by the U.S. Federal Reserve. Annual growth in the Indian economy remained below 5.0% for the second consecutive year, along with subdued investment activity and consumer demand. Uncertainties regarding the global recovery, concerns over domestic growth and volatility in financial markets were the key features of the economic environment in fiscal 2014.

India's gross domestic product grew by 4.7% during fiscal 2014 compared to a growth of 4.5% during fiscal 2013. Growth in the industrial sector was 0.4% during fiscal 2014 compared to 1.0% during fiscal 2013. The services sector grew by 6.8% during fiscal 2014 compared to 7.0% during fiscal 2013. The agricultural sector saw an improvement in growth to 4.7% during fiscal 2014 compared to 1.4% during fiscal 2013. Private consumption recorded a growth of 4.8% while investments, as measured by gross fixed capital formation, declined by 0.1% during fiscal 2014, compared to a growth of 5.0% in private consumption and a growth of 0.8% in investments during fiscal 2013.

Inflation, measured by the wholesale price index, increased from 4.8% in April 2013 to 7.5% in November 2013, and then eased to 6.0% in March 2014. Average wholesale price index inflation during fiscal 2014 was 6.0% compared to 7.4% during fiscal 2013. Inflation eased due to a moderation in the manufactured products segment, where average inflation in fiscal 2014 decreased to 3.0% compared to 5.4% during fiscal 2013. Fuel inflation remained flat at about 10.0% in fiscal 2014. However, food inflation increased from an average of 9.9% in fiscal 2013 to 12.8% in fiscal 2014. Retail inflation, measured by the consumer price index, remained elevated at above 9.0% during the early part of fiscal 2014 and increased to a high of 11.2% in November 2013 before easing to 8.3% in March 2014. Retail inflation largely followed the trend in food inflation.

Conduct of monetary policy during fiscal 2014 could be divided into three distinct phases. In the early part of fiscal 2014, considering the easing inflation levels, the Reserve Bank of India reduced the repo rate by 25 basis points from 7.50% to 7.25% in May 2013. In the second phase, following the U.S. Federal Reserve indicating a likely withdrawal of its quantitative easing programme in May 2013, there was considerable outflow of portfolio funds from emerging market economies. India also saw a significant outflow of foreign portfolio investments, particularly debt funds, leading to a sharp depreciation in the rupee. The rupee depreciated by 17.8% against the U.S. dollar between June and August 2013 and touched a low of Rs. 68.4 per U.S. dollar at August 28, 2013 as compared to Rs. 56.5 per U.S. dollar at the end of May 2013. In response to these developments, the Reserve Bank of India changed its monetary policy stance. On July 15, 2013, with a view to stabilize the exchange rate, the Reserve Bank of India increased the Marginal Standing Facility rate, which is the rate at which banks borrow overnight funds, in excess of the specified threshold, from the Reserve Bank of India against government securities, by 200 basis points from 8.25% to 10.25% while keeping the repo rate unchanged. The Reserve Bank of India also fixed the borrowing limit for banks under the liquidity adjustment facility at Rs. 750.0 billion. With effect from July 24, 2013, the Reserve Bank of India announced a further reduction in the borrowing limit under the liquidity adjustment facility to 0.5% of net demand and time liabilities. In addition, with effect from July 27, 2013, the minimum daily cash reserve ratio balance required to be maintained by banks was increased to 99.0% of the stipulated fortnightly requirement from 70.0% earlier. The immediate impact of these measures on the market was a sharp increase in wholesale deposit rates and yields on government securities. Yields on the benchmark 10-year government securities increased from 7.5% at end-June 2013 to 8.24% by July 30, 2013 and further to a peak 9.2% at August 19, 2013 before easing. Also, short term wholesale deposit rates increased sharply by about 385 basis points with rates on the three-month certificate of deposits rising from 7.95% at July 15, 2013 to 11.83% by August 31, 2013. Considering the impact of these measures to stabilize the exchange rate, the Reserve Bank of India allowed certain adjustments on the investment portfolio of banks. The measures included increasing the limit for holding government securities in the held-to-maturity category to 24.5% of net demand and time liabilities as against the earlier requirement of 24.0%, allowing banks to transfer securities from the available-for-sale and held-for-trading categories to the held-to-maturity category up to 24.5% of demand and time liabilities as a one-time measure at prices prevailing prior to the announcement of the July 15, 2013 measures, and giving banks the option to amortize net depreciation on the available-for-sale and held-for-trading portfolio over the remaining period of fiscal 2014.

The third phase of monetary policy action was from September 2013 when monetary operations were gradually normalized while focus shifted to addressing the elevated inflation levels. Following stability in the currency markets, the Reserve Bank of India gradually reduced the Marginal Standing Facility rate in stages by 150 basis points from 10.25% to 8.75% during September-October 2013. At the same time, the repo rate was increased by 50 basis points in stages from 7.25% to 7.75% reflecting concerns over elevated inflation levels. With these changes, monetary operations were normalized and the 100 basis points gap between the two rates was re-instated by the end of October 2013. In January 2014, the Reserve Bank of India increased the repo rate by another 25 basis points to 8.0%.

India's external indicators improved during fiscal 2014 following policy interventions as well as improvement in exports. The high current account deficit of 4.8% of gross domestic product in fiscal 2013 significantly declined to 1.7% of gross domestic product during fiscal 2014. During fiscal 2014, imports declined by 8.1%, particularly due to policy curbs on gold imports. Correspondingly, exports grew by 4.0% during fiscal 2014, leading to a contraction in the trade deficit by 27.2% during the year. Capital inflows also improved towards the later part of fiscal 2014. With a view to attracting U.S. dollar inflows and provide support to the currency, in September 2013 the Reserve Bank of India initiated a swap facility for banks for incremental foreign currency non-resident U.S. dollar deposits at a fixed rate of 3.5% per annum. The foreign currency borrowing limits of banks were enhanced and banks were allowed to borrow up to 100.0% of their unimpaired Tier 1 capital as against 50.0% earlier. The borrowings under this route could be swapped with the Reserve Bank of India at a concessional rate of 100 basis points below the prevailing swap rate. The swap facility was available from September 10, 2013 until November 30, 2013 and attracted an inflow of US$34.3 billion in the form of foreign currency non-resident bank deposits and bank borrowings during the period. Further, incremental non-resident dollar deposits mobilized between July 26, 2013 and outstanding at March 7, 2014 and having a maturity of three years and above were exempted from maintenance of cash reserve ratio and statutory liquidity ratio. Advances against such deposits were permitted to be deducted from adjusted net bank credit for computation of priority sector lending targets. This was permitted until the maturity of the deposits and repayment of the loans, respectively. Overall, the rupee depreciated by 10.5% during fiscal 2014 from Rs. 54.4 per U.S. dollar at the end of March 2013 to Rs. 60.1 per U.S. dollar at the end of March 2014, including an appreciation of 9.7% during September 2013 and March 2014.

Indian equity markets improved during fiscal 2014, though there were periods of high volatility during the year. The benchmark equity index, the BSE Sensex, increased by 18.8% during fiscal 2014, moving from 18,836 at March 31, 2013 to a low of 17,906 on August 21, 2013 and subsequently rising to 22,386 at March 31, 2014. Foreign institutional investment flows were significantly lower in fiscal 2014 with net inflows of around US$5.0 billion compared to net inflows of US$27.6 billion during fiscal 2013. Foreign direct investments increased to US$20.5 billion and external commercial borrowings to US$10.7 billion during fiscal 2014 compared to US$16.0 billion and US$8.6 billion, respectively, during fiscal 2013.

Non-food credit growth remained subdued during fiscal 2014, with a growth of 14.2% year-on-year at March 21, 2014 compared to 13.9% at March 22, 2013. Based on sector-wise credit deployment data, year-on-year growth in credit to industry was 13.1% and to the services sector was 16.1%. Credit to the infrastructure sector grew by 15.1% compared to 15.8% at March 22, 2013. Retail loan growth increased to 15.5% in March 2014 compared to 14.7% in March 2013. Deposit growth was 14.1% year-on-year at March 21, 2014 compared to 14.2% at March 22, 2013. Demand deposit growth improved to 7.8% year-on-year at March 21, 2014 compared to 5.9% at March 22, 2013.

First year retail premium underwritten in the life insurance sector (on weighted received premium basis) was Rs. 454.29 billion in fiscal 2014 as compared to Rs. 470.19 billion in fiscal 2013. Gross premium of the non-life insurance sector (excluding specialized insurance institutions) grew by 12.7% to Rs. 728.53 billion during fiscal 2014 from Rs. 646.53 billion during fiscal 2013. The average assets under management of mutual funds increased by 10.8% from Rs. 8,166.57 billion during the three months ended March 31, 2013 to Rs. 9,051.20 billion during the three months ended March 31, 2014.

Banking regulation underwent several changes during fiscal 2014 with several more measures proposed to be implemented going forward. In the second quarter monetary policy review announced on October 29, 2013, the Reserve Bank of India outlined five areas that would be the focus for developmental measures to be announced in the short to medium term. These include the following:

- Strengthening and clarifying the monetary policy framework. In this regard, the recommendations of the Urjit Patel Committee to revise and strengthen monetary policy framework were considered and implementation was initiated during fiscal 2014. Key proposals include adopting the consumer price index as the key inflation measure for monetary policy action, keeping the economy on a disinflationary glide path with a target of 8.0% consumer price index inflation by January 2015 and 6.0% by January 2016, transitioning to a bi-monthly monetary policy cycle, and progressive reduction in banking system access to overnight liquidity under the liquidity adjustment facility and corresponding increase in access to liquidity through term repos.

- Strengthening the banking structure through the entry of new banks, branch expansion, encouraging new varieties of banks and clarifying an organizational framework for foreign banks. On April 2, 2014, two new banks were given in-principle licenses. The Reserve Bank of India further indicated that going forward it would issue licenses on an ongoing basis and would also create categories of differentiated bank licenses.

- Broadening and deepening financial markets and increasing their liquidity and resilience.

- Expanding access to finance to small and medium enterprises, the unorganized sector, the poor and the remote underserved areas. The Reserve Bank of India appointed a Committee on Comprehensive Financial Services for Small Businesses and Low-Income Households which submitted its recommendations in March 2014 and has proposed, among other things, allowing the setting up of specialized payments and wholesale banks, and a new framework for priority sector lending.

- Strengthening real and financial restructuring and debt recovery from corporates and improving the system's ability to deal with distress. In January 2014, the Reserve Bank of India issued a "Framework for Revitalising Distressed Assets in the Economy". The framework outlines an action plan for early identification of problem cases, timely restructuring of accounts which are considered to be viable and prompt steps for recovery or sale of unviable accounts. Accounts have to be categorized into 'special mention accounts' based on certain criteria. Joint lenders' forums are required to be formed to formulate corrective action plans, and in case the forum fails to agree on an action plan, it would result in an accelerated provisioning requirement. An independent evaluation of large value restructuring with a focus on viability and fair sharing of gains and losses between promoters and creditors has been mandated. The framework is effective from April 1, 2014.

Some important regulatory developments impacting the banking sector during fiscal 2014 were the following:

- In May 2013, the Reserve Bank of India issued guidelines on restructuring of advances. As per the guidelines, loans that are restructured (other than due to delay in project completion up to separate specified periods in the infrastructure sector and non-infrastructure sector) from April 1, 2015 onwards would be classified as non-performing. General provision on standard accounts restructured from June 1, 2013 was increased to 5.0%. The general provision required on standard accounts restructured prior to that date has been increased to 3.5% by March 31, 2014, 4.25% by March 31, 2015 and 5.0% by March 31, 2016;

- In June 2013, prudential norms pertaining to risk weights, provisioning and loan-to-value ratio for individual housing loans were revised. Accordingly, individual housing loans of up to Rs. 7.5 million now attract risk weight of 50.0% with standard asset provisioning of 0.4%. For individual housing loans of above Rs. 7.5 million, the loan-to-value ratio was set at 75.0% and risk weight was lowered from 125.0% to 75.0%;

- A new category of commercial real estate referred to as commercial real estate-residential housing was created within the commercial real estate category. Commercial real estate — residential housing attracts risk weight of 75.0% and standard asset provisioning of 0.75%. Commercial real estate excluding residential housing has risk weight of 100% and standard asset provisioning of 1.0%;

- In August 2013, the Reserve Bank of India released a discussion paper on the structure of the banking system in India. The paper envisages changes in the structure of the banking system with a view to addressing specific issues such as enhancing competition, financing higher growth, providing specialised services and expanding financial inclusion. The paper proposes to allow different types of banks along with differentiated licensing for niche services. It has also proposed continuous licensing for entry of new banks. The paper also favours migration from the current bank-led universal banking model to a financial holding company structure;

- In the first half of fiscal 2014, the Reserve Bank of India announced measures with regard to gold imports and financing of gold. Banks' import of gold on a consignment basis was restricted to only to meet the needs of exporters of gold jewellery. Further, import of gold under all categories was mandated to be only on 100.0% cash margin basis. Advances against the security of gold coins per customer were restricted to gold coins weighing up to 50 grams;

- In October 2013, the Reserve Bank of India liberalized the branch authorization policy, removing the requirement of approvals to open branches in metropolitan regions. However, the total number of branches opened in Tier 1 centers during a year cannot exceed the total number of branches opened in Tier 2 to Tier 6 centers during a year. It was also specified that at least 25.0% of total new branches opened in a year should be in unbanked rural Tier 5 and Tier 6 centers;

- Under Section 36(1)(viii) of the Income-Tax Act, a deduction from taxable profits of amounts transferred by banks to Special Reserve was permitted. The deduction allowed was up to 20.0% of the profits derived from long term lending business, for tenures exceeding five years. No deferred tax liability was created on this reserve, since only a drawdown of the reserve could reverse the tax benefit and the special reserve was not intended to be drawn down. The Special Reserve was however considered net of tax for capital adequacy computation as per the Reserve Bank of India requirements. In December 2013, the Reserve Bank of India mandated banks to create deferred tax liability on amounts transferred to Special Reserve on a prudent basis. The deferred tax liability up to March 31, 2013 was permitted to be directly adjusted through reserves and from the financial year ended March 31, 2014 onwards deferred tax liability was to be charged through the profit and loss account;

- In December 2013, the Reserve Bank of India issued a draft framework on capital surcharges for domestic systemically important banks. The higher capital requirements applicable to domestic systemically important banks would be implemented in phases from April 2016 to April 2019. These banks would be required to have additional Common Equity Tier 1 capital ranging from 0.2% to 0.8% of risk-weighted assets;

- In December 2013, the Reserve Bank of India issued draft guidelines on implementation of a counter-cyclical capital buffer. According to the guidelines, the counter-cyclical capital buffer would range from 0% to 2.5% of risk-weighted assets of the bank. The variation in the credit-to-gross domestic product ratio from its long-term trend would be a key parameter for identifying business cycles;

- Considering the slowdown in economic growth and rising asset quality concerns, as a countercyclical measure the Reserve Bank of India allowed banks to utilise up to 33.0% of the countercyclical provisioning buffer or floating provisions held as on March 31, 2013 for making accelerated or additional provisions towards non-performing assets during fiscal 2014;

- In December 2013, the Reserve Bank of India issued updated guidelines on stress testing. As per the guidelines, banks would have to carry out stress tests for credit risk and market risk to assess their ability to withstand shocks. Banks would be classified into three categories based on the size of risk-weighted assets. Complex and severe stress testing would be carried out by banks with risk-weighted assets of more than Rs. 2,000.0 billion;

- In January 2014, the Reserve Bank of India introduced incremental provisioning and capital requirements for banks' exposure to entities with unhedged foreign currency exposure. Banks are required to make incremental provisioning (over and above standard asset provisioning) that would range between 0 and 80 basis points based on the likely loss to the borrower due to exchange rate movement as a percentage of earnings before interest and depreciation of the borrower. An additional risk weight of 25.0% would be applicable if the expected loss exceeds 75.0% of earnings before interest and depreciation of the borrower, while for losses less than 75.0% there is no additional capital requirement. This guideline is effective from April 1, 2014;

- In February 2014, the Reserve Bank of India issued guidelines setting limits on intra-group transactions and exposures. The Reserve Bank of India has prescribed a single group entity exposure limit of 5.0% of paid-up capital and reserves for non-financial companies and 10.0% for regulated financial entities. The aggregate group exposure cannot exceed 20.0% of paid up capital and reserves; and

- In March 2014, the Reserve Bank of India released a notification amending the implementation schedule of Basel III capital regulations. The introduction of a capital conservation buffer was deferred by a year to March 31, 2016, and full implementation of Basel III capital regulations was rescheduled to March 31, 2019 compared to the earlier schedule of March 31, 2018. With regard to loss absorption features for Additional Tier1 capital instruments, the guidelines prescribed two pre-specified trigger points as compared to the earlier trigger of Common Equity Tier 1 of 6.125%: a Common Equity Tier 1 of 5.5% of risk-weighted assets applicable for instruments issued before March 31, 2019; and a Common Equity Tier 1 of 6.125% of risk-weighted assets for instruments issued on or after March 31, 2019. Further, for new capital instruments, the guidelines did away with temporary write-down features and prescribed that new capital instruments should necessarily have conversion/permanent write-down features.

Trends during the three months ended June 30, 2014

Economic activity during the three months ended June 30, 2014 showed a gradual improvement and a revival in business sentiment following the formation of a stable government. India's gross domestic product grew by 5.7% during the three months ended June 30, 2014, compared to growth of 4.7% during the three months ended June 30, 2013. The industrial sector grew by 4.2%, the services sector by 6.8% and the agriculture sector by 3.8% during the three months ended June 30, 2014. During the three months ended June 30, 2013, the industrial sector recorded a decline of 0.4%, the services sector grew by 7.2% and the agriculture sector by 4.0%.

Inflation moderated during the three months ended June 30, 2014. Retail inflation, as measured by the consumer price index, eased from 8.3% in March 2014 to 7.5% in June 30, 2014 driven mainly by a deceleration in food inflation. Core consumer price index inflation, excluding food and fuel products, also decreased from 7.8% in March 31, 2014 to 7.4% in June 30, 2014. Inflation, as measured by the wholesale price index, also decreased from 6.0% in March 2014 to 5.4% in June 2014.

The Reserve Bank of India kept the repo rate unchanged at 8.0% during the three months ended June 30, 2014. Further, the Reserve Bank of India in its second bi-monthly monetary policy statement, announced on June 3, 2014, a reduction in the statutory liquidity ratio by 50 basis points from 23.0% to 22.5% of net demand and time liabilities. The statutory liquidity ratio was further reduced by another 50 basis points to 22.0% of net demand and time liabilities by the Reserve Bank of India in its third bi-monthly monetary policy statement announced on August 5, 2014.

The Reserve Bank of India has been progressively reducing the access of banks to overnight liquidity under the liquidity adjustment facility. On April 1, 2014, access to liquidity through the liquidity adjustment facility window was reduced from 0.50% of net demand and time liabilities to 0.25% of net demand and time liabilities. Correspondingly, liquidity through 7-day and 14-day term repos was increased from 0.5% of net demand and time liabilities to 0.75% of net demand and time liabilities. Further, in June 2014, the Reserve Bank of India reduced access to the export credit refinance facility from 50.0% of eligible export credit outstanding to 32.0%. A special term repo facility of 0.25% of net demand and time liabilities was introduced to compensate for the reduction in liquidity access under the export credit refinance facility. In August 2014, the Reserve Bank of India introduced a revised liquidity management framework to be effective from September 5, 2014. The additional features under the framework include conducting overnight reverse repo auctions and short duration term repos of 3 to 4 days. The yields on the benchmark 10-year government securities eased from 9.0% at the beginning of April 2014 to 8.7% at June 30, 2014.

Financial markets were stable with strong inflow of investments from foreign institutional investors. Investments by foreign institutional investors were US$12.47 billion during the three months ended June 30, 2014. The benchmark BSE Sensex rose by 13.5% during the three months ended June 30, 2014 to close at 25,414. The Rupee strengthened from Rs. 60.1 per U.S. dollar at March 28, 2014 to Rs. 58.4 per U.S. dollar in mid-May 2014 before depreciating to Rs. 60.1 per U.S. dollar at June 30, 2014.

In the Union Budget for fiscal 2015, announced on July 10, 2014, the government of India indicated a fiscal deficit target of 4.1% for fiscal 2015. Other key announcements in the Budget included allowing banks to raise funds by issuing long-term bonds which would be exempted from statutory liquidity ratio and cash reserve ratio requirements and priority sector lending, an increase in the composite cap on foreign ownership in the insurance sector from 26.0% to 49.0% subject to Parliamentary approval, and an increase in the tax rate on long term capital gains arising on transfer of debt mutual fund units from 10.0% to 20.0% along with an extension in the period of holding the units from 12 months to 36 months. Further, in August 2014, the government of India raised the foreign direct investment cap from 49.0% to 100.0% in railways and from 26.0% to 49.0% in the defence sector.

Non-food credit growth moderated to 13.5% year-on-year at June 27, 2014 compared to 13.7% increase at June 28, 2013. Based on sector-wise credit deployment, credit growth to industry was 10.3%, services 13.8%, personal loans 14.6% and agriculture 18.8% year-on-year at June 27, 2014. Deposits growth in the banking system also moderated to 12.4% year-on-year at June 27, 2014 compared to 13.5% at June 28, 2013. Demand deposits grew by 9.7% year-on-year at June 27, 2014 compared to growth of 10.0% at June 28, 2013. Time deposits grew by 12.8% year-on-year at June 27, 2014 compared to 13.9% at June 28, 2013.

Important developments between April to September 2014 were as follows:

- In May 2014, the Reserve Bank of India issued draft guidelines proposing to allow banks to offer partial credit enhancements to corporate bonds issued by companies or special purpose vehicles for infrastructure financing. Banks may provide credit enhancement as a subordinated loan facility or as a non-funded loan facility. Further, the credit facility or draw down of non-funded credit facilities should be treated as advances in the balance sheet of banks. Credit facilities, being "first loss positions" will attract a risk weight of 1,111% while non-funded credit facilities would attract 100% credit conversion factor and 1,111% risk weight. In the event of a default in repayment by over 90 days, the exposure becomes a non-performing loan;

- In May 2014, the Reserve Bank of India issued guidelines instructing banks to not charge foreclosure charges or pre-payment penalties on floating rate term loans to individual borrowers. Banks were also not permitted to levy penal charges for non-maintenance of minimum balance in non-operative accounts;

- In May 2014, the Reserve Bank of India allowed banks to include the outstanding mandated investments in government funds like Rural Infrastructure Development Fund at March 31 of the fiscal year in indirect agriculture lending and overall priority sector lending. Also, investments at March 31 of the preceding year were required to be included in the adjusted net bank credit for determining priority sector lending requirements;

- In May 2014, the working group of the Financial Stability and Development Council submitted its report on Resolution Regime for Financial Institutions. The report recommends setting up of an independent Financial Resolution Authority which would be responsible for implementation of the resolution framework in coordination with respective financial sector regulators. The framework identifies a set of tools like liquidation, purchase and assumption, bail-in which involves converting existing creditors into shareholders and temporary public ownership. In case of financial institutions under distress and deemed to be systemically important, government taking control of the financial institution can be a last option for resolution when all other options fail;

- In May 2014, the Reserve Bank of India released the report of the Committee to Review Governance of Boards of Banks in India. The committee recommended a new governance structure for public sector banks and a reduction in the government's stake in banks to less than 50.0%. It proposed a phased transition towards empowering the boards of public sector banks which would eventually lead to government only acting as an investor rather than exercising ownership functions. With respect to governance in private sector banks, the committee proposed creation of a category Authorised Bank Investors (funds that would be permitted to hold 20.0% equity stake without regulatory approval or 15.0% on having a seat on the bank's board). The committee also proposed that other financial investors be permitted to hold equity stake of up to 10.0% compared to current limit of 5.0% stake;

- In June 2014, the Reserve Bank of India issued final guidelines on liquidity coverage ratio. According to the guidelines, banks have to maintain a minimum liquidity coverage ratio which is a ratio of the stock of high quality liquid assets and total net cash outflows over the next 30 calendar days. These guidelines are applicable from January 1, 2015 starting with a minimum liquidity coverage ratio of 60.0% and increasing gradually to 100.0% from January 1, 2019. The Reserve Bank of India has also defined categories of assets qualifying as high quality liquid assets;
- In June 2014, the Reserve Bank of India allowed banks to appoint non-deposit taking non-banking financial companies as business correspondents. The Reserve Bank of India also removed the criteria that business correspondents should operate within 30 kilometres of a base branch;
- The Reserve Bank of India allowed banks to issue long-term bonds for financing infrastructure projects and low-cost housing in July 2014. These bonds would have a minimum maturity of seven years and would be exempted from cash reserve ratio and statutory liquidity ratio requirements and would also be eligible for exemption from adjusted net bank credit for the purpose of priority sector lending targets. The Reserve Bank of India also issued guidelines permitting banks to structure long term project loans to infrastructure and other core industries, with the intent of refinancing these loans at periodic intervals without such refinancing being considered as restructuring. Such loans would have tenors linked to the economic life of the project and can extend up to 25 years. The amortization schedule of the loans can be modified once during the course of the loan without classifying them as restructured loans provided they meet certain specific requirements like being a standard asset with no loss on the net present value basis and the debt amortization being within 85.0% of the economic life of the project. This guideline is applicable only to long term project loans provided after July 15, 2014;
- In July 2014, the Reserve Bank of India issued draft guidelines for licensing of payments banks and small banks. The minimum capital requirement of both banks is Rs. 1.0 billion, of which the promoters' initial minimum contribution would be at least 40.0% with a lock-in period of five years.
- In August 2014, the Reserve Bank of India permitted banks to refinance existing long-term project loans by way of full or partial take-out financing without such refinancing being considered as restructuring. In case of partial take-out financing, subject to conditions mentioned in this guideline, a minimum 25.0% of the outstanding loan by value must be taken over by a new set of lenders from the existing banks as against the earlier requirement of 50.0%. Also, the total exposure of all institutional lenders to such a project must be at least Rs. 10.0 billion; and
- In August 2014, the Reserve Bank of India released a draft charter of customer rights which comprises of five basic customer rights and the responsibilities of financial service providers. The customer rights include fair treatment, transparency, fair and honest dealing, suitability of products being offered, privacy and right to grievance redressal and compensation. The charter envisages a common financial industry supported portal to enable customers to compare products and prices.
- In August 2014, the Reserve Bank of India issued instructions reducing the number of free transactions at ATMs for savings account holders. Free transactions at ATMs of other banks was reduced from five to three per month. This reduction is applicable only at ATMs located in metropolitan cities. For transactions by customers with their own bank ATMs, a bank is permitted to provide at least five free transactions, beyond which such bank may be allowed to levy transaction charges.
- In August 2014, the Reserve Bank of India issued guidelines allowing banks to fund project cost overruns arising on account of extension of the date of commencement of commercial operations, without treating them as restructured assets. According to the guidelines, such funding would be allowed provided certain conditions are fulfilled including the condition that there is no change in the debt equity ratio as agreed initially, disbursement of funds commences only after the promoter brings on their share of funds, and funding is limited up to 10% of the original project cost for financing project cost overruns excluding interest costs.

- In September 2014, the Reserve Bank of India issued amendments to the implementation of Basel III capital regulations. The changes in the regulations include re-introduction of temporary write-down features for non-equity capital instruments from the earlier requirement of eliminating them, exercise of call option on perpetual debt instruments and non-cumulative preference shares was reduced from earlier ten years to five years, the maturity period for Tier 2 capital instruments was reduced from 10 years to 5 years and the earlier prescribed limits on recognition of non-equity capital instruments in the computation of Tier 1 and Tier 2 capital was eliminated. Further the guidelines have permitted banks to issue capital instruments to retail investors subject to approval of the Board and adherence of investor protection requirements.

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.

Since fiscal 2012, the Indian economy experienced a moderation in growth. Interest rates in the economy rose following tightening of monetary policy in response to high inflation. The corporate sector experienced a decline in sales and profit growth, and also experienced elongation of working capital cycles and a high level of receivables. Further, corporate investment activity was impacted by concerns over administrative clearances and issues around access to land and natural resources. For example, there have been concerns over the availability of fuel for thermal and gas-based power plants. Given the concerns over growth, companies found it difficult to access equity capital markets and several companies and sectors have relatively high leverage. These trends and concerns persisted during fiscal 2014. During fiscal 2014, against initial expectations of a moderate recovery, growth in gross domestic product remained at 4.7% compared to 4.5% in fiscal 2013, with industrial growth further moderating to 0.4% in fiscal 2014 compared to 1.0% in fiscal 2013. In addition, given higher than expected inflation levels in the second half of fiscal 2014, the Reserve Bank of India increased the repo rate by 50 basis points during the year, as against initial expectations of a reduction in interest rates in fiscal 2014. Further, financial markets remained volatile, particularly in the first half of fiscal 2014, driven by a sharp depreciation of the rupee against the U.S. dollar in the exchange rate and consequent measures taken by the Reserve Bank of India to address the same. During the three months ended June 30, 2014, growth improved in the Indian economy following a recovery in industrial activity, moderation in inflation and growth in consumption. See also *"— Executive Summary — Business environment — Trends in fiscal 2014"*. Due to these and other factors, there has been an increase in the non-performing and restructured loans of Indian banks. Monetary policy continues to be focused on containing inflation by maintaining elevated policy rates. Trends in systemic liquidity, interest rates and inflation would influence deposit growth, especially with respect to low cost savings and current account deposits. Our ability to grow our low cost deposit base may be impacted by increasing competition for such deposits. The slowdown in fresh corporate investments and new infrastructure projects has adversely impacted our related fee income revenue streams. Given these developments, we have adopted a balanced approach to growth, risk management and profitability. We have focused on driving momentum in the retail segment while adopting a selective approach to corporate lending. We have also focused on sustaining the improvements in our deposit profile and cost ratios and managing the quality of our portfolio. As we grow our businesses, meeting customer expectations on service quality has been a critical element of our strategy.

A discussion of our financial performance in the three months ended June 30, 2014 is given below:

Our profit after tax increased by 16.8% from Rs. 22.74 billion in the three months ended June 30, 2013 to Rs. 26.55 billion in the three months ended June 30, 2014. The increase in profit after tax was mainly due to a 17.6% increase in net interest income and a 14.7% increase in non-interest income, offset, in part, by a 13.4% increase in non-interest expense and 22.4% increase in provisions and contingencies (excluding provisions for tax).

Net interest income increased by 17.6% from Rs. 38.20 billion in the three months ended June 30, 2013 to Rs. 44.92 billion in the three months ended June 30, 2014, reflecting an increase of 13 basis points in net interest margin and an increase of 13.2% in average interest-earning assets.

Income from treasury-related activities increased from Rs. 7.76 billion in the three months ended June 30, 2013 to Rs. 8.01 billion in the three months ended June 30, 2014. Commission, exchange and brokerage income increased by 14.2% from Rs. 14.07 billion in the three months ended June 30, 2013 to Rs. 16.07 billion in the three months ended June 30, 2014.

Non-interest expense increased by 13.4% from Rs. 24.91 billion in the three months ended June 30, 2013 to Rs. 28.25 billion in the three months ended June 30, 2014.

Provisions and contingencies (excluding provisions for tax) increased by 22.4% from Rs. 5.93 billion in the three months ended June 30, 2013 to Rs. 7.26 billion in the three months ended June 30, 2014. The increase in provisions and contingencies (excluding provisions for tax) was primarily due to an increase in provision for standard assets reflecting an increase in loan portfolio, provisions for restructured loans and additional general provisioning for loans to borrowers with unhedged foreign currency exposure.

Total assets increased by 7.3% from Rs. 5,485.59 billion at June 30, 2013 to Rs. 5,883.55 billion at June 30, 2014. Total deposits increased by 15.3% from Rs. 2,911.85 billion at June 30, 2013 to Rs. 3,357.67 billion at June 30, 2014. Savings account deposits increased by 15.6% from Rs. 888.53 billion at June 30, 2013 to Rs. 1,027.36 billion at June 30, 2014. The current and savings account ratio was at 43.0% at June 30, 2014 compared to 43.2% at June 30, 2013. Term deposits increased by 15.7% from Rs. 1,653.51 billion at June 30, 2013 to Rs. 1,913.53 billion at June 30, 2014. Total advances increased by 15.2% from Rs. 3,013.70 billion at June 30, 2013 to Rs. 3,470.67 billion at June 30, 2014 primarily due to an increase in domestic retail loans. Net non-performing assets increased by 40.6% from Rs. 24.72 billion at June 30, 2013 to Rs. 34.75 billion at June 30, 2014 primarily due to an increase in additions to non-performing assets in the small and medium enterprise and corporate portfolio. Net non-performing asset ratio increased from 0.69% at June 30, 2013 to 0.87% at June 30, 2014.

We continued to expand our branch network in India. Our branch network in India increased from 3,350 branches and extension counters at June 30, 2013 to 3,763 branches and extension counters at June 30, 2014. We also increased our ATM network from 10,902 ATMs at June 30, 2013 to 11,447 ATMs at June 30, 2014.

The total capital adequacy ratio of ICICI Bank on a standalone basis at June 30, 2014, in accordance with the Reserve Bank of India guidelines on Basel III, was 17.00% with Tier-1 capital adequacy ratio of 12.23%, without including profit for the three months ended June 30, 2014 as compared to 17.04% at June 30, 2013, with Tier-1 capital adequacy ratio of 11.72%, without including profit for the three months ended June 30, 2013.

Business Outlook

Growth in India's gross domestic product remained moderate for the last three fiscal years and came down from 8.9% in fiscal 2011 to 6.7% in fiscal 2012, 4.5% in fiscal 2013 and 4.7% during fiscal 2014. The moderation in growth occurred against the backdrop of a challenging global environment, including moderation in growth in several emerging markets including China. Further, domestic factors including inflation and moderation in capital investment plans impacted economic growth. A significant depreciation in the rupee against the U.S. dollar, in response to global developments, also had an impact during fiscal 2014. During the three months ended June 30, 2014, growth in India's gross domestic product improved to 5.7% compared to growth of 4.7% during the three months ended June 30, 2013. See also *"Risk Factors—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"*. Credit and deposit growth in the Indian banking system continued to remain muted, along with an increase in the level of non-performing and restructured loans.

Following the general elections in fiscal 2015, a central government has been formed with a parliamentary majority. This is expected to permit the government to develop a policy environment conducive to a revival in growth. While consumer spending continues to remain relatively healthy, we believe that a gradual revival in corporate investment activity would result in increased lending opportunities as well as avenues for banks to earn related fee income streams. Further, an improvement in the health of the corporate sector is also expected to result in normalization in the pace of additions to non-performing and restructured loans over the medium term, though in the near-term we may see some concerns. Over the longer-term, we see favorable prospects for the Indian economy. India's strong domestic consumption and investment drivers will continue to support healthy rates of growth. Increasing household incomes and consumption is expected to lead to opportunities in retail savings, investment and loan products, significant industrial and infrastructure investment potential to lead to opportunities in project and corporate finance, and increasing global linkages to lead to opportunities in international banking for Indian corporations and non-resident Indians.

Over the last few years, we have re-balanced our deposit profile, improved cost efficiency, scaled up retail loan growth, calibrated corporate loan growth considering the challenging operating environment and maintained high capital adequacy ratios. Our objective going forward will be to leverage our capital base for profitable growth, while sustaining the improvements in our operating performance and continuing to closely monitor the credit quality. As we grow our businesses, meeting customer expectation on service quality will be a critical element of our strategy. We seek to adopt a balanced approach to growth, risk management and profitability.

The success of our strategy depends on several factors, including our ability to grow our low cost deposit base, grow our loan book profitably, contain non-performing and restructured loans, maintain regulatory compliance in an evolving regulatory environment, and address regulators' assessments of and observations on our operations, and compete effectively in the Indian corporate and retail financial services market. Achieving directed lending targets is expected to be challenging. Regulations governing the financial sector in India, including banking, insurance and asset management, continue to evolve, with a potential impact on the growth and profitability of financial services groups such as us. Our overseas branches are primarily funded from wholesale sources and global financial market conditions may impact our ability to raise funds and grow the business of our overseas branches. See also *"Risk Factors—Risks Relating to Our Business—We experienced rapid international growth in earlier years which has increased the complexity of the risks that we face"*. 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. Our ability to execute our strategy will also depend on the liquidity and interest rate environment. 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"*.

For a detailed discussion of risks that we face in our business please refer to "Risk Factors".

Three months ended June 30, 2014 compared to three months ended June 30, 2013

Net Interest Income

The following table sets forth, for the periods indicated, the principal components of net interest income.

	Three months ended June 30,			
Particulars	**2013**	**2014**	**2014**	**2014/2013 % Change**
	(Rupees in million)		(US$ in million)	
Interest income	Rs. 104,206.8	Rs. 117,669.0	US$ 1,959	12.9%
Interest expense	(66,002.1)	(72,750.1)	(1,211)	10.2
Net interest income	**Rs. 38,204.7**	**Rs. 44,918.9**	**US$ 748**	**17.6%**

Net interest income increased by 17.6% from Rs. 38.20 billion in the three months ended June 30, 2013 to Rs. 44.92 billion in the three months ended June 30, 2014 reflecting an increase in net interest margin by 13 basis points and an increase of 13.2% in the average volume of interest-earning assets.

Net interest margin

Net interest margin increased by 13 basis points from 3.27% in the three months ended June 30, 2013 to 3.4% in the three months ended June 30, 2014. The yield on average interest-earning assets declined marginally from 8.92% in the three months ended June 30, 2013 to 8.90% in the three months ended June 30, 2014. The cost of funds decreased by 11 basis points from 6.30% in the three months ended June 30, 2013 to 6.19% in the three months ended June 30, 2014. This resulted in an increase in the spread by 9 basis points.

Net interest margin of overseas branches increased from 1.60% in the three months ended June 30, 2013 to 1.63% in the three months ended June 30, 2014 primarily on account of a decrease in cost of term deposits and borrowings.

The yield on average interest-earning assets decreased marginally from 8.92% in the three months ended June 30, 2013 to 8.90% in the three months ended June 30, 2014 primarily due to the following factors:

- Yield on average interest-earning investments decreased from 7.49% in the three months ended June 30, 2013 to 7.45% in the three months ended June 30, 2014 primarily on account of a decrease in yield on investments other than statutory liquidity ratio investments, offset, in part, by an increase in yield on statutory liquidity ratio investments. The yield on average interest-earning investments other than statutory liquidity ratio investments decreased from 7.01% in the three months ended June 30, 2013 to 6.61% in the three months ended June 30, 2014 primarily due to a decrease in yield on pass through certificates and mutual funds and higher investment in lower yielding Rural Infrastructure Development Fund and other related investments. Yield on pass through certificates decreased primarily due to the deduction of tax on income distributed by securitization trusts from May 31, 2013 in accordance with the Finance Act, 2013.

Yield on statutory liquidity ratio investments increased from 7.78% in the three months ended June 30, 2013 to 7.99% in the three months ended June 30, 2014. The yield on the 10-year benchmark government securities increased from 7.45% at end-June 2013 to 8.75% at end-June 2014.

- The yield on other interest-earning assets decreased primarily due to the maturity of higher yielding deposits with other banks.

- Yield on average advances remained at similar level of 9.98% in the three months ended June 30, 2013 and the three months ended June 30, 2014. During the three months ended June 30, 2014, yield on domestic retail advances increased, offset, in part, by a decrease in yield on overseas corporate advances.

However, the above decrease was offset, in part, by the following factors:

- Interest income on non-trading interest rate swaps of the Bank which were undertaken to manage the market risk arising from the assets and liabilities increased from Rs. 1.89 billion in the three months ended June 30, 2013 to Rs. 2.35 billion in the three months ended June 30, 2014.

- Interest on income tax refund was higher at Rs. 1.04 billion in the three months ended June 30, 2014 (three months ended June 30, 2013: Rs. 0.94 billion). The receipt, amount and timing of such income depends on the nature and timing of determinations by tax authorities and are neither consistent nor predictable.

The cost of funds decreased by 11 basis points from 6.30% in the three months ended June 30, 2013 to 6.19% in the three months ended June 30, 2014 due to the following factors:

- Cost of borrowings decreased by 30 basis points from 6.49% in the three months ended June 30, 2013 to 6.19% in the three months ended June 30, 2014 primarily due to an increase in the proportion of overseas borrowings and a decrease in cost of term borrowings, offset, in part, by an increase in the cost of refinanced borrowings.

- The cost of average deposits decreased from 6.20% in the three months ended June 30, 2013 to 6.19% in the three months ended June 30, 2014. Average current account and saving account deposits ratio increased from 39.0% during the three months ended June 30, 2013 to 39.5% during the three months ended June 30, 2014. The cost of average term deposits of the Bank increased marginally from 8.25% in the three months ended June 30, 2013 to 8.28% in the three months ended June 30, 2014.

Interest-earning assets

The average volume of interest-earning assets increased by 13.2% from Rs. 4,683.70 billion in the three months ended June 30, 2013 to Rs. 5,300.50 billion in the three months ended June 30, 2014. The increase in average interest-earning assets was primarily on account of an increase in average advances by Rs. 479.38 billion and an increase in average interest-earning investments by Rs. 57.04 billion.

Average advances increased by 16.6% from Rs. 2,892.51 billion in the three months ended June 30, 2013 to Rs. 3,371.89 billion in the three months ended June 30, 2014 primarily on account of an increase in domestic retail and overseas advances.

Average interest-earning investments increased by 3.7% from Rs. 1,545.07 billion in the three months ended June 30, 2013 to Rs. 1,602.11 billion in the three months ended June 30, 2014, primarily due to an increase in average statutory liquidity ratio investments by 3.9% from Rs. 927.64 billion in the three months ended June 30, 2013 to Rs. 963.44 billion in the three months ended June 30, 2014. Average interest-earning investments other than statutory liquidity ratio investments increased by 3.4% from Rs. 617.44 billion in the three months ended June 30, 2013 to Rs. 638.67 billion in the three months ended June 30, 2014 primarily due to an increase in investment in pass through certificates and Rural Infrastructure Development Fund and other related investments, offset, in part, by a decrease in investment in certificate of deposits and bonds and debentures. Average interest-earning investments other than statutory liquidity ratio investments primarily include investments in corporate bonds and debentures, pass through certificates, Rural Infrastructure Development Fund and other related investments, commercial paper, certificates of deposits and investments in liquid mutual funds to deploy excess liquidity.

Interest-bearing liabilities

Average interest-bearing liabilities increased by 12.2% from Rs. 4,201.46 billion in the three months ended June 30, 2013 to Rs. 4,713.87 billion in the three months ended June 30, 2014 on account of an increase of Rs. 408.71 billion in average deposits and an increase of Rs. 103.69 billion in average borrowings. The increase in average deposits was due to an increase in average term deposits by Rs. 234.70 billion and an increase in average current account and savings account deposits by Rs. 174.02 billion. The average current account and savings account deposits ratio was at 39.5% during the three months ended June 30, 2014 compared to 39.0% during the three months ended June 30, 2013.

The average borrowings increased by 7.2% from Rs. 1,439.08 billion in the three months ended June 30, 2013 to Rs. 1,542.77 billion in the three months ended June 30, 2014 primarily due to an increase in term borrowings, bond borrowings including capital instrument borrowings and refinance borrowings, offset, in part by a decrease in call and collateralized borrowing and lending obligation borrowings and liquidity adjustment facility borrowings with the Reserve Bank of India.

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.

Particulars	Three months ended June 30, 2013	2014	2014	2014/2013 % change
	(Rupees in million)		(US$ in million)	
Commission, exchange and brokerage	Rs. 14,071.6	Rs. 16,068.7	US$ 268	14.2%
Income from treasury-related activities (net)(1)	7,763.3	8,005.2	133	3.1%
Profit/(loss) on sale of land, buildings and other assets (net)	17.3	2.0	1	(88.4)%
Dividend from subsidiaries	2,811.8	4,155.3	69	47.8%
Miscellaneous	178.9	266.9	4	49.2%
Total non-interest income	**Rs. 24,842.9**	**Rs. 28,498.1**	**US$ 475**	**14.7%**

(1) Includes profit/(loss) on the sale/revaluation of investments and foreign exchange transactions.

Non-interest income primarily includes fee and commission income, income from treasury-related activities, dividend from subsidiaries and other income including lease income. The increase in non-interest income by 14.7% from Rs. 24.84 billion in the three months ended June 30, 2013 to Rs. 28.50 billion in the three months ended June 30, 2014 was primarily on account of an increase in dividend income from subsidiaries, fee and commission income and income from treasury-related activities.

Commission, exchange and brokerage income

Commission, exchange and brokerage income mainly includes fees from corporate clients such as loan processing fees, commercial banking fees and structuring fees, fees from retail customers such as loan processing fees, transaction banking fees which includes credit card fees and service charges on retail deposit accounts and third party referral fees. Commission, exchange and brokerage income increased from Rs. 14.07

billion for the three months ended June 30, 2013 to Rs. 16.07 billion for the three months ended June 30, 2014. The increase in commission, exchange and brokerage income was due to an increase in transaction banking fees and third party referral fees from retail customers and commercial banking fees from corporate clients.

Income from 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 our fixed income, equity and preference share portfolio, units of venture capital and security receipts. Further, it also includes income from foreign exchange transactions, consisting of various foreign exchange and derivatives products, including options and swaps with clients and on credit derivative instruments, including credit default swaps, credit-linked notes and collateralized debt obligations.

Income from treasury-related activities increased from Rs. 7.76 billion in the three months ended June 30, 2013 to Rs. 8.01 billion in the three months ended June 30, 2014. The income from treasury-related activities increased due to income from foreign exchange transactions and from margins on derivatives transactions with clients, mark-to-market/realized gains on government securities and other fixed income positions, mark-to-market/realised gains on the equity and mutual fund portfolio and gain on security receipts. The increase in income from treasury-related activities was also on account of exchange gain on repatriation of retained earnings from overseas branches. The profit on account of exchange gain on repatriation of retained earnings from overseas branches amounted to Rs. 1.03 billion for the three months ended June 30, 2014 (for three months ended June 30, 2013: nil).

Income from foreign exchange transactions with clients and from margins on derivatives transactions with clients increased from Rs. 3.65 billion for the three months ended June 30, 2013 to Rs. 4.12 billion for the three months ended June 30, 2014.

The financial markets were buoyant during the three months ended June 30, 2014. There was a strong inflow of investments from foreign institutional investors of US$12.47 billion during the three months ended June 30, 2014 comprising equity inflows of US$7.49 billion and debt inflows of US$4.97 billion. The rupee strengthened during the quarter from Rs. 60.1 per U.S. dollar at March 28, 2014 to Rs. 58.4 per U.S. dollar in mid-May 2014 before stabilizing to Rs. 60.1 per U.S. dollar at June 30, 2014.

At June 30, 2014, we had an outstanding net investment of Rs. 9.25 billion in security receipts issued by asset reconstruction companies in relation to the sale of non-performing loans. During the three months ended June 30, 2014, there was a realised/unrealised gain of Rs. 0.26 billion on these security receipts compared to a realised/unrealised loss of Rs. 0.01 billion during the three months ended June 30, 2013.

Dividend from subsidiaries

Dividend from subsidiaries increased by 47.8% from Rs. 2.81 billion in the three months ended June 30, 2013 to Rs. 4.16 billion in the three months ended June 30, 2014. Dividend from subsidiaries of Rs. 4.16 billion in the three months ended June 30, 2014 primarily included dividend of Rs. 2.22 billion from ICICI Prudential Life Insurance Company Limited, Rs. 0.67 billion from ICICI Home Finance Company Limited, Rs. 0.46 billion from ICICI Securities Primary Dealership Limited, Rs. 0.45 billion from ICICI Securities Limited and Rs. 0.28 billion from ICICI Prudential Asset Management Company Limited. Dividend from subsidiaries of Rs. 2.81 billion in the three months ended June 30, 2013 primarily included dividend of Rs. 1.17 billion from ICICI Bank Canada, Rs. 1.04 billion from ICICI Prudential Life Insurance Company Limited, Rs. 0.40 billion from ICICI Home Finance Company Limited and Rs. 0.1 billion from ICICI Securities Primary Dealership Limited.

See also "— *Consolidated Financials as per Indian GAAP*".

Non-Interest Expense

The following table sets forth, for the periods indicated, the principal components of non-interest expense.

Particulars	Three months ended June 30, 2013	2014	2014	2014/2013 % change
	(Rupees in million)		(US$ in million)	
Payments to and provisions for employees	Rs. 10,894.3	Rs. 12,468.6	US$ 208	14.5%
Depreciation on own property	1,296.9	1,441.2	24	11.1%
Depreciation (net of lease equalization) on leased assets	76.3	84.4	1	10.6%
Other administrative expenses	12,638.5	14,255.6	237	12.8%
Total non-interest expense	**Rs. 24,906.0**	**Rs. 28,249.8**	**US$ 470**	**13.4%**

Non-interest expense primarily include employee expenses, depreciation on assets and other administrative expenses. Non-interest expense increased by 13.4% from Rs. 24.91 billion in the three months ended June 30, 2013 to Rs. 28.25 billion in the three months ended June 30, 2014.

Payments to and provisions for employees

Employee expenses increased by 14.5% from Rs. 10.89 billion in the three months ended June 30, 2013 to Rs. 12.47 billion in the three months ended June 30, 2014 primarily due to an increase in staff strength from 65,992 employees at June 30, 2013 to 72,870 employees at June 30, 2014 and higher salary on account of annual increments and promotions. The employee base includes sales executives, employees on fixed term contracts and interns.

Depreciation

Depreciation on owned property increased by 11.1% from Rs. 1.30 billion in the three months ended June 30, 2013 to Rs. 1.44 billion in the three months ended June 30, 2014 due to addition in fixed assets.

Other administrative expenses

Other administrative expenses primarily include rent, taxes and lighting, advertisement, sales promotion, repairs and maintenance, direct marketing expenses and other expenditure. Other administrative expenses increased by 12.8% from Rs. 12.64 billion in the three months ended June 30, 2013 to Rs. 14.26 billion in the three months ended June 30, 2014. The increase in other administrative expenses was primarily due to an increase in our branch and ATM network. The number of branches and extension counters (excluding foreign branches and offshore banking units) increased from 3,350 at June 30, 2013 to 3,763 at June 30, 2014. We also increased our ATM network from 10,902 ATMs at June 30, 2013 to 11,447 ATMs at June 30, 2014. Direct marketing agency expenses increased from Rs. 1.08 billion in the three months ended June 30, 2013 to Rs. 1.71 billion in the three months ended June 30, 2014 primarily on account of higher retail loan disbursements and higher issuance of credit cards. We use marketing agents, called direct marketing agents or associates, for sourcing our retail assets. We include commissions paid to these 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.

Provisions and Contingencies (Excluding Provisions for Tax)

The following table sets forth, for the periods indicated, the composition of provisions and contingencies, excluding provisions for tax.

	Three months ended June 30, 2013			
Particulars	**2013**	**2014**	**2014**	**2014/2013 % change**
	(Rupees in million)		**(US$ in million)**	
Provision for investments (including credit substitutes) (net)	Rs. 236.7	Rs. 145.3	US$ 2	(38.6)%
Provision for non-performing assets	5,697.7	5,881.4	98	3.2
Provision for standard assets	(171.2)	1,021.2	17	—
Others	168.6	212.9	4	26.3
Total provisions and contingencies	**Rs. 5,931.8**	**Rs. 7,260.8**	**US$ 121**	**22.4%**

Provisions are made by the Bank on standard, sub-standard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and unsecured portions of doubtful assets are provided/written off as required by the extant Reserve Bank of India guidelines. Provisions on retail non-performing loans are made at the borrower level in accordance with the retail assets provisioning policy of the Bank, subject to the minimum provisioning levels prescribed by the Reserve Bank of India. The specific provisions on retail loans held by the Bank were higher than the minimum regulatory requirement. In addition to the specific provision on non-performing assets, the Bank maintains a general provision on performing loans and advances at rates prescribed by the Reserve Bank of India. For performing loans and advances in overseas branches, the general provision is made at the higher of host country regulations requirement and the Reserve Bank of India requirement.

Provisions and contingencies (excluding provisions for tax) increased by 22.4% from Rs. 5.93 billion in the three months ended June 30, 2013 to Rs. 7.26 billion in the three months ended June 30, 2014 primarily due to an increase in provision on standard assets from a writeback of Rs. 0.17 billion in the three months ended June 30, 2013 to Rs. 1.02 billion in the three months ended June 30, 2014 reflecting an increase in loan portfolio and provision for restructured loans and additional general provisioning for loans to borrowers with unhedged foreign currency exposure.

In January 2014, the Reserve Bank of India issued guidelines, effective from April 1, 2014, requiring incremental provisioning requirements for banks with respect to their exposures to companies having unhedged foreign currency exposures. The Reserve Bank of India had given an option to the banks to distribute the incremental standard asset provision required at June 30, 2014 over fiscal 2015 in equal instalments. Accordingly, the Bank opted to distribute the incremental standard asset provision required at June 30, 2014 in equal instalments over fiscal 2015 and made a provision Rs. 0.55 billion during the three months ended June 30, 2014 against loans to borrowers with unhedged foreign currency exposure.

Provision for advances increased marginally from Rs. 5.70 billion in the three months ended June 30, 2013 to Rs. 5.88 billion in the three months ended June 30, 2014.

The cumulative general provision on standard assets held at June 30, 2014 was Rs. 20.36 billion (June 30, 2013: Rs. 16.06 billion).

Provision for investments decreased from Rs. 0.24 billion in the three months ended June 30, 2013 to Rs. 0.15 billion in the three months ended June 30, 2014.

The provision coverage ratio of the Bank at June 30, 2014 computed as per the extant Reserve Bank of India guidelines was 68.4% (June 30, 2013: 75.4%).

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 loans. Further, non-performing assets are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India. Loans held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery but which are standard as per the extant Reserve Bank of India guidelines are identified as non-performing assets to the extent amount is outstanding in the host country. The Reserve Bank of India has separate guidelines for restructured loans. A fully secured standard asset can be restructured by rescheduling principal repayments and/or the interest element, but must be separately disclosed as a restructured asset. Similar guidelines apply to restructuring of sub-standard and doubtful loans. See also “Description of ICICI Bank—Classification of Loans”.

During the three months ended June 30, 2014 and 2013, the Bank restructured standard loans with a principal outstanding of Rs. 7.64 billion at June 30, 2014 as compared to loans with a principal outstanding of Rs. 8.29 billion at June 30, 2013. At June 30, 2014, there were borrowers with an aggregate outstanding of Rs. 123.31 billion whose loans had been restructured by the Bank compared to borrowers with an aggregate outstanding of Rs. 65.73 billion at June 30, 2013.

The following table sets forth, at the dates indicated, certain information regarding non-performing assets.

	At				
Particulars	June 30, 2013	March 31, 2014	June 30, 2014	June 30, 2014	% Change June 2014 to March 2014
Gross non-performing assets	Rs. 100,570.8	Rs. 105,540.0	Rs. 110,011.3	US$ 1,832	4.2
Provisions for non-performing assets	(75,853.9)	(72,530.4)	(75,266.2)	(1,253)	(3.8)
Net non-performing assets	Rs. 24,716.9	Rs. 33,009.6	Rs. 34,745.1	US$ 579	5.3
Gross customer assets	3,642,890.3	4,122,989.9	4,096,611.3	68,209	
Net customer assets	3,558,302.4	4,037,079.2	4,008,305.3	66,738	
Gross non-performing assets as a percentage of gross customer assets	2.76%	2.56%	2.69%		
Net non-performing assets as a percentage of net customer assets	0.69%	0.82%	0.87%		

Gross non-performing assets increased by 4.2% from Rs. 105.54 billion at March 31, 2014 to Rs. 110.01 billion at June 30, 2014. The net non-performing assets of the Bank increased from Rs. 33.01 billion at March 31, 2014 to Rs. 34.75 billion at June 30, 2014.

The gross additions to gross non-performing assets during the three months ended June 30, 2014 was Rs. 11.95 billion as compared to Rs. 11.16 billion during the three months ended June 30, 2013. Non-performing assets amounting to Rs. 3.56 billion were upgraded/recovered during the three months ended June 30, 2014 as compared to Rs. 3.10 billion during the three months ended June 30, 2013. Non-performing assets amounting Rs. 3.92 billion were written-off during the three months period ended June 30, 2014 as compared to Rs. 3.96 billion during the three months ended June 30, 2013.

The net non-performing asset ratio increased from 0.82% at March 31, 2014 to 0.87% at June 30, 2014.

Tax Expense

The income tax expense (including wealth tax) increased by 20.0% from Rs. 9.46 billion in the three months ended June 30, 2013 to Rs. 11.35 billion in the three months ended June 30, 2014. The effective tax rate was 29.9% in the three months ended June 30, 2014 compared to the effective tax rate of 29.4% in the three months ended June 30, 2013.

The Bank creates Special Reserve through appropriation of profits, in order to avail tax deduction as per the Income Tax Act, 1961. The Reserve Bank of India, through its circular dated December 20, 2013, advised the banks to create a deferred tax liability on the amount outstanding in Special Reserve, as a matter of prudence. Accordingly, deferred tax liability amounting to Rs. 0.95 billion was created on transfers to the Special Reserve in the three months ended June 30, 2014.

Financial Condition

Assets

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

	At				
Assets	**June 30, 2013**	**March 31, 2014**	**June 30, 2014**	**June 30, 2014**	**% change June 2014/ June 2013**
	(Rupees in billion, except percentages)			**(US$ in million)**	
Cash and cash equivalents[(1)] ..	Rs. 326.86	Rs. 415.30	Rs. 422.01	US$ 7,027	29.1%
Investments	1,746.25	1,770.22	1,701.53	28,330	(2.6)
- *Government and other* approved securities, in India[(2)]	994.21	951.82	967.53	16,109	(2.7)
- *Debentures and bonds*	146.80	121.20	99.30	1,653	(32.4)
- *Other investments*[(3)]	605.24	697.20	634.70	10,568	4.9
Advances	3,013.70	3,387.03	3,470.67	57,787	15.2
- *Domestic*	2,204.50	2,490.07	2,582.00	42,991	17.1
- *Overseas*	809.20	896.96	888.67	14,796	9.8
Fixed assets (including leased assets)	46.57	46.78	46.71	778	0.3
Other assets	352.21	327.09	242.63	4,040	(31.1)
Total Assets	**Rs5,485.59**	**Rs5,946.42**	**Rs5,883.55**	**US$ 97,961**	**7.3%**

(1) Cash and cash equivalents includes cash in hand, balances with the Reserve Bank of India, balances with banks and money at call and short notice.

(2) Banks in India are required to maintain a specified percentage of their net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities, which was 22.5% at June 30, 2014.

(3) Other investments includes investments in shares, investments in subsidiaries and joint ventures, commercial paper, mutual fund units, pass through certificates, security receipts and investments outside India.

The total assets increased by 7.3% from Rs. 5,485.59 billion at June 30, 2013 to Rs. 5,883.55 billion at June 30, 2014, primarily due to an increase in advance, offset, in part, by a decrease in investments. The net advances increased by 15.2% from Rs. 3,013.70 billion at June 30, 2013 to Rs. 3,470.67 billion at June 30, 2014. Investments decreased by 2.6% from Rs. 1,746.25 billion at June 30, 2013 to Rs. 1,701.53 billion at June 30, 2014.

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 short notice. Cash and cash equivalents increased from Rs. 326.87 billion at June 30, 2013 to Rs. 422.01 billion at June 30, 2014 primarily due to an increase in money at call and short notice and term money lent, offset, in part, by a decrease in balance/deposit with other banks and balances with the Reserve Bank of India.

Investments

Total investments decreased by 2.6% from Rs. 1,746.25 billion at June 30, 2013 to Rs. 1,701.53 billion at June 30, 2014, primarily due to a decrease in investment in bonds and debentures by Rs. 47.50 billion, certificate of deposits by Rs. 45.18 billion and investment in government securities by Rs. 26.68 billion. This was offset, in part, by an increase in investment in pass through certificates by Rs. 53.58 billion and Rural Infrastructure Development Fund and other related investments made in lieu of the shortfall in meeting directed lending requirements by Rs. 42.89 billion at June 30, 2014 compared to June 30, 2013. At June 30, 2014, the Bank had an outstanding net investment of Rs. 9.25 billion in security receipts issued by asset reconstruction companies compared to Rs. 10.57 billion at June 30, 2013.

Advances

Net advances increased by 15.2% from Rs. 3,013.70 billion at June 30, 2013 to Rs. 3,470.67 billion at June 30, 2014 primarily due to an increase in domestic retail advances and overseas advances. Net retail advances increased by 26.4% from Rs. 1,085.44 billion at June 30, 2013 to Rs. 1,372.41 billion at June 30, 2014. Net advances of overseas branches (including offshore banking unit), increased by 9.8% from Rs. 809.20 billion at June 30, 2013 to Rs. 888.67 billion at June 30, 2014.

Fixed and other assets

Fixed assets (net block) increased marginally from Rs. 46.57 billion at June 30, 2013 to Rs. 46.71 billion at June 30, 2014.

Liabilities

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

	At				
Liabilities	**June 30, 2013**	**March 31, 2014**	**June 30, 2014**	**June 30, 2014**	**% change June 2014/ June 2013**
		(Rupees in billion)		**(US$ in million)**	
Equity share capital	Rs. 11.54	Rs. 11.55	Rs. 11.56	US$ 192	0.2%
Reserves[1]	689.25	720.58	747.43	12,445	8.4
Deposits	2,911.85	3,319.14	3,357.67	55,905	15.3
- *Savings account deposits*	888.53	991.33	1,027.36	17,106	15.6
- *Current account deposits*	369.81	432.46	416.78	6,939	12.7
- *Term deposits*	1,653.51	1,895.35	1,913.53	31,860	15.7
Borrowings (excluding sub-ordinated debt and preference share capital)	1,154.31	1,142.24	1,053.59	17,542	(8.7)
Subordinated debt[2]	401.39	401.85	402.37	6,700	0.2
Preference share capital[2]	3.50	3.50	3.50	58	—
Total borrowings	1,559.20	1,547.59	1,459.46	24,300	(6.4)
Other liabilities	313.75	347.56	307.43	5,119	(2.0)
Total liabilities (including capital and reserves)	**Rs.5,485.59**	**Rs.5,946.42**	**Rs.5,883.55**	**US$ 97,961**	**7.3%**

(1) Includes employee stock options outstanding of Rs. 69.0 million at June 30, 2014, Rs. 65.7 million at March 31, 2014 and Rs. 50.0 million at June 30, 2013.

(2) Included in Schedule 4 - "Borrowings" of the balance sheet.

Total liabilities (including capital and reserves) increased by 7.3% from Rs. 5,485.59 billion at June 30, 2013 to Rs. 5,883.55 billion at June 30, 2014, primarily due to an increase in deposits, offset, in part, by a decrease in borrowings. Deposits increased from Rs. 2,911.85 billion at June 30, 2013 to Rs. 3,357.67 billion at June 30, 2014. Borrowings decreased from Rs. 1,559.20 billion at June 30, 2013 to Rs. 1,459.46 billion at June 30, 2014.

Deposits

Deposits increased by 15.3% from Rs. 2,911.85 billion at June 30, 2013 to Rs. 3,357.67 billion at June 30, 2014. Term deposits increased by 15.7% from Rs. 1,653.51 billion at June 30, 2013 to Rs. 1,913.53 billion at June 30, 2014, while savings deposits increased 15.6% from Rs. 888.53 billion at June 30, 2013 to Rs. 1,027.36 billion at June 30, 2014 and current account deposits increased by 12.7% from Rs. 369.81 billion at June 30, 2013 to Rs. 416.78 billion at June 30, 2014. Total deposits at June 30, 2014 formed 69.8% of the funding (i.e., deposits and borrowings, other than preference share capital). The current and savings account deposits increased from Rs. 1,258.34 billion at June 30, 2013 to Rs. 1,444.14 billion at June 30, 2014.

Borrowings

Borrowings decreased by 6.4% from Rs. 1,559.20 billion at June 30, 2013 to Rs. 1,459.46 billion at June 30, 2014 primarily due to a decrease in call borrowings and transactions with the Reserve Bank of India under liquidity adjustment facility, offset, in part, by an increase in bond borrowings including capital instruments and refinance borrowings.

Other liabilities

Other liabilities decreased by 2.0% from Rs. 313.75 billion at June 30, 2013 to Rs. 307.43 billion at June 30, 2014.

Equity share capital and reserves

Equity share capital and reserves increased from Rs. 700.79 billion at June 30, 2013 to Rs. 758.99 billion at June 30, 2014 primarily due to accretion to reserves out of profit, offset, in part, by the impact of deferred tax liability on Special Reserve created through reserves.

Segment Information

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 standalone segmental report for the three months ended June 30, 2014, 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 framework.
- 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.
- Other Banking includes leasing operations and other items not attributable to any particular business segment of the Bank.

Framework for Transfer Pricing

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

Retail Banking Segment

The profit before tax of the retail banking segment increased from Rs. 3.23 billion in the three months ended June 30, 2013 to Rs. 4.63 billion in the three months ended June 30, 2014 primarily due to an increase in net interest income and non-interest income.

Net interest income increased by 26.2% from Rs. 12.81 billion in the three months ended June 30, 2013 to Rs. 16.17 billion in the three months ended June 30, 2014. Net interest income increased primarily due to growth in the loan portfolio and an increase in average current account and savings account balances.

Non-interest income increased by 21.6% from Rs. 7.93 billion in the three months ended June 30, 2013 to Rs. 9.64 billion in the three months ended June 30, 2014, primarily due to higher level of lending linked fees, third party product distribution fees, fees from the credit card portfolio and transaction banking fees.

Non-interest expenses increased by 14.8% from Rs. 18.39 billion in the three months June 30, 2013 to Rs. 21.11 billion in the three months ended June 30, 2014, primarily due to an increase in direct marketing expenses and an increase in operating expenses due to an expansion in branch network.

In the three months ended June 30, 2014 provision charge was Rs. 0.07 billion as compared to net write back of Rs. 0.89 billion in the three months ended June 30, 2013.

Wholesale Banking Segment

Profit before tax of the wholesale banking segment increased from Rs. 14.91 billion in the three months ended June 30, 2013 to Rs. 15.74 billion in the three months ended June 30, 2014 primarily due to an increase in net interest income, offset, in part, by an increase in provisions.

Net interest income increased by 13.1% from Rs. 17.41 billion in the three months ended June 30, 2013 to Rs. 19.69 billion in the three months ended June 30, 2014 primarily due to an increase in average advances. Non-interest income decreased by 2.6% from Rs. 9.84 billion in the three months ended June 30, 2013 to Rs. 9.58 billion in the three months ended June 30, 2014, primarily due to a decrease in fee income. Provisions were higher primarily due to the impact of general provisioning requirement for exposure to entities with unhedged foreign currency exposure.

Treasury Segment

Profit before tax of the treasury segment increased from Rs. 12.97 billion in the three months ended June 30, 2013 to Rs. 16.07 billion in the three months ended June 30, 2014 primarily due to an increase in non-interest income. The non-interest income was higher primarily due to higher level of dividend income from subsidiaries, gains on equity and mutual fund investments, exchange gain on repatriation of retained earnings at overseas branches and foreign exchange trading gains, offset, in part, by lower gains on government securities and other fixed income portfolios.

Other Banking Segment

Profit before tax of the other banking segment increased from Rs. 1.11 billion in the three months ended June 30, 2013 to Rs. 1.46 billion in the three months ended June 30, 2014 primarily due to higher net interest income.

Consolidated Financials as per Indian GAAP

The consolidated profit after tax including the results of operations of our subsidiaries and other consolidating entities increased by 3.1% from Rs. 27.47 billion in the three months ended June 30, 2013 to Rs. 28.32 billion in the three months ended June 30, 2014. This is primarily due to an increase in the profit of ICICI Bank, ICICI Securities Limited and ICICI Prudential Asset Management Company Limited, offset, in part, by a decrease in profit of ICICI Lombard General Insurance Company Limited and ICICI Securities Primary Dealership Limited. The consolidated return on average equity decreased from 15.6% in the three months ended June 30, 2013 to 14.6% in the three months ended June 30, 2014.

Profit after tax of ICICI Prudential Life Insurance Company Limited increased from Rs. 3.64 billion in the three months ended June 30, 2013 to Rs. 3.82 billion in the three months ended June 30, 2014 primarily due to an increase in net premium earned and a decrease in claims and benefits paid, offset, in part, by a decrease in surrender charges (including foreclosure income) and policy fees. New business annual premium equivalent increased by 21.8% from Rs. 5.41 billion during the three months ended June 30, 2013 to Rs. 6.59 billion during the three months ended June 30, 2014.

Profit after tax of ICICI Lombard General Insurance Company Limited decreased from Rs. 2.03 billion in the three months ended June 30, 2013 to Rs. 0.72 billion in the three months ended June 30, 2014 primarily due to a decrease in investment income and net earned premium and an increase in claims and benefits expenses and operating expenses, offset, in part, by an increase in commission income.

Profit after tax of ICICI Bank Canada decreased from Rs. 0.78 billion (CAD 14.4 million) in the three months ended June 30, 2013 to Rs. 0.77 billion (CAD 14.0 million) in the three months ended June 30, 2014 primarily due to a decrease in net interest income and realized loss on sale of investments compared to gains in the three months ended June 30, 2013. The decrease was offset, in part, by an increase in fee income and write-back of provisions.

Profit after tax of ICICI Home Finance Company Limited decreased from Rs. 0.58 billion in the three months ended June 30, 2013 to Rs. 0.50 billion in the three months ended June 30, 2014 primarily due to a decrease in write-back of provisions and dividend income, offset, in part, by an increase in fee income. ICICI Home Finance Company Limited creates Special Reserve through appropriation of profits, in order to avail tax deduction as per the Income Tax Act, 1961. The National Housing Bank, through its circular in May 2014, advised housing finance companies to create a deferred tax liability on the amount outstanding in the Special Reserve, as a matter of prudence. Accordingly, deferred tax liability of Rs. 0.69 billion was created on the Special Reserve outstanding at March 31, 2014 by reducing the reserves and Rs. 0.02 billion through profit and loss account.

Profit after tax of ICICI Prudential Asset Management Company Limited increased from Rs. 0.37 billion in the three months ended June 30, 2013 to Rs. 0.61 billion in the three months ended June 30, 2014 primarily due to an increase in fee income on account of an increase in average assets under management and margins on mutual fund operations. The increase was offset, in part, by an increase in administrative expenses and staff cost. In the Union Budget for fiscal 2015, tax rate on long term capital gains on investments in debt mutual funds was increased from 10.0% to 20.0% and also minimum holding period for qualification as a long term investment was increased from 12 months to 36 months. Further, dividend distribution tax will be charged on gross dividend resulting in an increase in effective dividend distribution tax rate. These changes may have an impact on the inflows into debt schemes.

Profit after tax of ICICI Bank UK PLC increased from Rs. 0.30 billion (US$5.4 million) in the three months ended June 30, 2013 to Rs. 0.38 billion (US$6.3 million) in the three months ended June 30, 2014 primarily due to an increase in net interest income and other income. The increase in other income was primarily due to an increase in mark-to-market gains on derivatives, offset, in part, by a decrease in fee income and an increase in provisions and operating expenses.

Profit after tax of ICICI Securities Primary Dealership Limited decreased from Rs. 1.20 billion in the three months ended June 30, 2013 to Rs. 0.46 billion in the three months ended June 30, 2014 primarily on account of a decrease in trading gains and net interest income. Trading gains decreased primarily due to unfavourable interest rate movements during the three months ended June 30, 2014.

Consolidated profit after tax of ICICI Securities Limited and its subsidiaries increased from Rs. 0.13 billion in the three months ended June 30, 2013 to Rs. 0.61 billion in the three months ended June 30, 2014 primarily due to an increase in brokerage income and third party product distribution fees, offset, in part, by an increase in staff cost.

Profit after tax of ICICI Venture Funds Management Company Limited decreased from Rs. 0.19 billion in the three months ended June 30, 2013 to Rs. 0.11 billion in the three months ended June 30, 2014 primarily due to a decrease in income from venture capital funds, offset, in part, by an increase in management fees and other income.

Profit after tax of ICICI Bank Eurasia Limited Liability Company decreased from Rs. 0.05 billion in the three months ended June 30, 2013 to Rs. 0.01 billion in the three months ended June 30, 2014.

Consolidated assets of the Bank and its subsidiaries and other consolidating entities increased from Rs. 6,922.27 billion at June 30, 2013 to Rs. 7,491.78 billion at June 30, 2014. This is primarily due to an increase in assets of ICICI Bank, ICICI Prudential Life Insurance Company Limited, ICICI Bank UK PLC and ICICI Bank Canada. Consolidated advances of the Bank and its subsidiaries increased from Rs. 3,441.08 billion at June 30, 2013 to Rs. 3,960.23 billion at June 30, 2014.

The following table sets forth, for the periods indicated, the profit/(loss) of our principal subsidiaries.

Particulars	Three months ended June 30, 2013	2014	2014
	(Rupees in billion)		(US$ in million)
ICICI Prudential Life Insurance Company Limited	Rs. 3.64	Rs. 3.82	US$ 64
ICICI Lombard General Insurance Company Limited	2.03	0.72	12
ICICI Bank Canada	0.78	0.77	13
ICICI Home Finance Company Limited	0.58	0.50	8
ICICI Prudential Asset Management Company Limited	0.37	0.61	10
ICICI Bank UK PLC	0.30	0.38	6
ICICI Securities Primary Dealership Limited	1.20	0.46	8
ICICI Securities Limited	0.13	0.61	10
ICICI Venture Funds Management Company Limited	0.19	0.11	2
ICICI Bank Eurasia Limited Liability Company	Rs. 0.05	Rs. 0.01	US$ 0.2

Year Ended March 31, 2014 Compared to Year Ended March 31, 2013

Net Interest Income

The following table sets forth, for the periods indicated, the principal components of net interest income.

Particulars	Year ended March 31, 2013	2014	2014	2014/2013 % Change
	(Rupees in million)		(US$ in million)	
Interest income	Rs. 400,756.0	Rs. 441,781.5	US$ 7,356	10.2%
Interest expense	(262,091.8)	(277,025.9)	(4,612)	5.7
Net interest income	**Rs. 138,664.2**	**Rs. 164,755.6**	**US$ 2,744**	**18.8%**

Net interest income increased by 18.8% from Rs. 138.66 billion in fiscal 2013 to Rs. 164.75 billion in fiscal 2014 reflecting an increase in net interest margin from 3.11% in fiscal 2013 to 3.33% in fiscal 2014 and a 10.9% increase in the average volume of interest-earning assets.

Net interest margin

The yield on interest-earning assets decreased from 8.97% in fiscal 2013 to 8.92% in fiscal 2014, offset, in part, by a decrease in the cost of funds from 6.43% in fiscal 2013 to 6.21% in fiscal 2014. The interest spread increased from 2.54% in fiscal 2013 to 2.71% in fiscal 2014. Net interest margin increased from 3.11% in fiscal 2013 to 3.33% in fiscal 2014.

The yield on average interest-earning assets decreased by five basis points from 8.97% to 8.92% primarily due to the following factors:

- Yield on average interest-earning investments decreased from 7.73% in fiscal 2013 to 7.48% in fiscal 2014 primarily due to a decrease in yield on investments other than statutory liquidity ratio investments. The yield on average interest-earning investments other than statutory liquidity ratio investments decreased from 7.62% in fiscal 2013 to 6.89% in fiscal 2014 primarily due to a decrease in yield on pass through certificates, maturity of high yielding bonds and debentures and an increase in investment in lower yielding Rural Infrastructure Development Fund and other related investments. The yield on statutory liquidity ratio investments increased marginally from 7.80% in fiscal 2013 to 7.83% in fiscal 2014.

- Interest on income tax refund was lower at Rs. 1.82 billion in fiscal 2014 compared to Rs. 2.58 billion in fiscal 2013. The receipt, amount and timing of such income depend on the nature and timing of determinations by tax authorities and are neither consistent nor predictable.

However, the above decrease was offset, in part, by an increase in yield on average advances from 9.94% in fiscal 2013 to 10.0% in fiscal 2014. The Base Rate of the Bank increased from 9.75% to 10.0% with effect from August 23, 2013.

The cost of funds decreased by 22 basis points from 6.43% in fiscal 2013 to 6.21% in fiscal 2014 due to the following factors:

- Decrease in cost of average deposits by 27 basis points from 6.38% in fiscal 2013 to 6.11% in fiscal 2014 was primarily due to a decrease in cost of average term deposits and an increase in average current and savings deposits. The cost of average term deposits decreased by 32 basis points from 8.47% in fiscal 2013 to 8.15% in fiscal 2014. The cost of average term deposits was lower primarily due to the benefit on account of re-pricing of term deposits at lower rates in the beginning of fiscal 2014. This was offset, in part, by the impact of higher cost term deposits mobilized during the three months ended September 30, 2013 due to higher systemic interest rates during the three months ended September 30, 2013. The average current account and savings account ratio increased from 38.0% in fiscal 2013 to 39.4% in fiscal 2014.

- Decrease in cost of borrowings by 15 basis points from 6.54% in fiscal 2013 to 6.39% in fiscal 2014 was primarily due to a decrease in cost of call and term borrowings, refinance borrowings and bond borrowings including capital instrument borrowings.

Net interest margin of overseas branches improved from 1.34% for fiscal 2013 to 1.71% for fiscal 2014 primarily on account of a decrease in cost of term deposits and borrowings and an increase in yield on advances.

Interest-earning assets

The average volume of interest-earning assets increased by 10.9% from Rs. 4,465.40 billion in fiscal 2013 to Rs. 4,951.57 billion in fiscal 2014. The increase in average interest-earning assets was primarily on account of an increase in average advances by Rs. 393.02 billion and average interest-earning investments by Rs. 120.06 billion.

Average advances increased by 14.3% from Rs. 2,751.19 billion in fiscal 2013 to Rs. 3,144.21 billion in fiscal 2014 on account of an increase in retail advances and domestic and overseas corporate advances.

Average interest-earning investments increased by 8.4% from Rs. 1,424.90 billion in fiscal 2013 to Rs. 1,544.96 billion in fiscal 2014. Average interest-earning investments increased due to an increase in the average interest-earning statutory liquidity ratio investments by 12.8% from Rs. 855.54 billion in fiscal 2013 to Rs. 964.73 billion in fiscal 2014. The average interest-earning investments other than statutory liquidity ratio investments increased by 1.9% from Rs. 569.36 billion in fiscal 2013 to Rs. 580.23 billion in fiscal 2014. The average interest-earning investments other than statutory liquidity ratio investments increased due to an increase in Rural Infrastructure Development Fund and other related investments and pass through certificates, offset, in part, by a decrease in bonds and debentures. Interest-earning investments other than statutory liquidity ratio investments primarily includes investments in corporate bonds and debentures, certificates of deposits, commercial paper, Rural Infrastructure Development Fund and related investments and investments in liquid mutual funds.

Interest-bearing liabilities

Average interest-bearing liabilities increased by 9.6% from Rs. 4,073.47 billion in fiscal 2013 to Rs. 4,462.54 billion in fiscal 2014 on account of an increase of Rs. 273.94 billion in average deposits and an increase of Rs. 115.13 billion in average borrowings. The increase in average deposits was due to an increase in average current account and saving account by Rs. 144.03 billion and average term deposits by Rs. 129.91 billion in fiscal 2014 compared to fiscal 2013. Average current account and saving account deposits ratio was at 39.4% during fiscal 2014 compared to 38.0% during fiscal 2013. Average borrowings increased by 8.1% from Rs. 1,424.99 billion in fiscal 2013 to Rs. 1,540.12 billion in fiscal 2014.

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.

Particulars	2013	2014	2014	2014/2013 % change
	Year ended March 31,			
	(Rupees in million)		(US$ in million)	
Commission, exchange and brokerage	Rs. 54,616.6	Rs. 63,073.4	US$ 1,050	15.5%
Income from treasury-related activities (net)[(1)]	17,695.0	25,918.9	431	46.5
Profit/(loss) on sale of land, buildings and other assets (net)	352.5	1,363.8	23	—
Dividend from subsidiaries	9,117.6	12,956.2	216	42.1
Miscellaneous	1,675.3	966.4	16	(42.3)
Total non-interest income	**Rs. 83,457.0**	**Rs.104,278.7**	**US$ 1,736**	**24.9%**

(1) Includes profit/(loss) on the sale/revaluation of investments and foreign exchange transactions.

Non-interest income primarily includes fee and commission income, income from treasury-related activities, dividend from subsidiaries and other income including lease income. The increase in non-interest income by 24.9% from Rs. 83.46 billion in fiscal 2013 to Rs. 104.28 billion in fiscal 2014.

Commission, exchange and brokerage income

Commission, exchange and brokerage income mainly includes fees from corporate clients such as loan processing fees, commercial banking fees and structuring fees, fees from retail customers such as loan processing fees, transaction banking fees which includes credit card fees and service charges on retail deposit accounts and third party referral fees. Commission, exchange and brokerage income increased from Rs. 54.62 billion for fiscal 2013 to Rs. 63.07 billion for fiscal 2014. The increase in commission, exchange and brokerage income was due to an increase in loan processing fees, third party referral fees and transaction banking fees from retail customers and loan processing fees and commercial banking fees from corporate clients.

Income from treasury-related activities (net)

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 our fixed income, equity and preference share portfolio, units of venture capital and security receipts. Further it also includes income from foreign exchange transactions, consisting of various foreign exchange and derivatives products, including options and swaps with clients and on credit derivative instruments including credit default swaps, credit-linked notes and collateralized debt obligations.

Income from treasury-related activities increased from Rs. 17.70 billion in fiscal 2013 to Rs. 25.92 billion in fiscal 2014. The income from treasury-related activities increased due to income from foreign exchange transactions with clients and from margins on derivatives transactions, mark-to-market or realized gains on government securities and other fixed income positions, mark-to-market or realized gains on the equity and mutual fund portfolio and gain on security receipts. The increase in income from treasury-related activities was also on account of exchange gain on repatriation of retained earnings from overseas branches. The profit on account of exchange gain on repatriation of retained earnings from overseas branches amounted to Rs. 2.22 billion for fiscal 2014.

Income from foreign exchange transactions with clients and from margins on derivatives transactions with clients increased from Rs.12.77 billion for fiscal 2013 to Rs. 15.75 billion for fiscal 2014.

Indian equity markets improved during fiscal 2014, though there were periods of high volatility during the year. Foreign institutional investment flows were significantly lower in fiscal 2014 with net inflows of around US$5.0 billion compared to net inflows of US$27.6 billion during fiscal 2013. Foreign direct investments improved marginally to US$20.5 billion and external commercial borrowings to US$10.7 billion during fiscal 2014 compared to US$16.0 billion and US$8.6 billion, respectively, during fiscal 2013.

At March 31, 2014, we had an outstanding net investment of Rs. 8.84 billion in security receipts issued by asset reconstruction companies in relation to the sale of non-performing loans. During fiscal 2014, there was a gain of Rs. 2.00 billion on these security receipts compared to a gain of Rs. 0.45 billion in fiscal 2013.

Dividend from subsidiaries

Dividend from subsidiaries increased by 42.1% from Rs. 9.12 billion in fiscal 2013 to Rs. 12.96 billion in fiscal 2014. Dividend from subsidiaries of Rs. 12.96 billion in fiscal 2014 primarily included dividend of Rs. 6.90 billion from ICICI Prudential Life Insurance Company Limited, Rs. 2.86 billion from ICICI Bank Canada, Rs. 1.54 billion from ICICI Bank UK and Rs. 1.14 billion from ICICI Home Finance Company Limited. Dividend from subsidiaries of Rs. 9.12 billion in fiscal 2013 primarily included a dividend of Rs. 3.27 billion from ICICI Prudential Life Insurance Company Limited, Rs. 1.67 billion from ICICI Bank Canada, Rs. 1.39 billion from ICICI Home Finance Company Limited and Rs. 1.31 billion from ICICI Bank UK. See also "*—Consolidated Financials as per Indian GAAP*".

Non-Interest Expense

The following table sets forth, for the periods indicated, the principal components of non-interest expense.

Particulars	Year ended March 31, 2013	2014	2014	2014/2013 % change
	(Rupees in million)		(US$ in million)	
Payments to and provisions for employees	Rs. 38,932.9	Rs. 42,201.1	US$ 703	8.4%
Depreciation on own property	4,573.4	5,442.7	91	19.0
Depreciation (net of lease equalization) on leased assets	328.2	317.0	5	(3.4)
Other administrative expenses	46,294.3	55,127.8	918	19.1
Total non-interest expenses	**Rs. 90,128.8**	**Rs. 103,088.6**	**US$ 1,717**	**14.4%**

Non-interest expenses primarily include employee expenses, depreciation on assets and other administrative expenses. Non-interest expenses increased by 14.4% from Rs. 90.13 billion in fiscal 2013 to Rs. 103.09 billion in fiscal 2014.

Payments to and provisions for employees

Employee expenses increased by 8.4% from Rs. 38.93 billion in fiscal 2013 to Rs. 42.20 billion in fiscal 2014. Employee expenses increased due to annual increments and an increase in the number of employees, offset, in part, by a decrease in provisions for retirement benefit obligations due to an increase in the discount rate, which is linked to the yield on government securities. The number of employees increased from 62,065 at March 31, 2013 to 72,226 at March 31, 2014. The employee base includes sales executives, employees on fixed term contracts and interns.

Depreciation

Depreciation on own property increased by 19.0% from Rs. 4.57 billion in fiscal 2013 to Rs. 5.44 billion in fiscal 2014. Depreciation on leased assets decreased from Rs. 0.33 billion in fiscal 2013 to Rs. 0.32 billion in fiscal 2014.

Other administrative expenses

Other administrative expenses primarily include rent, taxes and lighting, advertisement and publicity, repairs and maintenance and other expenditure. Other administrative expenses increased by 19.1% from Rs. 46.30 billion in fiscal 2013 to Rs. 55.13 billion in fiscal 2014. The increase in other administrative expenses was primarily due to an increase in our branch and ATM network and retail business volume. The number of branches and extension counters (excluding foreign branches and offshore banking units) increased from 3,100 at March 31, 2013 to 3,753 at March 31, 2014. We also increased our ATM network from 10,481 ATMs at March 31, 2013 to 11,315 ATMs at March 31, 2014.

Provisions and Contingencies (Excluding Provisions for Tax)

The following table sets forth, for the periods indicated, the composition of provisions and contingencies, excluding provisions for tax.

Particulars	Year ended March 31, 2013	2014	2014	2014/2013 % change
	(Rupees in million)		(US$ in million)	
Provision for investments (including credit substitutes) (net)	Rs. 1,261.8	Rs. 711.2	US$ 12	(43.6)%
Provision for non-performing assets	13,948.4	22,522.7	375	61.5
Provision for standard assets	1,439.1	2,487.7	41	72.9
Others	1,376.1	542.5	9	(60.6)
Total provisions and contingencies	**Rs. 18,025.4**	**Rs. 26,264.1**	**US$ 437**	**45.7%**

We make provisions on standard, sub-standard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and unsecured portions of doubtful assets are provided for or written off as required by the applicable the Reserve Bank of India guidelines. Provisions on retail non-performing loans are made at the borrower level in accordance with our retail assets provisioning policy, subject to the minimum provisioning levels prescribed by the Reserve Bank of India. The specific provisions on retail loans held by us were higher than the minimum regulatory requirement. In addition to the specific provision on non-performing assets, we maintain a general provision on performing loans and advances at rates prescribed by the Reserve Bank of India. For performing loans and advances in overseas branches, the general provision is made at the higher of the host country's regulations requirement and the Reserve Bank of India requirement. See also *"Description of ICICI Bank—Loan portfolio—Classification of Loans"*.

Provisions and contingencies (excluding provisions for tax) increased by 45.7% from Rs. 18.03 billion in fiscal 2013 to Rs. 26.26 billion in fiscal 2014 primarily due to an increase in provisions requirement on non-performing assets and standard assets. Provision for non-performing assets increased from Rs. 13.95 billion in fiscal 2013 to Rs. 22.52 billion in fiscal 2014. Provision for non-performing assets increased due to an increase in additions to non-performing assets and restructured loans in the small and medium enterprise and corporate portfolio, resulting in a higher provision requirement.

Provision for investments decreased from Rs. 1.26 billion in fiscal 2013 to Rs. 0.71 billion in fiscal 2014. In fiscal 2013, the provision for investments of Rs. 1.26 billion was primarily due to permanent diminution recognized on certain investments.

The provision coverage ratio at March 31, 2014 computed in accordance with the Reserve Bank of India guidelines was 68.6%.

Provision on standard assets increased from Rs. 1.44 billion in fiscal 2013 to Rs. 2.49 billion in fiscal 2014 reflecting an increase in the loan portfolio and higher provision on restructured loans. The Bank held a cumulative general provision of Rs. 19.32 billion at March 31, 2014.

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 loans. Further, non-performing assets are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India. Loans held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery but which are standard as per the extant Reserve Bank of India guidelines are identified as non-performing assets to the extent the amount is outstanding in the host country. The Reserve Bank of India has separate guidelines for restructured loans. A fully secured standard asset can be restructured by rescheduling principal repayments and/or the interest element, but must be separately disclosed as a restructured asset. Similar guidelines apply to restructuring of sub-standard and doubtful loans. See also "Description of ICICI Bank—Classification of Loans".

During fiscal 2014, the Bank restructured standard loans with a principal outstanding of Rs. 62.31 billion at March 31, 2014 as compared to loans with a principal outstanding of Rs. 18.14 billion at March 31, 2013. At March 31, 2014, there were loans with an aggregate outstanding of Rs. 116.52 billion that had been restructured by the Bank compared to loans with an aggregate outstanding of Rs. 58.25 billion at March 31, 2013.

The following table sets forth, at the dates indicated, certain information regarding non-performing assets.

	At March 31,			
Particulars	**2013**	**2014**	**2014**	**2014/2013 % change**
	(Rupees in million)		**(US$ in million)**	
Gross non-performing assets	Rs. 96,467.4	Rs 105,540.0	US$ 1,757	9.4
Provisions for non performing assets	(74,124.3)	(72,530.4)	(1,207)	(2.2)
Net non-performing assets	Rs. 22,343.1	Rs. 33,009.6	US$ 550	47.7
Gross customer assets	3,600,038.7	4,122,989.9	68,648	
Net customer assets	3,517,621.9	4,037,079.2	67,217	
Gross non-performing assets as a percentage of gross customer assets	2.68%	2.56%		
Net non-performing assets as a percentage of net customer assets	0.64%	0.82%		

Gross non-performing assets increased by 9.40% from Rs. 96.47 billion at March 31, 2013 to Rs. 105.54 billion at March 31, 2014. The net non-performing assets of the Bank increased from Rs. 22.34 billion at March 31, 2013 to Rs. 33.01 billion at March 31, 2014. The net non-performing assets ratio increased from 0.64% at March 31, 2013 to 0.82% at March 31, 2014.

The gross additions to gross non-performing assets increased from Rs. 35.93 billion during fiscal 2013 to Rs. 45.4 billion during fiscal 2014, primarily due to higher additions to non-performing assets and restructured loans in the small and medium enterprise and corporate portfolio. Non-performing assets amounting to Rs. 14.56 billion were upgraded/recovered during fiscal 2014 as compared to Rs. 18.63 billion during fiscal 2013. Non-performing assets amounting Rs. 21.77 billion were written-off during fiscal 2014 as compared to Rs. 16.46 billion during fiscal 2013.

During fiscal 2014, the Bank sold two non-performing assets (other than fully written off cases) to an asset reconstruction company, with an aggregate gain over net book value of Rs.267.4 million as compared to four non-performing asset (other than fully written-off cases) during fiscal 2013, with an aggregate gain over net book value amounting to Rs. 33.6 million.

Tax Expense

The income tax expense (including wealth tax) increased by 35.4% from Rs. 30.71 billion in fiscal 2013 to Rs. 41.58 billion in fiscal 2014. The effective tax rate increased from 26.9% in fiscal 2013 to 29.8% in fiscal 2014. The increase in effective tax rate was primarily due to the creation of deferred tax liability on special reserve and an increase in surcharge from 5.0% in fiscal 2013 to 10.0% in fiscal 2014.

The Bank creates Special Reserve through appropriation of profits, in order to avail tax deduction as per the Income Tax Act, 1961. The Reserve Bank of India, through its circular dated December 20, 2013, advised the banks to create a deferred tax liability on the amount outstanding in Special Reserve, as a matter of prudence. In accordance with these Reserve Bank of India guidelines, the Bank created a deferred tax liability of Rs. 14.19 billion on Special Reserve outstanding at March 31, 2013, by reducing the reserves. Further, the tax expense for fiscal 2014 was higher by Rs. 3.04 billion. This is primarily due to the creation of deferred tax liability on the estimated Special Reserve for the year ended March 31, 2014.

Financial Condition

Assets

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

Assets	At March 31, 2013	At March 31, 2014	At March 31, 2014	2014/2013 % change
	(Rupees in billion)		(US$ in million)	
Cash and cash equivalents[1]	Rs. 414.18	Rs. 415.30	US$ 6,915	0.3%
Investments	1,713.94	1,770.22	29,474	3.3
- Government and other approved securities, in India[2]	923.76	951.82	15,848	3.0
- Debentures and bonds	174.78	121.20	2,018	(30.7)
- Other investments[3]	615.40	697.20	11,608	13.3
Advances	2,902.49	3,387.03	56,394	16.7
- Domestic	2,168.92	2,490.07	41,460	14.8
- Overseas	733.57	896.96	14,934	22.3
Fixed assets (including leased assets)	46.47	46.78	779	0.7
Other assets	290.87	327.09	5,446	12.5
Total Assets	**Rs. 5,367.95**	**Rs. 5,946.42**	**US$ 99,008**	**10.8%**

(1) Cash and cash equivalents includes cash in hand, balances with the Reserve Bank of India, balances with banks and money at call and short notice.

(2) Banks in India are required to maintain a specified percentage of their net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities, which was 23.0% at March 31, 2014.

(3) Other investments includes investments in shares, investments in subsidiaries and joint ventures, commercial paper, mutual fund units, pass through certificates, security receipts and investments outside India.

Total assets of the Bank increased by 10.8% from Rs. 5,367.95 billion at March 31, 2013 to Rs. 5,946.42 billion at March 31, 2014. Net advances increased by 16.7% from Rs. 2,902.49 billion at March 31, 2013 to Rs. 3,387.03 billion at March 31, 2014. Investments increased by 3.3% from Rs. 1,713.94 billion at March 31, 2013 to Rs. 1,770.22 billion at March 31, 2014.

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 short notice. Cash and cash equivalents increased from Rs. 414.18 billion at March 31, 2013 to Rs. 415.30 billion at March 31, 2014. Cash and cash equivalents increased due to an increase in money at call and short notice and balances with the Reserve Bank of India, offset, in part, by a decrease in deposits with other banks and term money lent.

Investments

Total investments increased by 3.3% from Rs. 1,713.94 billion at March 31, 2013 to Rs. 1,770.22 billion at March 31, 2014, primarily due to an increase in Rural Infrastructure Development Fund and other related investments made pursuant to the shortfall in meeting directed lending requirements by Rs. 46.21 billion, pass through certificates by Rs. 42.01 billion and investment in government securities by Rs. 28.06 billion. Corporate bonds and debentures decreased by Rs. 53.58 billion and commercial paper and certificates of deposit decreased by Rs. 16.25 billion at March 31, 2014 compared to March 31, 2013.

Advances

Net advances increased by 16.7% from Rs. 2,902.49 billion at March 31, 2013 to Rs. 3,387.03 billion at March 31, 2014 primarily due to an increase in the retail advances and overseas corporate advances. Net retail advances increased by 23.0% from Rs. 1,073.59 billion at March 31, 2013 to Rs. 1,320.11 billion at March 31, 2014. Net advances of overseas branches (including offshore banking unit), in dollar terms, increased by 11.1% from US$13.5 billion at March 31, 2013 to US$15.0 billion at March 31, 2014. However, due to rupee depreciation from Rs. 54.29 per U.S. dollar at March 31, 2013 to Rs. 59.92 per U.S. dollar at March 31, 2014, net advances of overseas branches (including offshore banking unit), in rupee terms, increased by 22.3% from Rs. 733.57 billion at March 31, 2013 to Rs. 896.96 billion at March 31, 2014.

Fixed and other assets

Net fixed assets increased marginally from Rs. 46.47 billion at March 31, 2013 to Rs. 46.78 billion at March 31, 2014. Other assets increased from Rs. 290.87 billion at March 31, 2013 to Rs. 327.09 billion at March 31, 2014.

Liabilities

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

Liabilities	At March 31, 2013	At March 31, 2014	At March 31, 2014	2014/2013% change
	(Rupees in billion)	(Rupees in billion)	(US$ in million)	
Equity share capital	Rs. 11.54	Rs. 11.55	US$ 192	0.1%
Reserves(1)	655.52	720.58	11,998	9.9
Deposits	2,926.14	3,319.14	55,264	13.4
- Savings account deposits	856.51	991.33	16,506	15.7
- Current account deposits	369.26	432.46	7,200	17.1
- Term deposits	1,700.37	1,895.35	31,558	11.5
Borrowings (excluding sub-ordinated debt and preference share capital)	1,053.29	1,142.24	19,018	8.4
Subordinated debt(2)	396.62	401.85	6,691	1.3
Preference share capital	3.50	3.50	58	—
Total borrowings	1,453.41	1,547.59	25,767	6.5
Other liabilities	321.34	347.56	5,787	8.2
Total liabilities (including capital and reserves)	**Rs. 5,367.95**	**Rs. 5,946.42**	**US$ 99,008**	**10.8%**

(1) Includes employee stock options outstanding of Rs. 65.7 million at March 31, 2014 and Rs. 44.8 million at March 31, 2013.

(2) Included in Schedule 4 - "Borrowings" of the balance sheet.

Total liabilities (including capital and reserves) increased by 10.8% from Rs. 5,367.95 billion at March 31, 2013 to Rs. 5,946.42 billion at March 31, 2014. Deposits increased from Rs. 2,926.14 billion at March 31, 2013 to Rs. 3,319.14 billion at March 31, 2014. Borrowings increased from Rs. 1,453.41 billion at March 31, 2013 to Rs. 1,547.59 billion at March 31, 2014.

Deposits

Deposits increased by 13.4% from Rs. 2,926.14 billion at March 31, 2013 to Rs. 3,319.14 billion at March 31, 2014. Term deposits increased from Rs. 1,700.37 billion at March 31, 2013 to Rs. 1,895.35 billion at March 31, 2014, while savings deposits increased from Rs. 856.51 billion at March 31, 2013 to Rs. 991.33 billion at March 31, 2014 and current deposits increased from Rs. 369.26 billion at March 31, 2013 to Rs. 432.46 billion at March 31, 2014. Total deposits at March 31, 2014 formed 68.2% of the funding (i.e., deposits and borrowings, other than preference share capital). The current and savings account deposits increased from Rs. 1,225.77 billion at March 31, 2013 to Rs. 1,423.79 billion at March 31, 2014.

Borrowings

Borrowings increased by 6.5% from Rs. 1,453.41 billion at March 31, 2013 to Rs. 1,547.59 billion at March 31, 2014 primarily due to an increase in overseas borrowings including call and term borrowings and refinance borrowings, offset, in part, by a decrease in transactions with the Reserve Bank of India under liquidity adjustment facility. The increase in overseas borrowings also reflects the depreciation of the rupee from Rs. 54.29 per U.S. dollar at March 31, 2013 to Rs. 59.92 per U.S. dollar at March 31, 2014.

Other liabilities

Other liabilities increased by 8.2% from Rs. 321.34 billion at March 31, 2013 to Rs. 347.56 billion at March 31, 2014.

Equity share capital and reserves

Equity share capital and reserves increased from Rs. 667.06 billion at March 31, 2013 to Rs. 732.13 billion at March 31, 2014 primarily due to accretion to reserves out of profit, offset, in part, by our proposed dividend and the impact of deferred tax liability on Special Reserve created through reserves.

Segment Information

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 standalone segmental report for fiscal 2014, 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.

- 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.

- Other Banking includes leasing operations and other items not attributable to any particular business segment of the Bank.

Framework for Transfer Pricing

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

Retail Banking Segment

The profit before tax of the retail banking segment increased from Rs. 9.55 billion in fiscal 2013 to Rs. 18.30 billion in fiscal 2014 primarily due to an increase in net interest income and non-interest income, offset, in part, by an increase in non-interest expenses.

Net interest income increased by 37.2% from Rs. 42.09 billion in fiscal 2013 to Rs. 57.73 billion in fiscal 2014 primarily due to the growth in the loan portfolio and an increase in average current account and savings account deposits of the retail banking segment.

Non-interest income increased by 19.0% from Rs. 30.42 billion in fiscal 2013 to Rs. 36.21 billion in fiscal 2014, primarily due to higher lending linked fees, third party product distribution fees, fees from credit card portfolio and transaction banking fees.

Non-interest expenses increased by 21.1% from Rs. 63.22 billion in fiscal 2013 to Rs. 76.58 billion in fiscal 2014, primarily due to an increase in retail lending business and an increase in operating expenses due to expansion in branch network.

In fiscal 2014, there was write-back of Rs. 0.94 billion compared to write-back of Rs. 0.24 billion in fiscal 2013 primarily due to the write-back and lower provisions for loan losses in the retail asset portfolio.

Wholesale Banking Segment

Profit before tax of the wholesale banking segment decreased from Rs. 66.19 billion in fiscal 2013 to Rs. 65.88 billion in fiscal 2014 primarily due to an increase in provisions, offset, in part, by an increase in net interest income and non-interest income.

Net interest income increased by 10.1% from Rs. 68.46 billion in fiscal 2013 to Rs. 75.39 billion in fiscal 2014 primarily due to growth in the loan portfolio in the wholesale banking segment. Non-interest income increased by 6.1% from Rs. 38.22 billion in fiscal 2013 to Rs. 40.57 billion in fiscal 2014, primarily due to an increase in lending linked fee income. Provisions were higher primarily due to an increase in additions to non-performing assets, or NPA and restructured loans in the small and medium enterprise and corporate loan portfolio resulting in a higher provision requirement.

Treasury Segment

Profit before tax of the treasury segment increased from Rs. 36.54 billion in fiscal 2013 to Rs. 52.52 billion in fiscal 2014 primarily due to an increase in non-interest income. The non-interest income was higher primarily due to higher level of dividend income from subsidiaries, realised gain on government securities portfolio and other fixed income positions, exchange gain on repatriation of retained earnings from overseas branches and foreign exchange trading gains.

Other Banking Segment

Profit before tax of other banking segment in fiscal 2014 was Rs. 2.98 billion compared to profit of Rs. 1.69 billion in fiscal 2013 primarily due to higher non-interest income and lower provisions.

Consolidated Financials as per Indian GAAP

The consolidated profit after tax including the results of operations of ICICI Bank's subsidiaries and other consolidating entities increased by 15.0% from Rs. 96.04 billion in fiscal 2013 to Rs. 110.41 billion in fiscal 2014. This is primarily due to an increase in the profit of ICICI Bank and ICICI Lombard General Insurance Company Limited. The consolidated return on average equity increased from 14.66% in fiscal 2013 to 14.91% in fiscal 2014.

Profit after tax of ICICI Prudential Life Insurance Company Limited increased from Rs. 14.96 billion in fiscal 2013 to Rs. 15.67 billion in fiscal 2014 due to lower expenses. Commission expenses decreased primarily on account of a change in product mix from conventional products to linked products as linked products have lower commission rates. New business annual premium equivalent decreased by 2.5% from Rs. 35.32 billion during fiscal 2013 to Rs. 34.44 billion during fiscal 2014.

Profit after tax of ICICI Lombard General Insurance Company Limited increased from Rs. 3.06 billion in fiscal 2013 to Rs. 5.11 billion in fiscal 2014 primarily due to higher premium income, investment income and commission income, offset, in part, by an increase in claims and benefits paid and operating expenses.

Profit after tax of ICICI Bank Canada increased from Rs. 2.37 billion (CAD 43.6 million) in fiscal 2013 to Rs. 2.77 billion (CAD 48.3 million) in fiscal 2014 primarily due to an increase in net interest income and fee income. The increase was offset, in part, by an increase in provisions and operating expenses. The increase in net interest income was due to an increase in net interest margin.

Profit after tax of ICICI Home Finance Company Limited increased from Rs. 2.20 billion in fiscal 2013 to Rs. 2.23 billion in fiscal 2014 primarily due to an increase in fee income, offset, in part, by a decrease in net interest income.

Profit after tax of ICICI Prudential Asset Management Company Limited increased from Rs. 1.10 billion in fiscal 2013 to Rs. 1.83 billion in fiscal 2014 primarily due to an increase in fee income on account of an increase in average assets under management and margins on mutual fund operations. This was offset, in part, by an increase in administrative expenses.

Profit after tax of ICICI Bank UK PLC increased from Rs. 0.78 billion (US$ 14.4 million) in fiscal 2013 to Rs. 1.52 billion (US$ 25.2 million) in fiscal 2014 primarily due to an increase in net interest income and fee income and lower provisions. The increase in net interest income was on account of an increase in average volume of interest-earning assets.

Profit after tax of ICICI Securities Primary Dealership Limited increased from Rs. 1.22 billion in fiscal 2013 to Rs. 1.32 billion in fiscal 2014 due to an increase in trading gains and net interest income.

Consolidated profit after tax of ICICI Securities Limited and its subsidiaries increased from Rs. 0.64 billion in fiscal 2013 to Rs. 0.91 billion in fiscal 2014 primarily due to an increase in brokerage income and net interest income, offset, in part, by an increase in staff cost.

Profit after tax of ICICI Venture Funds Management Company Limited increased from Rs. 0.20 billion in fiscal 2013 to Rs. 0.33 billion in fiscal 2014 primarily due to an increase in income from venture capital funds and other income, offset, in part, by a decrease in management fees.

Profit after tax of ICICI Bank Eurasia Limited Liability Company decreased from Rs. 0.33 billion in fiscal 2013 to Rs. 0.14 billion in fiscal 2014 primarily due to an increase in provision on investments and loans and a decrease in net interest income.

Consolidated assets of the Bank and its subsidiaries and other consolidating entities increased from Rs. 6,748.22 billion at March 31, 2013 to Rs. 7,475.26 billion at March 31, 2014. This is primarily due to an increase in assets of ICICI Bank, ICICI Bank UK, ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited. Consolidated advances of the Bank and its subsidiaries increased from Rs. 3,299.74 billion at March 31, 2013 to Rs. 3,873.42 billion at March 31, 2014.

The following table sets forth, for the periods indicated, the profit/(loss) of our principal subsidiaries.

Particulars	Year ended March 31, 2013	2014	2014
	(Rupees in billion)		(US$ in million)
ICICI Prudential Life Insurance Company Limited	Rs. 14.96	Rs. 15.67	US$ 261
ICICI Lombard General Insurance Company Limited	3.06	5.11	85
ICICI Bank Canada	2.37	2.77	46
ICICI Home Finance Company Limited	2.20	2.23	37
ICICI Prudential Asset Management Company Limited	1.10	1.83	30
ICICI Bank UK PLC	0.78	1.52	25
ICICI Securities Primary Dealership Limited	1.22	1.32	22
ICICI Securities Limited	0.64	0.91	15
ICICI Venture Funds Management Company Limited	0.20	0.33	5
ICICI Bank Eurasia Limited Liability Company	Rs. 0.33	Rs. 0.14	US$ 2

Year Ended March 31, 2013 Compared to Year Ended March 31, 2012

Net Interest Income

The following table sets forth, for the periods indicated, the principal components of net interest income.

Particulars	Year ended March 31, 2012	2013	2013	2013/2012 % Change
	(Rupees in million)		(US$ in million)	
Interest income	Rs. 335,426.5	Rs. 400,756.0	US$ 6,673	19.5%
Interest expense	(228,085.0)	(262,091.8)	(4,364)	14.9
Net interest income	**Rs. 107,341.5**	**Rs. 138,664.2**	**US$ 2,309**	**29.2%**

Net interest income increased by 29.2% from Rs. 107.34 billion in fiscal 2012 to Rs. 138.66 billion in fiscal 2013 reflecting an increase in net interest margin from 2.73% in fiscal 2012 to 3.11% in fiscal 2013 and a 13.5% increase in the average volume of interest-earning assets.

Net interest margin

The yield on interest-earning assets increased from 8.53% in fiscal 2012 to 8.97% in fiscal 2013 offset, in part, by an increase in the cost of funds from 6.33% in fiscal 2012 to 6.43% in fiscal 2013. The interest spread increased from 2.20% in fiscal 2012 to 2.54% in fiscal 2013. Net interest margin increased from 2.73% in fiscal 2012 to 3.11% in fiscal 2013.

The yield on average interest-earning assets increased by 44 basis points from 8.53% to 8.97% primarily due to the following factors:

- Yield on average advances increased from 9.55% in fiscal 2012 to 9.94% in fiscal 2013 primarily due to an increase in yield on domestic and overseas corporate loans as a result of incremental disbursements at higher lending rates and the full impact of increase in our base rate during fiscal 2012. However, subsequently we reduced our Base Rate to 9.75% with effect from April 23, 2012 in response to a decrease in repo rate by 50 basis points in April 2012.

- Yield on average interest-earning investments increased from 7.24% in fiscal 2012 to 7.73% in fiscal 2013. The yield on statutory liquidity ratio securities increased from 7.34% in fiscal 2012 to 7.80% in fiscal 2013 primarily due to investments in longer duration statutory liquidity ratio securities at higher yields and maturities of low yielding securities. The yield on average interest-earning investments other than investment in government and other approved securities in India increased from 7.10% in fiscal 2012 to 7.62% in fiscal 2013.

- Interest income also includes interest on income tax refund of Rs. 2.58 billion in fiscal 2013 compared to Rs. 0.80 billion in fiscal 2012. The receipt, amount and timing of such income depend on the nature and timing of determinations by tax authorities and is not consistent or predictable.

- During fiscal 2013, the impact on interest income of losses on securitized pools of assets (including credit losses on existing pools) was Rs. 0.28 billion compared to Rs. 2.02 billion in fiscal 2012.

- The Reserve Bank of India reduced the cash reserve ratio by 200 basis points in phases during fiscal 2012 and fiscal 2013. Cash reserve ratio was 6.00% at September 30, 2011, 4.75% at March 31, 2012 and 4.00% at March 31, 2013. As cash reserve ratio balances do not earn any interest income, the reduction had a positive impact on the yield on interest-earning assets during fiscal 2013.

The cost of funds increased by 10 basis points from 6.33% in fiscal 2012 to 6.43% in fiscal 2013 due to the following factors:

- The cost of deposits increased from 6.12% in fiscal 2012 to 6.38% in fiscal 2013. The cost of average term deposits increased by 26 basis points from 8.21% in fiscal 2012 to 8.47% in fiscal 2013, reflecting the full impact of the systemic increase in deposit rates in fiscal 2012. This was partly offset by a decrease in the cost of borrowings from 6.71% in fiscal 2012 to 6.54% in fiscal 2013.

Net interest margin of overseas branches improved from 1.23% for fiscal 2012 to 1.34% for fiscal 2013 primarily due to an increase in yield on advances. Yield on overseas advances increased primarily due to new disbursements at higher interest rates. Further, during fiscal 2012, there were repayments and prepayments of low yielding loans. The full impact of the reduction in low yielding loans was reflected during fiscal 2013. The increase in yield on advances was offset, in part, by the impact of higher liquidity maintained in the international operations during the year.

Interest-earning assets

The average volume of interest-earning assets increased by 13.5% from Rs. 3,932.59 billion in fiscal 2012 to Rs. 4,465.40 billion in fiscal 2013. The increase in average interest-earning assets was primarily on account of an increase in average advances by Rs. 434.50 billion and average interest-earning investments by Rs. 87.44 billion.

Average advances increased by 18.8% from Rs. 2,316.69 billion in fiscal 2012 to Rs. 2,751.19 billion in fiscal 2013 primarily on account of an increase in domestic corporate and retail advances and overseas corporate advances.

Average interest-earning investments increased by 6.5% from Rs. 1,337.46 billion in fiscal 2012 to Rs. 1,424.90 billion in fiscal 2013, primarily due to an increase in the average interest-earning statutory liquidity ratio investments by 6.3% from Rs. 804.51 billion in fiscal 2012 to Rs. 855.54 billion in fiscal 2013. The average interest earning investments other than investment in government and other approved securities in India increased by 6.8% from Rs. 532.94 billion in fiscal 2012 to Rs. 569.36 billion in fiscal 2013. Interest-earning investments other than investment in government and other approved securities in India primarily include investments in corporate bonds and debentures, certificates of deposits, commercial paper, Rural Infrastructure Development Fund and related investments and investments in liquid mutual funds.

Interest-bearing liabilities

Average interest-bearing liabilities increased by 13.0% from Rs. 3,603.51 billion in fiscal 2012 to Rs. 4,073.47 billion in fiscal 2013 on account of an increase of Rs. 312.55 billion in average deposits and an increase of Rs. 157.41 billion in average borrowings. The ratio of average current and savings deposits to average deposits was 38.0% in fiscal 2013 compared to 39.1% in fiscal 2012.

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.

Particulars	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2013	2013/2012 % change
	(Rs. in millions)		(US$ in million)	
Commission, exchange and brokerage....	Rs. 54,351.1	Rs. 54,616.6	US$ 909	0.5%
Income from treasury-related activities (net)[1]...	11,850.1	17,695.0	295	49.3
Profit/(loss) on sale of land, buildings and other assets (net)..........................	(16.9)	352.5	6	—
Dividend from subsidiaries	7,364.0)	9,117.6	152	23.9
Miscellaneous...	1,479.3	1,675.3	28	13.3
Total non-interest income	**Rs. 75,027.6**	**Rs. 83,457.0**	**US$ 1,390**	**11.2%**

(1) Includes profit/(loss) on the sale/revaluation of investments and foreign exchange transactions.

Non-interest income primarily includes fee and commission income, income from treasury-related activities, dividend from subsidiaries and other miscellaneous income. The increase in non-interest income by 11.2% from Rs. 75.03 billion in fiscal 2012 to Rs. 83.46 billion in fiscal 2013 was primarily on account of an increase in income from treasury-related activities and dividend income from subsidiaries.

Commission, exchange and brokerage income

Commission, exchange and brokerage income mainly includes loan processing and transaction banking fees from corporate and retail clients, credit card fees, appraisal and syndication fees from corporate clients and fees from the distribution of third-party retail products. Commission, exchange and brokerage income increased from Rs. 54.35 billion for fiscal 2012 to Rs. 54.62 billion for fiscal 2013. The increase in commission, exchange and brokerage income was due to an increase in fees from credit and debit cards, third party referral fees and transaction banking fees, offset, in part, by a decrease in loan processing fees reflecting a slowdown in corporate sector activity.

Income from treasury-related activities (net)

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 our fixed income, equity and preference share portfolio, units of venture capital and security receipts. Further it also includes income from foreign exchange transactions, consisting of various foreign exchange and derivatives products, including options and swaps with clients and on credit derivative instruments including credit default swaps, credit-linked notes and collateralized debt obligations.

Income from treasury-related activities increased from Rs. 11.85 billion in fiscal 2012 to Rs. 17.70 billion in fiscal 2013. The income from treasury-related activities increased due to income from foreign exchange transactions with clients and from margins on derivatives transactions, mark-to-market or realized gains on government securities and other fixed income positions, reversal of derivative provision and mark-to-market or realized gains on credit derivatives, offset, in part, by provision on security receipts and loss on equity and mutual fund portfolio.

Income from foreign exchange transactions with clients and from margins on derivatives transactions with clients increased from Rs.11.35 billion for fiscal 2012 to Rs. 12.27 billion for fiscal 2013.

The Indian equity markets improved due to favorable global liquidity conditions and domestic events. The extraordinary liquidity support announced by the US, EU and Japan had a positive impact on global financial markets. This was further supported by gradual improvements in US economic indicators. The benchmark equity index, the BSE Sensex, increased by 8.2% during fiscal 2013, rising from 17,404 at March 31, 2012 to a peak 20,104 at January 25, 2013, before moderating to 18,835 at March 28, 2013. Net investment inflows from foreign institutional investors were about US$27.6 billion.

We have credit derivative instruments including funded and non-funded obligations. There were no credit derivatives in funded instruments at March 31, 2013 and at March 31, 2012. Further, outstanding notional principal in non-funded instruments at March 31, 2013 was Rs. 3.07 billion as compared to Rs. 10.35 billion at March 31, 2012. During fiscal 2013, softening of credit spreads and maturity of portfolio resulted in a reversal of provision held against the credit derivatives portfolio. During fiscal 2013, there was a reversal of provision of Rs. 0.06 billion as compared to reversal of provision of Rs. 0.55 billion for fiscal 2012.

At March 31, 2013, we had an outstanding net investment of Rs. 11.47 billion in security receipts issued by asset reconstruction companies in relation to the sale of non-performing loans. During fiscal 2013, there was a gain of Rs. 0.45 billion on these security receipts compared to a loss of Rs. 4.08 billion in fiscal 2012.

Dividend from subsidiaries

Dividend from subsidiaries increased by 23.9% from Rs. 7.36 billion in fiscal 2012 to Rs. 9.12 billion in fiscal 2013. Dividend from subsidiaries included dividend of Rs. 3.27 billion in fiscal 2013 as compared to Rs. 2.32 billion in fiscal 2012 received from ICICI Prudential Life Insurance Company Limited, Rs. 1.67 billion in fiscal 2013 as compared to Rs. 0.28 billion in fiscal 2012 received from ICICI Bank Canada and Rs. 1.31 billion in fiscal 2013 compared to Rs. 1.22 billion in fiscal 2012 received from ICICI Bank UK. See also "*Consolidated Financials as per Indian GAAP*".

Non-Interest Expense

The following table sets forth, for the periods indicated, the principal components of non-interest expense.

Particulars	Year ended March 31, 2012	2013	2013	2013/2012 % change
	(Rupees in million)		(US$ in million)	
Payments to and provisions for employees	Rs. 35,152.8	Rs. 38,932.9	US$ 648	10.8%
Depreciation on own property	4,822.7	4,573.4	76	(5.2)
Depreciation (net of lease equalization) on leased assets	422.6	328.2	5	(22.3)
Other administrative expenses	38,106.3	46,294.3	772	21.5
Total non-interest expenses	**Rs. 78,504.4**	**Rs. 90,128.8**	**US$ 1,501**	**14.8%**

Non-interest expenses primarily include employee expenses, depreciation on assets and other administrative expenses. In fiscal 2013, non-interest expenses increased by 14.8% from Rs. 78.50 billion in fiscal 2012 to Rs. 90.13 billion in fiscal 2013 primarily due to an increase in employee expenses and other administrative expenses.

Payments to and provisions for employees

Employee expenses increased by 10.8% from Rs. 35.15 billion in fiscal 2012 to Rs. 38.93 billion in fiscal 2013. Employee expenses increased due to annual increments and an increase in the number of employees. The number of employees increased from 58,276 at March 31, 2012 to 62,065 at March 31, 2013. The employee base includes sales executives, employees on fixed term contracts and interns.

Depreciation

Depreciation on owned property decreased by 5.2% from Rs. 4.82 billion in fiscal 2012 to Rs. 4.57 billion in fiscal 2013. Depreciation on leased assets decreased from Rs. 0.42 billion in fiscal 2012 to Rs. 0.33 billion in fiscal 2013.

Other administrative expenses

Other administrative expenses primarily include rent, taxes and lighting, advertisement and publicity, repairs and maintenance and other expenditure. Other administrative expenses increased by 21.5% from Rs. 38.11 billion in fiscal 2012 to Rs. 46.30 billion in fiscal 2013. The increase in other administrative expenses was primarily due to an increase in our branch and ATM network. The number of branches and extension counters (excluding foreign branches and offshore banking units) increased from 2,752 at March 31, 2012 to 3,100 at March 31, 2013. We also increased our ATM network from 9,006 ATMs at March 31, 2012 to 10,481 ATMs at March 31, 2013. The increase in other administrative expenses was offset, in part, by a decrease in collection expenses.

Provisions and Contingencies (Excluding Provisions for Tax)

The following table sets forth, for the periods indicated, the composition of provisions and contingencies, excluding provisions for tax.

Particulars	Year ended March 31, 2012	2013	2013	2013/2012 % change
	(Rupees in million)		(US$ in million)	
Provision for investments (including credit substitutes) (net)	Rs. 4,132.0	Rs. 1,261.8	US$ 21	(69.5)%
Provision for non-performing assets	9,931.8	13,948.4	232	40.4
Provision for standard assets	—	1,439.1	24	—
Others	1,766.7	1,376.1	23	(22.1)
Total provisions and contingencies	**Rs. 15,830.5**	**Rs. 18,025.4**	**US$ 300**	**13.9%**

We make provisions on standard, sub-standard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and unsecured portions of doubtful assets are provided for or written off as required by the applicable the Reserve Bank of India guidelines. Provisions on retail non-performing loans are made at the borrower level in accordance with our retail assets provisioning policy, subject to the minimum provisioning levels prescribed by the Reserve Bank of India. The specific provisions on retail loans held by us were higher than the minimum regulatory requirement. In addition to the specific provision on non-performing assets, we maintain a general provision on performing loans and advances at rates prescribed by the Reserve Bank of India. For performing loans and advances in overseas branches, the general provision is made at the higher of the host country's regulations requirement and the Reserve Bank of India requirement. See also *"Description of ICICI Bank—Loan portfolio—Classification of Loans"*.

Provisions and contingencies (excluding provisions for tax) increased by 13.9% from Rs. 15.83 billion in fiscal 2012 to Rs. 18.03 billion in fiscal 2013 primarily due to an increase in provisions on non-performing and restructured loans in the SME and corporate loan portfolio. This was offset, in part, by write-backs primarily on the unsecured retail asset portfolio and lower provision on investments.

Provision for investments decreased from Rs. 4.13 billion in fiscal 2012 to Rs. 1.26 billion in fiscal 2013. In fiscal 2012, the provision for investments of Rs. 4.13 billion was primarily due to permanent diminution recognized on certain investments.

The provision coverage ratio at March 31, 2013 computed in accordance with the Reserve Bank of India guidelines was 76.8%.

Additional general provision of Rs. 1.44 billion was made on standard assets during fiscal 2013 reflecting an increase in the loan portfolio. We held a cumulative general provision for standard assets of Rs. 16.24 billion at March 31, 2013 compared to the general provision of Rs. 14.80 billion held at March 31, 2012.

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 loans. Further, non-performing assets are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India. Loans held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery but which are standard as per the extant Reserve Bank of India guidelines are identified as non-performing assets to the extent amount is outstanding in the host country. The Reserve Bank of India has separate guidelines for restructured loans. A fully secured standard asset can be restructured by rescheduling principal repayments and/or the interest element, but must be separately disclosed as a restructured asset. Similar guidelines apply to restructuring of sub-standard and doubtful loans. See also "*Description of ICICI Bank—Classification of Loans*".

The Reserve Bank of India has issued a guideline revising the format of disclosures on restructured loans. The revised format requires the Bank to disclose the movement of the borrower level outstanding in the borrower accounts whose loans were restructured. During fiscal 2013, the Bank restructured standard loans of Rs. 16.78 billion of 23 borrowers as compared to Rs. 35.95 billion of 28 borrowers during fiscal 2012. Net principal outstanding of standard restructured borrowers increased from Rs. 45.54 billion at March 31, 2012 to Rs. 53.15 billion at March 31, 2013.

The following table sets forth, at the dates indicated, certain information regarding non-performing assets.

	At March 31,			
Particulars	**2012**	**2013**	**2013**	**2013/2012 % change**
	(Rupees in million)		**(US$ in million)**	
Gross non-performing assets	Rs. 95,627.6	Rs. 96,467.4	US$ 1,606	0.9%
Provisions for non performing assets	(76,684.9)	(74,124.3)	(1,234)	(3.3)
Net non-performing assets	Rs. 18,942.7	Rs. 22,343.1	US$ 372	18.0%
Gross customer assets	3,144,199.0	3,600,038.7	59,941	—
Net customer assets	3,059,839.2	3,517,621.9	58,568	—
Gross non-performing assets as a percentage of gross customer assets	3.04%	2.68%	—	—
Net non-performing assets as a percentage of net customer assets	0.62%	0.64%	—	—

Gross non-performing assets increased by 0.9% from Rs. 95.63 billion at March 31, 2012 to Rs. 96.47 billion at March 31, 2013. The net non-performing assets of the Bank increased from Rs. 18.94 billion at March 31, 2012 to Rs. 22.34 billion at March 31, 2013. The net non-performing assets ratio increased from 0.62% at March 31, 2012 to 0.64% at March 31, 2013.

Tax Expense

The income tax expense (including wealth tax) increased by 31.4% from Rs. 23.38 billion in fiscal 2012 to Rs. 30.71 billion in fiscal 2013 reflecting an increase in profit before tax and higher effective tax rate of 26.9% in fiscal 2013 as compared to an effective tax rate of 26.6% in fiscal 2012.

Financial Condition

Assets

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

Assets	At March 31, 2012	2013	2013	2013/2012 % change
	(Rupees in billion)		(US$ in million)	
Cash and cash equivalents[1]	Rs. 362.29	Rs. 414.18	US$ 6,896	14.3%
Investments	1,595.60	1,713.94	28,537	7.4
- Government and other approved securities, in India[2]	869.48	923.76	15,381	6.2
- Debentures and bonds	195.14	174.78	2,910	(10.4)
- Other investments[3]	530.98	615.40	10,246	15.9
Advances	2,537.28	2,902.49	48,327	14.4
- Domestic	1,843.25	2,168.92	36,113	17.7
- Overseas	694.03	733.57	12,214	5.7
Fixed assets (including leased assets)	46.15	46.47	774	0.7
Other assets	349.37	290.87	4,842	(16.7)
Total Assets	**Rs. 4,890.69**	**Rs. 5,367.95**	**US$ 89,376**	**9.8%**

(1) Cash and cash equivalents includes cash in hand, balances with the Reserve Bank of India, balances with banks and money at call and short notice.

(2) Banks in India are required to maintain a specified percentage of their net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities, which is 23.0% at March 31, 2013.

(3) Other investments includes investments in shares, investments in subsidiaries and joint ventures, commercial paper, mutual fund units, pass through certificates, security receipts and investments outside India.

Total assets increased by 9.8% from Rs. 4,890.69 billion at March 31, 2012 to Rs. 5,367.95 billion at March 31, 2013, primarily due to an increase in advances and investments. Net advances increased by 14.4% from Rs. 2,537.28 billion at March 31, 2012 to Rs. 2,902.49 billion at March 31, 2013. Investments increased by 7.4% from Rs. 1,595.60 billion at March 31, 2012 to Rs. 1,713.94 billion at March 31, 2013.

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 short notice. Cash and cash equivalents increased from Rs. 362.29 billion at March 31, 2012 to Rs. 414.18 billion at March 31, 2013. The increase was primarily due to an increase in term and call money lending. The balances with the Reserve Bank of India decreased from Rs. 157.92 billion at March 31, 2012 to Rs. 143.75 billion at March 31, 2013 primarily due to reduction in cash reserve ratio requirement by 75 basis points from 4.75% at March 31, 2012 to 4.00% at March 31, 2013.

Investments

Total investments increased by 7.4% from Rs. 1,595.60 billion at March 31, 2012 to Rs. 1,713.94 billion at March 31, 2013, primarily due to an increase in investment in government securities by Rs. 54.28 billion, Rural Infrastructure Development Fund and other related investments (pursuant to shortfall in achievement of directed lending requirements) by Rs. 20.96 billion, pass through certificates by Rs. 35.20 billion and commercial paper and certificates of deposit by Rs. 34.87 billion. Investment in mutual funds decreased by Rs. 21.54 billion and investment in corporate bonds and debentures decreased by Rs. 20.36 billion during fiscal 2013. At March 31, 2013, we had an outstanding net investment of Rs. 11.47 billion in security receipts issued by asset reconstruction companies in relation to the sale of non-performing loans as compared to Rs. 18.32 billion at March 31, 2012. At March 31, 2013, we had notional non-funded credit derivatives outstanding of Rs. 3.07 billion compared to Rs. 10.25 billion at March 31, 2012. We had no funded credit derivatives outstanding at March 31, 2013.

Advances

Net advances increased by 14.4% from Rs. 2,537.28 billion at March 31, 2012 to Rs. 2,902.49 billion at March 31, 2013 primarily due to an increase in the domestic corporate and retail loan book. From March 31, 2013, we have changed the classification of the domestic loan portfolio to better reflect the nature of the underlying loans. Accordingly, our loan portfolio at March 31, 2012 is also reclassified. Net retail advances increased by 11.4% from Rs. 963.63 billion at March 31, 2012 to Rs. 1,073.59 billion at March 31, 2013. Net advances of overseas branches (including the offshore banking unit) decreased in US$ terms by 0.7% from US$ 13.6 billion at March 31, 2012 to US$ 13.5 billion at March 31, 2013. In rupee terms, net advances of overseas branches (including the offshore banking unit) increased by 5.7% from Rs. 694.03 billion at March 31, 2012 to Rs. 733.57 billion at March 31, 2013.

Fixed and other assets

Net fixed assets increased marginally from Rs. 46.15 billion at March 31, 2012 to Rs. 46.47 billion at March 31, 2013. Other assets decreased by 16.7% from Rs. 349.37 billion at March 31, 2012 to Rs. 290.87 billion at March 31, 2013.

At March 31, 2013, we have presented mark-to-market on forex and derivatives trading transactions (including revaluation on outstanding funding swaps) and interest accrual on hedge swaps on gross basis. Accordingly, the gross positive mark-to-market amounting to Rs. 113.24 billion has been included in other assets at March 31, 2013. Consequent to the change, other assets have increased by Rs. 154.22 billion at March 31, 2012. This was previously presented on a net basis and the net positive mark-to-market was recorded in 'Other Assets' and the net negative mark-to-market was recorded in 'Other Liabilities'.

Liabilities

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

	At March 31,			
Liabilities	**2012**	**2013**	**2013**	**2013/2012% change**
	(Rupees in billion)		**(US$ in million)**	
Equity share capital	Rs. 11.53	Rs. 11.54	US$ 192	0.1%
Reserves[1]	592.52	655.52	10,914	10.6
Deposits	2,555.00	2,926.14	48,720	14.5
- Savings account deposits	760.46	856.51	14,261	12.6
- Current account deposits	349.73	369.26	6,148	5.6
- Term deposits	1,444.81	1,700.37	28,311	17.7
Borrowings (excluding sub-ordinated debt and preference share capital)	1,022.00	1,053.29	17,537	3.1
Subordinated debt[2]	376.15	396.62	6,604	5.4
Preference share capital	3.50	3.50	58	—
Total borrowings	1,401.65	1,453.41	24,199	3.7
Other liabilities	329.99	321.34	5,351	(2.6)
Total liabilities (including capital and reserves)	**Rs. 4,890.69**	**Rs. 5,367.95**	**US$ 89,376**	**9.8%**

(1) Includes employee stock options outstanding of Rs. 44.8 million at March 31, 2013 and Rs. 23.9 million at March 31, 2012.

(2) Included in Schedule 4 - "Borrowings" of the balance sheet.

Total liabilities (including capital and reserves) increased by 9.8% from Rs. 4,890.69 billion at March 31, 2012 to Rs. 5,367.95 billion at March 31, 2013, primarily due to an increase in borrowings and deposits. Deposits increased by 14.5% from Rs. 2,555.00 billion at March 31, 2012 to Rs. 2,926.14 billion at March 31, 2013. Borrowings increased from Rs. 1,401.65 billion at March 31, 2012 to Rs. 1,453.41 billion at March 31, 2013.

Deposits

Deposits increased by 14.5% from Rs. 2,555.00 billion at March 31, 2012 to Rs. 2,926.14 billion at March 31, 2013. Term deposits increased from Rs. 1,444.81 billion at March 31, 2012 to Rs. 1,700.37 billion at March 31, 2013, savings deposits increased from Rs. 760.46 billion at March 31, 2012 to Rs. 856.51 billion at March 31, 2013 and current deposits increased from Rs. 349.73 billion at March 31, 2012 to Rs. 369.26 billion at March 31, 2013. Total deposits at March 31, 2013 were 66.9% of the funding (i.e. deposits and borrowings, other than preference share capital). The current and savings account deposits increased from Rs. 1,110.19 billion at March 31, 2012 to Rs. 1,225.77 billion at March 31, 2013.

Borrowings

Borrowings increased by 3.7% from Rs. 1,401.65 billion at March 31, 2012 to Rs. 1,453.41 billion at March 31, 2013. The borrowings of overseas branches (including offshore banking unit) decreased in US$ terms by 5.4% from US$ 13.0 billion at March 31, 2012 to US$ 12.3 billion at March 31, 2013. In rupee terms, borrowings of overseas branches (including offshore banking unit and gross of transactions with Head Office) increased by 0.7% from Rs. 663.91 billion at March 31, 2012 to Rs. 668.72 billion at March 31, 2013. The capital-eligible borrowings, other than preference share capital, increased from Rs. 376.15 billion at March 31, 2012 to Rs. 396.62 billion at March 31, 2013.

Other liabilities

Other liabilities decreased from Rs. 329.99 billion at March 31, 2012 to Rs. 321.34 billion at March 31, 2013. At March 31, 2013, we have presented mark-to-market on forex and derivatives trading transactions (including revaluation on outstanding funding swaps) and interest accrual on hedge swaps on gross basis. Accordingly, the gross negative mark-to-market amounting to Rs. 108.26 billion has been included in other liabilities at March 31, 2013. Consequent to the change, other liabilities have increased by Rs. 154.22 billion at March 31, 2012.

Equity share capital and reserves

Equity share capital and reserves increased from Rs. 604.05 billion at March 31, 2012 to Rs. 667.06 billion at March 31, 2013 primarily due to annual accretion to reserves out of profit.

Segment Information

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 standalone segmental report for fiscal 2013, 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.
- 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.
- Other Banking includes leasing operations and other items not attributable to any particular business segment of the Bank.

Framework for Transfer Pricing

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

Retail Banking Segment

The profit before tax of the retail banking segment increased from Rs. 5.50 billion in fiscal 2012 to Rs. 9.55 billion in fiscal 2013 primarily due to write-back/lower provisions for loan losses in the retail asset portfolio and an increase in non-interest income offset, in part, by an increase in non-interest expenses.

Net interest income increased by 10.3% from Rs. 38.15 billion in fiscal 2012 to Rs. 42.09 billion in fiscal 2013 primarily due to an increase in average current account and savings account deposits of the retail banking segment.

Non-interest income increased by 18.1% from Rs. 25.76 billion in fiscal 2012 to Rs. 30.42 billion in fiscal 2013, primarily due to a higher level of foreign exchange and transaction banking fees, third party referral fees, and fees from the credit card portfolio.

Non-interest expenses increased by 11.9% from Rs. 56.52 billion in fiscal 2012 to Rs. 63.22 billion in fiscal 2013, primarily due to an increase in employee expenses, expansion in branch network offset, in part, by reduction in collection expenses.

In fiscal 2013, there was write-back of Rs. 0.24 billion compared to provisions of Rs. 1.88 billion in fiscal 2012 primarily due to a write-back/lower provisions for loan losses in the retail asset portfolio.

Wholesale Banking Segment

Profit before tax of the wholesale banking segment increased from Rs. 62.07 billion in fiscal 2012 to Rs. 66.19 billion in fiscal 2013 primarily due to an increase in net interest income offset, in part, by an increase in provisions and a decrease in non-interest income.

Net interest income increased by 38.7% from Rs. 49.37 billion in fiscal 2012 to Rs. 68.46 billion in fiscal 2013 primarily driven by loan growth in the wholesale banking segment. Non-interest income decreased by 6.8% from Rs. 41.01 billion in fiscal 2012 to Rs. 38.22 billion in fiscal 2013, primarily due to moderation in lending linked fee income offset, in part, by an increase in foreign exchange and transaction banking related fees from corporate clients. Provisions were higher primarily due to higher non-performing loans and the impact of restructuring of loans during the year.

Treasury Segment

Profit before tax of the treasury segment increased from Rs. 20.81 billion in fiscal 2012 to Rs. 36.54 billion in fiscal 2013 primarily due to an increase in non-interest income offset, in part, by an increase in non-interest expenses. The non-interest income was higher primarily due to higher level of dividend income from subsidiaries, realized gain on government securities portfolio and other fixed income positions and foreign exchange trading gains.

Other Banking Segment

Profit before tax of other banking segment in fiscal 2013 was Rs. 1.69 billion compared to a loss of Rs. 0.35 billion in fiscal 2012 primarily due to higher interest on income-tax refunds.

Consolidated Financials as per Indian GAAP

The consolidated profit after tax including the results of operations of our subsidiaries and other consolidating entities increased by 25.7% from Rs. 76.43 billion in fiscal 2012 to Rs. 96.04 billion in fiscal 2013. This is primarily due to an increase in the profit of ICICI Bank and profit of ICICI Lombard General Insurance Company Limited (ICICI Lombard General Insurance Company Limited). In fiscal 2012, ICICI Lombard General Insurance Company Limited had a loss of Rs. 4.16 billion due to the impact of additional provision of Indian Motor Third Party Pool (the Pool) losses. The consolidated return on average equity increased from 13.00% in fiscal 2012 to 14.66% in fiscal 2013.

Profit after tax of ICICI Life increased from Rs. 13.84 billion in fiscal 2012 to Rs. 14.96 billion in fiscal 2013 due to an increase in investment income and lower operating expenses as well as the continued income stream from business sold in prior years. Investment income increased primarily due to an increase in average non-linked assets under management and higher yields on the debt portfolio. The increase was offset, in part, by an increase in claims and benefits paid and commission expenses. New business annual premium equivalent increased by 13.3% from Rs. 31.18 billion during fiscal 2012 to Rs. 35.32 billion during fiscal 2013.

ICICI Lombard General Insurance Company Limited made a profit after tax of Rs. 3.06 billion in fiscal 2013 compared to a loss of Rs. 4.16 billion in fiscal 2012 primarily due to the impact of additional provision of the Pool losses during fiscal 2012 and due to higher premium income, investment income and commission income during fiscal 2013. In accordance with Insurance Regulatory and Development Authority guidelines, ICICI Lombard General Insurance Company Limited, together with all other general insurance companies participated in the Pool, administered by the General Insurance Corporation of India covering third party risks of commercial vehicles, from April 1, 2007. Pursuant to the Insurance Regulatory and Development Authority directive effective March 31, 2012, the Pool was dismantled on a clean cut basis and general insurance companies were required to recognise the Pool liabilities as per loss ratios estimated by the Government Actuary's Department of the United Kingdom (GAD UK) with the option to recognise the same over a three year period. ICICI Lombard General Insurance Company Limited had decided to recognise the additional liabilities of the Pool during fiscal 2012 and therefore, the loss of ICICI Lombard General Insurance Company Limited of Rs. 4.16 billion for fiscal 2012 included impact of additional Pool losses of Rs. 6.85 billion. During fiscal 2013, the Appointed Actuary carried out re-assessment of liabilities relating to policies underwritten by ICICI Lombard General Insurance Company Limited for risks commencing from fiscal 2008 to fiscal 2012. Based on the re-assessment, ICICI Lombard General Insurance Company Limited has recognized additional provision of Rs. 1.02 billion for fiscal 2013.

Profit after tax of ICICI Bank Canada increased from Rs. 1.66 billion (CAD 34.4 million) in fiscal 2012 to Rs. 2.37 billion (CAD 43.6 million) in fiscal 2013 primarily due to an increase in net interest income and lower provisions. The increase in net interest income was primarily due to an increase in net interest margin.

Profit after tax of ICICI Bank UK PLC decreased from Rs. 1.22 billion (US$ 25.4 million) in fiscal 2012 to Rs. 0.78 billion (US$ 14.4 million) in fiscal 2013 primarily due to a decrease in net interest income and higher provisions offset, in part, by higher mark-to-market gains on derivatives in fiscal 2013 and a decrease in realized loss on sale of investments. The decrease in net interest income was on account of decline in average volume of interest-earning assets.

Profit after tax of ICICI Bank Eurasia Limited Liability Company increased from Rs. 0.21 billion in fiscal 2012 to Rs. 0.33 billion in fiscal 2013.

Profit after tax of ICICI Securities Primary Dealership Limited increased from Rs. 0.86 billion in fiscal 2012 to Rs. 1.22 billion in fiscal 2013 due to an increase in trading gains. Trading gains increased in fiscal 2013 on account of higher trading opportunities as yield on 10-year government securities declined in fiscal 2013 compared to an increase during fiscal 2012.

Profit after tax of ICICI Securities Limited decreased from Rs. 0.77 billion in fiscal 2012 to Rs. 0.64 billion in fiscal 2013 primarily due to an increase in staff cost and administrative expenses offset, in part, by an increase in net interest income.

Profit after tax of ICICI Home Finance Company Limited decreased from Rs. 2.60 billion in fiscal 2012 to Rs. 2.20 billion in fiscal 2013 primarily due to a decrease in net interest income, offset, in part, by lower provision on loans.

Profit after tax of ICICI Prudential Asset Management Company increased from Rs. 0.88 billion in fiscal 2012 to Rs. 1.10 billion in fiscal 2013 primarily due to an increase in fee income on account of an increase in average assets under management.

Profit after tax of ICICI Venture Funds Management Company Limited decreased from Rs. 0.68 billion in fiscal 2012 to Rs. 0.20 billion in fiscal 2013 primarily due to a decrease in management fees and a decrease in distribution of income from venture capital funds.

Consolidated assets of the Bank and its subsidiaries and other consolidating entities increased from Rs. 6,192.87 billion at March 31, 2012 to Rs. 6,748.22 billion at March 31, 2013. This is primarily due to an increase in assets of ICICI Bank, ICICI Life, ICICI Bank Canada and ICICI Securities Primary Dealership Limited. Consolidated advances of the Bank and its subsidiaries increased from Rs. 2,921.25 billion at March 31, 2012 to Rs. 3,299.74 billion at March 31, 2013.

The following table sets forth, for the periods indicated, the profit/(loss) of our principal subsidiaries.

Particulars	Year ended March 31, 2012	2013	2013
	(Rupees in billion)		(US$ in million)
ICICI Prudential Life Insurance Company Limited	Rs. 13.84	Rs. 14.96	US$ 249
ICICI Lombard General Insurance Company Limited	(4.16)	3.06	51
ICICI Bank Canada	1.66	2.37	39
ICICI Bank UK PLC	1.22	0.78	13
ICICI Bank Eurasia Limited Liability Company	0.21	0.33	5
ICICI Securities Primary Dealership Limited	0.86	1.22	20
ICICI Securities Limited	0.77	0.64	11
ICICI Home Finance Company Limited	2.60	2.20	37
ICICI Prudential Asset Management Company Limited	0.88	1.10	18
ICICI Venture Funds Management Company Limited	Rs. 0.68	Rs. 0.20	US$ 3

Off Balance Sheet Items, Commitments and Contingencies

The table below sets forth, at the dates indicated, the principal components of our contingent liabilities.

Particulars	At March 31, 2012	2013	2014	At June 30, 2013	2014	2014
	(Rupees in billion)					(US$ in million)
Contingent liabilities:						
Claims against the Bank not acknowledged as debts	29.31	36.37	42.24	37.11	41.10	US$ 684
Liability for partly paid investments	0.13	0.13	0.07	0.13	0.07	1
Liability on account of outstanding forward exchange contracts(1)	3,560.05	2,838.50	2,691.37	2,983.7711	2,995.12	49,869
Guarantees given on behalf of constituents	955.01	944.17	1,022.06	960.75	995.44	16,574
Acceptances, endorsements & other obligations	568.86	621.18	505.54	643.61	533.13	8,877
Currency swaps(1)	616.40	565.47	594.39	591.62	541.87	9,022
Interest rate swaps and currency options(1)	3,362.01	2,855.94	2,919.04	3,222.32	3,168.95	52,763
Other items for which the Bank is contingently liable	62.88	38.13	39.60	46.94	25.95	432
Total	**9,154.65**	**7,899.89**	**7,814.31**	**8,486.25**	**8,301.63**	**US$138,222**

(1) Represents notional principal amount.

Contingent liabilities decreased from Rs. 8,486.25 billion at June 30, 2013 to Rs. 8,301.63 billion at June 30, 2014 primarily due to a decrease in acceptances, endorsements and obligations from Rs. 643.61 billion at June 30, 2013 to Rs. 533.13 billion at June 30, 2014.

The Bank enters into foreign exchange contracts in its normal course of business, to exchange currencies at a pre-fixed price at a future date. This item represents the notional principal amount of such contracts, which are derivative instruments. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the inter-bank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.

Claims against the Bank not acknowledged as debts, represent certain demands made in certain tax and legal matters against the Bank in the normal course of business and customer claims arising out of fraud cases. In accordance with the Bank's accounting policy and Accounting Standard 29, the Bank has reviewed and classified these items as possible obligations based on legal opinion/judicial precedents/assessment by the Bank. No provision in excess of provisions already made in the financial statements is considered necessary.

Other items for which the Bank is contingently liable primarily include the amount of Government securities bought/sold and remaining to be settled on the date of financial statements. This also includes the value of sell down options and other facilities pertaining to securitization of the notional principal amounts of credit derivatives, amount applied in public offers under Application Supported by Blocked Amounts (ASBA) and the amount that the Bank is obligated to pay under capital contracts. Capital contracts are job orders of a capital nature, which have been committed.

Capital Commitments

The Bank is obligated under a number of capital contracts. Capital contracts are job orders of a capital nature, which have been committed. Estimated amounts of contracts remaining to be executed on capital account in domestic operations aggregated to Rs. 4.76 billion at June 30, 2014 compared to Rs. 4.93 billion at June 30, 2013.

Guarantees

As a part of project financing and commercial banking activities, we have issued guarantees to support the regular business activities of clients. These generally represent irrevocable assurances that the Bank 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, including advance payment guarantee. 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 issued 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 financial instruments. We enter into guarantee arrangements after conducting appropriate due diligence on clients. We generally review these facilities on an annual basis. If a client's risk profile deteriorates to an unacceptable level, we may choose not to renew the guarantee upon expiry or may require additional security sufficient to protect our exposure. Cash margins available to reimburse losses realized under guarantees amounted to Rs. 56.33 billion at June 30, 2014 compared to Rs. 40.61 billion at June 30, 2013. Other property or security may also be available to the Bank to cover potential losses under guarantees. Total outstanding guarantees at June 30, 2014 was Rs. 995.44 billion as compared to Rs. 960.75 billion at June 30, 2013.

Capital Resources

We actively manage our capital to meet regulatory norms and current and future business needs considering the risks in our businesses, expectations of rating agencies, shareholders and investors and the available options for raising capital. Our capital management framework is administered by the Finance Group and the Risk Management Group under the supervision of the Board and the Risk Committee. The capital adequacy position and assessment is reported to the Board and the Risk Committee periodically.

Regulatory Capital

ICICI Bank is subject to the Basel III capital adequacy guidelines stipulated by the Reserve Bank of India with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till March 31, 2019. At June 30, 2014, the Bank is required to maintain minimum Common Equity Tier-1 (CET1) capital ratio of 5.0%, minimum Tier-1 capital ratio of 6.5% and minimum total capital ratio of 9.0%.

Particulars	As per Basel III framework					
	At June 30, 2013		At June 30, 2014		2014	
	(Rupees in million, except percentages)				(US$ in million)	
CET-1 capital	Rs.	564,190.0	Rs.	634,184.8	US$	10,559
Tier-1 capital		564,190.0		634,184.8		10,559
Tier-2 capital		255,804.3		247,109.9		4,114
Total capital	**Rs.**	**819,994.3**	**Rs.**	**881,294.7**		**14,674**
Credit risk — risk weighted assets		4,238,865.7		4,549,925.8		75,756
Market risk — risk weighted assets		257,468.8		260,923.6		4,344
Operational risk — risk weighted assets		314,979.9		373,172.0		6,213
Total risk weighted assets	**Rs.**	**4,811,314.4**	**Rs.**	**5,184,021.4**	**US$**	**86,314**
Total capital adequacy ratio(1)		17.04%		17.00%		
Tier-1 capital adequacy ratio(1)		11.72%		12.23%		
Tier-2 capital adequacy ratio		5.32%		4.77%		

(1) Does not include profits for the periods presented. Considering retained earnings for the three months ended June 30, 2014, the total capital adequacy ratio will be 17.39% (three months ended June 30, 2013: 17.39%) and Tier-1 capital adequacy ratio will be 12.62% (three months ended June 30, 2013: 12.07%).

Capital funds (net of deductions) increased by Rs. 61.30 billion from Rs. 819.99 billion at June 30, 2013 to Rs. 881.29 billion at June 30, 2014.

Credit risk related risk weighted assets increased by Rs. 311.06 billion from Rs. 4,238.87 billion at June 30, 2013 to Rs. 4,549.93 billion at June 30, 2014 due to an increase of Rs. 345.51 billion in risk-weighted assets for on-balance sheet exposures, offset, in part, by a decrease of Rs. 34.45 billion in risk-weighted assets for off-balance sheet credit exposures.

Market risk related risk weighted assets increased by Rs. 3.45 billion from Rs. 257.47 billion at June 30, 2013 to Rs. 260.92 billion at June 30, 2014 primarily due to an increase in risk weighted assets on equity portfolio.

Operational risk related risk weighted assets increased by Rs. 58.19 billion from Rs. 314.98 billion at June 30, 2013 to Rs. 373.17 billion at June 30, 2014. The operational risk capital charge is computed based on 15% of the average of the previous three financial years' gross income and is revised on an annual basis at June 30.

Internal assessment of capital

The Bank's capital management framework includes a comprehensive internal capital adequacy assessment process (ICAAP) conducted annually which determines the adequate level of capitalization for the Bank to meet regulatory norms and current and future business needs, including under stress scenarios. The ICAAP is formulated at both standalone bank level and the consolidated group level. The ICAAP encompasses capital planning for a four year time horizon, identification and measurement of material risks and the relationship between risk and capital.

The capital management framework is complemented by the risk management framework, which includes a comprehensive assessment of material risks.

Stress testing, which is a key aspect of the ICAAP and the risk management framework, provides an insight on the impact of extreme but plausible scenarios on the Bank's risk profile and capital position. Based on the Board-approved stress testing framework, the Bank conducts stress tests on its various portfolios and assesses the impact on its capital ratios and the adequacy of capital buffers for current and future periods. The Bank periodically assesses and refines its 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. The business and capital plans and the stress testing results of the group entities are integrated into the ICAAP.

Based on the ICAAP, the Bank determines the level of capital that needs to be maintained by considering the following in an integrated manner:

- The Bank's strategic focus, business plan and growth objectives;
- regulatory capital requirements as per the 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 the Reserve Bank of India from time to time.

Significant Changes in Accounting Policies

There has been no significant change in the accounting policies during the three months ended June 30, 2014 except those disclosed in the financial statements included elsewhere in this Offering Circular. We follow guidelines on accounting issued by the Reserve Bank of India and other notified accounting standards from time to time.

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 a reasonable cost.

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 the corporate and project finance and home loan portfolio, have medium or long-term maturities which create 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 in Indian Rupee, a gap report for domestic operations on a fortnightly basis to the Reserve Bank of India. Pursuant to the Reserve Bank of India guidelines, the liquidity gap (if negative) must not exceed 5.0%, 10.0%, 15.0% and 20.0% of cumulative cash outflows in the 1 day, up to 7 days, up to 14 days and up to 28 days categories, respectively. In accordance with the Reserve Bank of India guidelines on liquidity risk management, these limits on near term liquidity gaps are applicable for Indian Rupee liquidity gaps in domestic operations of Bank and country-wise for overseas and offshore branch operations. We prepare a daily maturity gap analysis for the rupee book for the domestic operations and overseas operations of the Bank. The Bank's 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 its funding requirements in the near term. In addition, we also monitor certain liquidity ratios on a fortnightly basis. We have a liquidity contingency plan in place, 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 in India 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 have recourse to the liquidity adjustment facility, marginal standing 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 high quality liquid 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.

Our gross liquid assets consist of cash, nostro balances, overnight and other short-term money market placements, government bonds and treasury bills (including investments eligible for reserve requirements and net of borrowings on account of repurchase agreements and the liquidity adjustment facility), corporate bonds (rated AA and above), other money market investments such as commercial paper and certificates of deposits and mutual fund investments. We deduct our short-term money market borrowings (borrowings with original maturity up to 28 days) from the aggregate of these assets to determine our net liquid assets. In addition to aforementioned liquid assets, we have access to other reliable sources of liquidity such as unutilized refinance and standing facilities from the Reserve Bank of India.

We maintain a significant portion of our demand and time liabilities in forms required pursuant to regulatory reserve requirements imposed by the Reserve Bank of India. The Reserve Bank of India stipulates a cash reserve ratio applicable to Indian banks, which requires us to maintain an average percentage of our demand and time liabilities as a cash balance deposited with the Reserve Bank of India over 14-day periods. At June 30, 2014, the cash reserve ratio requirement percentage was 4.0%. In addition, cash reserves may not fall below 95.0% of the required cash reserve ratio on any day during any 14-day reporting period.

The Reserve Bank of India also stipulates a Statutory Liquidity Ratio applicable to Indian banks, which requires us to maintain a certain percentage of net demand and time liabilities in certain prescribed investments. At June 30, 2014, the statutory liquidity ratio requirement percentage was 22.5%. The Reserve Bank of India in its policy dated August 5, 2014 reduced the statutory liquidity ratio by 50 basis points from 22.5% to 22.0% with effect from the fortnight beginning August 9, 2014. We generally hold more statutory liquidity ratio eligible securities than the statutory liquidity ratio requirement. Statutory liquidity ratio eligible instruments include cash, gold or approved unencumbered securities.

At our various overseas branches, certain reserves are maintained pursuant to local regulations. We have complied with these local reserve requirements during fiscal 2014 and the three months ended June 30, 2014.

The Reserve Bank of India on June 9, 2014 issued the final guidelines on the Basel III framework on liquidity standards including liquidity coverage ratio, liquidity risk monitoring tools and liquidity coverage ratio disclosure standards. The liquidity coverage ratio promotes short-term resilience of banks to potential liquidity disruptions by ensuring that banks have sufficient high quality liquid assets to survive an acute stress scenario lasting for 30 calendar days. In accordance with the guidelines, the liquidity coverage ratio requirement will be effective January 1, 2015 with a minimum requirement of 60.0%, and will increase gradually to 100% on January 1, 2019.

We maintain liquid assets in excess of what is required by statutory liquidity ratio and cash reserve ratio requirement. Throughout fiscal 2014 and the three months ended June 30, 2014, we have maintained adequate reserves as per the regulatory requirements mentioned above.

The following table indicates the details of the components of average and balance sheet date liquid assets of the Bank.

Particulars	June 30, 2013		Fortnightly average for three months ended June 30, 2014		June 30, 2014	
			Rs. in billion			
Statutory liquidity ratio eligible investments and other government securities, net of borrowings on account of repurchase agreement, liquidity adjustment facility and collateralized borrowings..	Rs.	809.81	Rs.	890.75	Rs.	961.96
Balance with central banks and current accounts with other banks		167.59		204.89		196.24
Other liquid assets		329.41		267.20		280.06
Gross liquid assets	**Rs.**	**1,306.81**		**1,362.84**		**1,438.26**
(Less) Short-term borrowings		0.62		13.21		7.52
Net liquid assets	**Rs.**	**1,306.19**		**1,349.63**		**1,430.74**

We held net liquid assets totaling Rs. 1,430.74 billion at June 30, 2014 compared to Rs. 1,306.19 billion at June 30, 2013. During the three months ended June 30, 2014, we held fortnightly average net liquid assets of Rs. 1,349.63 billion. In addition to the amounts included in net liquid assets above, at June 30, 2014, we also held other fixed-income non-government securities totaling Rs. 71.47 billion, compared to Rs. 83.84 billion at June 30, 2013.

In accordance with local regulations, some of the overseas branches of the Bank are required to maintain a 'net due to' position with other group entities (i.e. they can only be net borrower by specified amount). Accordingly, the liquidity maintained in excess of such 'net due to' requirements only can be utilised at other group entities. At June 30, 2014, such overseas branches of the Bank were holding net liquid assets of Rs. 52.04 billion (equivalent), which are included in overall net liquid assets of the Bank of Rs. 1,430.74 billion.

We also have access to other reliable sources of liquidity. The Reserve Bank of India conducts repurchase and reverse repurchase transactions with banks through its liquidity adjustment facility and marginal standing facility to carry out monetary policy and manage liquidity for the Indian banking system. The Reserve Bank of India stipulates an interest rate applicable to such repurchase, reverse repurchase agreements and marginal standing facility, known as the repo rate, reverse repo rate, and marginal standing facility rate respectively. At June 30, 2014 the Reserve Bank of India repo rate, reverse repo rate and marginal standing facility were 8.00%, 7.00%, and 9.00% respectively. The liquidity adjustment facility and marginal standing facility is available throughout the year. Under the marginal standing facility, in addition to the eligible securities banks hold in excess of statutory requirement, banks can borrow overnight up to 2.0% of their respective net demand and time liabilities outstanding at the end of the second preceding 14-day period. Further, there is a liquid market for repurchase transactions with other market counterparties. Banks may enter into repurchase transactions with the Reserve Bank of India or other market counterparties against the statutory liquidity ratio eligible securities it holds in excess of statutory requirement.

The Reserve Bank of India also gives Indian banks, including us, access to certain refinance facilities that allow banks to borrow at the repo rate from the Reserve Bank of India when those banks have made loans to borrowers for specified activities.

At June 30, 2014, the Bank had government securities amounting to Rs. 271.49 billion eligible for borrowings through the liquidity adjustment facility and marginal standing facility from the Reserve Bank of India. In addition, the Bank also had unutilized refinance facilities amounting to Rs. 0.13 billion.

The Reserve Bank of India uses the liquidity adjustment facility, the marginal standing facility and its refinance facilities to implement monetary policy. Similarly, the Reserve Bank of India has the right to suspend the liquidity adjustment facility or reduce the amounts that Indian banks can access via the liquidity adjustment facility on any day on a proportionate basis for all banks. Such policy changes could affect the operations of these facilities and could inhibit Indian banks', including our access to these facilities. The Reserve Bank of India has restricted liquidity provision through overnight liquidity adjustment facility to a specified ratio of net demand and time liabilities and increasingly liquidity is provided through term repurchase agreements of various maturities. At June 30, 2014, the liquidity provision through overnight liquidity adjustment facility was capped at 0.25% of net demand and time liabilities of banks.

We have a well-defined borrowing program for the overseas operations. In order to maximize borrowings at a reasonable cost through its branches, 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 and inter-bank bilateral loans. We also raise 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 also mobilizes retail deposit liabilities, in accordance with the regulatory framework in place in the respective host country.

We have the ability to use our rupee liquidity in India to meet refinancing needs at our overseas branches, although this may be at a relatively high cost based on swap and exchange rates prevailing at the time of such refinancing. We raised the equivalent of US$ 1.3 billion through issuances of Chinese Yuan (CNH) denominated bond in June 2013 (original maturity of 3.1 years), US$ denominated bond in November 2013 (original maturity of 5.6 years), Japanese yen (JPY) denominated bond in December 2013 (original maturity of 1.0 years and 2.1 years respectively), Australian dollar (AUD) denominated bond in April 2014 (original maturity of 5 years), and US$ denominated bond in June 2014 (original maturity of 4.9 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 1 or Tier 2 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 approval of the Reserve Bank of India. We are currently not, and are not expected to be, in breach of any material covenants of its borrowings that would be construed as events of default under the terms of such borrowings.

The successful management of credit, market and operational risk is an important consideration in managing 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.

Rating agencies can also decide to withdraw their ratings of the Bank, 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 transactions) and derivatives transactions, or retain our customers.

Changes in or withdrawal of our credit rating will not increase the amount of collateral that we are required to post with counterparties. In respect of our domestic operations, we may enter into collateralised borrowings in the form of repurchase transactions with the Reserve Bank of India or through Clearing Corporation of India Limited, a centralised clearing counterparty or with the market counterparties, against the SLR eligible securities to meet expected and unexpected borrowings requirements. In general, the face value of collateral given for any such loan is higher than the value of the loan. This difference is referred to as a haircut. The haircut for all such securities borrowed from the Reserve Bank of India is stipulated by them. In case of borrowings through products settled through Clearing Corporation of India Limited, the value of the collateral under repo/collateralised lending and borrowing obligations is computed after applying haircut as stipulated by the Clearing Corporation of India Limited. Further, members of Clearing Corporation of India Limited's collateralised lending and borrowing obligations segment are also required to maintain margin contributions in relation to their borrowing/lending obligation at any point of time which act as cushion against the fall in the value of the underlying collateral. We hold sufficient securities in our account to meet additional collateral requirements if required and systems and processes are in place to ensure sufficient balance in our Principal-SGL account, RC-SGL account, Clearing Corporation of India Limited SGF/collateralised lending and borrowing obligations margin account resulting in smooth settlement of transactions.

Further, in case of any emergency requirement, additional securities may be transferred to our SGF/collateralised lending and borrowing obligations margin account on a T+0 basis. In case of corporate bond repo, the value of the securities is computed after applying haircut as stipulated by the Reserve Bank of India depending upon the credit rating of the underlying security. The Bank also deals with central counterparties for settlement of government securities outright and repo transactions, forex transactions, interest rate and currency derivatives for which it needs to contribute towards margin obligations. In respect of overseas branch operations, generally, the collateral requirements are applicable to banks which have outstanding borrowings or derivative transactions that are subject to margin reset and consequent collateral deposits are governed by Credit Support Annex ("CSA"), respectively. Certain CSAs have a clause which require the counterparties to post/transfer the collateral for 'out-of-money' derivative transaction with the swap counterparty to mitigate the credit risk based to threshold credit rating or downgrade in credit rating. We have an Asset Liability Management Committee ("ALCO") approved framework for accepting covenants, linked to credit rating downgrade of the Bank and a breach in thresholds of certain financial covenants as a part of borrowing agreements and a stress scenario has been formulated linked to potential outflows due to a breach of rating downgrade covenants. Further, in respect of the overseas branch operations, we have an ALCO approved framework for incorporating additional collateral posting, acceleration clauses linked to downgrade in the external credit rating of the Bank in letter of credit, stand by letter of credit, bank guarantee and unfunded risk participation agreements. We have not signed any CSA with counterparties that require the maintenance of collateral.

We have certain borrowings that would be affected by a one or two notch downgrade from its current credit rating. These borrowings amount to less than 4% of our total borrowings at June 30, 2014. If an international credit rating agency downgrades our credit rating by one or two notches, we would be required to pay an increased interest rate on certain borrowings, and for certain borrowings, we would be required to re-negotiate a new interest rate with its lenders. If we are not able to reach an agreement for an interest rate with a lender, the lender could require us to prepay the outstanding principal amount of the loan. We have placed a limit on such borrowings.

Capital Expenditure

The following tables set forth, for the periods indicated, certain information related to capital expenditure by category of fixed assets.

Particulars	Cost at April 1, 2014	Additions	Deletions	Accumulated depreciation	Net assets at June 30, 2014	
			(Rupees in billion)			(US$ in million)
Premises	Rs. 39.64	Rs. 0.13	Rs. (0.08)	Rs. (8.96)	Rs. 30.73	US$ 512
Other fixed assets	42.57	1.32	(1.44)	(28.80)	13.65	227
Assets on lease	17.30	—	—	(14.97)	2.33	39
Total	**Rs. 99.51**	**Rs. 1.45**	**Rs. (1.52)**	**Rs. (52.73)**	**Rs. 46.71**	**US$ 778**

Particulars	Cost at April 1, 2013	Additions	Deletions	Accumulated depreciation	Net assets at March 31, 2014	
			(Rupees in billion)			(US$ in million)
Premises	Rs. 38.82	Rs. 1.45	Rs. (0.63)	Rs. (8.67)	Rs. 30.97	US$ 516
Other fixed assets	40.31	4.99	(2.73)	(29.09)	13.48	224
Assets on lease	17.30	—	—	(14.97)	2.33	39
Total	**Rs. 96.43**	**Rs. 6.44**	**Rs. (3.36)**	**Rs. (52.73)**	**Rs. 46.78**	**US$ 779**

Particulars	Cost at April 1, 2012	Additions	Deletions	Accumulated depreciation	Net assets at March 31, 2013	
			(Rupees in billion)			(US$ in million)
Premises	Rs. 38.63	Rs. 1.13	Rs. (0.93)	Rs. (7.55)	Rs. 31.28	US$ 521
Other fixed assets	38.32	4.52	(2.53)	(27.47)	12.84	214
Assets on lease	17.30	—	—	(14.95)	2.35	39
Total	**Rs. 94.25**	**Rs. 5.65**	**Rs. (3.46)**	**Rs. (49.97)**	**Rs. 46.47**	**US$ 774**

Our capital expenditure on premises and other assets was Rs. 1.45 billion in the three months ended June 30, 2014 compared to Rs. 1.49 billion in the three months ended June 30, 2013.

Critical Accounting Policies

In order to understand our financial condition and the results of our operations, it is important to understand our significant accounting policies and the extent to which we use judgment 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

Investments are accounted for in accordance with the extant Reserve Bank of India guidelines on investment classification and valuation as given below.

(a) All investments are classified into 'Held to Maturity', 'Available for Sale' and 'Held for Trading'. Reclassifications, if any, in any category are accounted for as per the Reserve Bank of India guidelines. Under each classification, the investments are further categorized as (i) government securities, (ii) other approved securities, (iii) shares, (iv) bonds and debentures, (v) subsidiaries and joint ventures and (vi) others.

(b) 'Held to Maturity' securities are carried at their acquisition cost or at amortized cost, if acquired at a premium over the face value. Any premium over the face value of fixed rate and floating rate securities acquired is amortized over the remaining period to maturity on a constant yield basis and straight line basis respectively.

(c) 'Available for Sale' and 'Held for Trading' securities are valued periodically as per the Reserve Bank of India guidelines. Any premium over the face value of fixed rate and floating rate investments in government securities, classified as 'Available for Sale', is amortized over the remaining period to maturity on constant yield basis and straight line basis respectively. Quoted investments are valued based on the trades/quotes on the recognized stock exchanges, subsidiary general ledger account transactions, price list of the Reserve Bank of India or prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association, periodically.

The market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio securities included in the 'Available for Sale' and 'Held for Trading' categories is as per the rates published by Fixed Income Money Market and Derivatives Association. The valuation of other unquoted fixed income securities wherever linked to the Yield-to-Maturity rates, is computed with a mark-up (reflecting associated credit risk) over the Yield-to-Maturity rates for government securities published by Fixed Income Money Market and Derivatives Association.

Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available, or at Rs.1, as per the Reserve Bank of India guidelines.

Securities are valued scrip-wise and depreciation/appreciation is aggregated for each category. Net appreciation in each category, if any, being unrealized, is ignored, while net depreciation is provided for. Non-performing investments are identified based on the Reserve Bank of India guidelines.

(d) Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the profit and loss account. Cost of investments is computed based on the First-In-First-Out method.

(e) Equity investments in subsidiaries/joint ventures are categorized as 'Held to Maturity' in accordance with the Reserve Bank of India guidelines. The Bank assesses these investments for any permanent diminution in value and appropriate provisions are made.

(f) Profit/loss on sale of investments in the 'Held to Maturity' category is recognized in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognized in the profit and loss account.

(g) Market repurchase and reverse repurchase transactions are accounted for as borrowing and lending transactions respectively in accordance with the extant the Reserve Bank of India guidelines. The transactions with the Reserve Bank of India under Liquidity Adjustment Facility/Marginal Standing Facility are accounted for as borrowing and lending transactions.

(h) Broken period interest (the amount of interest from the previous interest payment date till the date of purchase/sale of instruments) on debt instruments is treated as a revenue item.

(i) At the end of each reporting period, security receipts issued by the asset reconstruction companies are valued in accordance with the guidelines applicable to such instruments, prescribed by the Reserve Bank of India from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction companies are limited to the actual realization of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting period end.

(j) The Bank follows trade date method of accounting for purchase and sale of investments, except for government of India and state government securities where settlement date method of accounting is followed in accordance with the Reserve Bank of India guidelines.

Provisions/Write-offs on Loans and Other Credit Facilities

(a) The Bank classifies its loans and investments, including at overseas branches and overdues arising from crystallized derivative contracts, into performing and non-performing assets in accordance with the Reserve Bank of India guidelines. Loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard in accordance with the extant Reserve Bank of India guidelines are identified as non-performing assets to the extent of the amount outstanding in the host country. Further, non-performing assets are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India.

In the case of corporate loans and advances, provisions are made for sub-standard 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 per the extant Reserve Bank of India guidelines. For loans and advances booked in overseas branches, which are standard as per the extant Reserve Bank of India guidelines but are classified as non-performing assets based on host country guidelines, provisions are made as per the host country regulations. For loans and advances booked in overseas branches, which are non-performing assets as per the extant Reserve Bank of India guidelines and as per host country guidelines, provisions are made at the higher of the provisions required under the Reserve Bank of India regulations and host country regulations. Provisions on homogeneous retail loans and advances, subject to minimum provisioning requirements of the Reserve Bank of India, are assessed at a borrower level, on the basis of the ageing of the loans in the non-performing category.

The assessment of incremental specific provisions is made after taking into consideration the existing specific provision held. The specific provisions on retail loans and advances held by the Bank are higher than the minimum regulatory requirements.

(b) Provision on loans and advances restructured and/or rescheduled is made in accordance with the applicable Reserve Bank of India guidelines on restructuring of loans and advances by banks.

In respect of non-performing loans and advances subjected to restructuring, the account is upgraded to standard only after satisfactory payment performance is observed during the specified period i.e. a period of one year after the commencement of the first payment of interest or principal, whichever is later, on the credit facility with the longest period of moratorium and the loan reverts to the normal level of standard asset provisions/risk weights.

(c) Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognized in the profit and loss account. In addition to the specific provision on non-performing assets, the Bank maintains a general provision on performing loans and advances at rates prescribed by the Reserve Bank of India. For performing loans and advances in overseas branches, the general provision is made at higher of host country regulations requirement and the Reserve Bank of India requirement.

(d) In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposures including indirect country risk (other than for home country exposure). The countries are categorized into seven risk categories namely insignificant, low, moderately low, moderate, moderately high, high and very high and provisioning is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 25.0%. For exposures with contractual maturity of less than 180 days, provision is required to be held at 25% of the rates applicable to exposures exceeding 180 days. The indirect exposure is at 50.0% of the exposure. If the country exposure (net) of the Bank in respect of each country does not exceed 1.0% of the total funded assets, no provision is required on such country exposure.

Transfer and Servicing of Assets

The Bank transfers commercial and consumer loans through securitisation transactions. The transferred loans are de-recognized and gains/losses are accounted for only if the Bank surrenders the rights to benefits specified in the underlying securitized loan contract. Recourse and servicing obligations are accounted for net of provisions.

In accordance with the Reserve Bank of India guidelines for securitization of standard assets, with effect from February 1, 2006, the Bank accounts for any loss arising from securitization immediately at the time of sale and the profit/premium arising from securitization is amortized over the life of the securities issued or to be issued by the special purpose vehicle to which the assets are sold. In the case of loans sold to an asset reconstruction company, the excess provision is not reversed and is instead utilized to meet the shortfall/loss on account of sale of other financial assets to securitization company/reconstruction company.

In accordance with the Reserve Bank of India guidelines dated May 7, 2012 for securitization of standard assets, with effect from May 7, 2012, the Bank accounts for any loss arising from securitization immediately at the time of sale and the profit/premium arising from securitization is amortized over the life of the transaction based on the method prescribed by the Reserve Bank of India guidelines.

Related Party Transactions

For detailed discussion on related party transactions see-*"Audited Interim Financial Statements of ICICI Bank Limited (Unconsolidated) as of and for three months ended June 30, 2014 - Schedules to the interim financial statements — Schedule 18 — Notes Forming Part of the Accounts - 22. Related Party Transaction"*.

DESCRIPTION OF ICICI BANK

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. We are the largest private sector 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 products and services through our specialized subsidiaries.

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 3,763 branches and 11,447 ATMs in India at June 30, 2014. We also offer agricultural and rural banking products.

In our international banking operations, our primary focus is on offering products and services to persons of Indian origin and Indian businesses as well as offering deposit products to the larger community. Our overseas 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 and certain multinational companies with links to India. We also have certain local retail operations in our overseas banking subsidiaries, such as federally-insured mortgages in Canada. We currently have subsidiaries in the United Kingdom, Canada and Russia, branches in Bahrain, Dubai International Financial Center, Hong Kong, Singapore, Sri Lanka, Qatar Financial Centre and the United States, and representative offices in Bangladesh, China, Indonesia, Malaysia, South Africa and the United Arab Emirates. 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. See also "*Risk factors—Risks Relating to Our Business—We experienced rapid international growth in earlier years which has increased the complexity of the risks that we face*".

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 overseas 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 2014 and the three months ended June 30, 2014 with a market share of 8.3% during the three months ended June 30, 2014, based on new business written (on a retail weighted received premium basis). ICICI Prudential Pension Funds Management Company Limited, a 100% subsidiary of ICICI Prudential Life Insurance Company, manages the pension assets of Indian citizens (other than the mandated pension funds of government employees) under the National Pension System. This pension scheme was launched by the Indian government in 2004 for all citizens on a voluntary basis, and has allowed professional fund managers to invest the scheme's funds since 2008. ICICI Lombard General Insurance Company was the largest private sector general insurance company in India during fiscal 2014, with a market share of 9.4% in gross written premiums. ICICI Prudential Asset Management Company manages the ICICI Prudential Mutual Fund, which was the second largest mutual fund in India in terms of average funds under management during the three months ended June 30, 2014. We cross-sell the products of our insurance and asset management subsidiaries and of 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 and fixed income market operations, 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. that in turn has an operating subsidiary in the United States, ICICI Securities Inc., which is engaged in brokerage services. Our private equity fund management subsidiary, ICICI Venture Funds Management Company, manages funds that make private equity investments. In fiscal 2013, ICICI Bank, in partnership with domestic and international banks and financial institutions, launched India's first infrastructure debt fund structured as a non banking finance company in which ICICI Bank and a wholly owned subsidiary together have a shareholding of 31.0%.

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 Offering Circular. Our agent for service of process in the United States is Mr. Akashdeep Sarpal, Joint General Manager, ICICI Bank Limited, New York Branch, 500 Fifth Avenue, Suite 2830, 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.

Sangli Bank, 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 the close of business on August 12, 2010. At August 12, 2010, the Bank of Rajasthan had total assets of Rs. 156.0 billion, deposits of Rs. 134.8 billion, loans of Rs. 65.3 billion and investments of Rs. 71.0 billion. During fiscal 2010, it incurred a loss of Rs. 1.0 billion. The Bank of Rajasthan was also a sponsoring entity of a regional rural bank called Mewar Anchalik Gramin Bank, with a holding of 35%. This holding was transferred to ICICI Bank pursuant to the merger. Mewar Anchalik Gramin Bank had 60 branches with total deposits of Rs. 6.2

billion and total loans of Rs. 2.8 billion at March 31, 2014. It made a profit of Rs. 57.0 million in fiscal 2014. The Government of India has notified that Mewar Anchalik Gramin Bank and another regional rural bank, Marudhara Gramin Bank, were amalgamated into a single regional rural bank, Rajasthan Marudhara Gramin Bank. ICICI Bank does not have any shareholding in the new bank.

Shareholding Structure and Relationship with the Government of India

The following table sets forth, at August 1, 2014, 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	8.2%	94,374,730
General Insurance Corporation of India and government-owned general insurance companies	1.8	20,869,607
UTI and UTI Mutual Fund	0.8	9,857,713
Other government-controlled institutions, mutual funds, corporations and banks	0.1	778,777
Total government-controlled shareholders	**10.9**	**125,880,827**
Other Indian investors:		
Individual domestic investors(1)(2)	4.9	56,646,325
Mutual funds and banks (other than government-controlled mutual funds and banks)	7.4	85,967,786
Other Indian corporates and others	7.0	81,228,991
Total other Indian investors	19.4	223,843,102
Total Indian investors	**30.2**	**349,723,929**
Foreign investors:		
Deutsche Bank Trust Company Americas, as depositary for American Depositary Share holders	29.1	336,713,790
Dodge And Cox International Stock Fund	3.6	42,074,757
Europacific Growth Fund	2.9	33,068,399
Carmignac Gestion A\C Carmignac Patrimoine	1.6	18,256,935
Centaura Investments (Mauritius) PTE Ltd	1.1	12,427,804
Aberdeen Global Indian Equity (Mauritius) Limited	1.1	12,420,000
Other foreign institutional investors, foreign banks, overseas corporate bodies, foreign companies, foreign nationals, foreign institutional investors and non-resident Indians(1)(2)	30.4	351,716,311
Total foreign investors	**69.8**	**806,677,996**
Total	**100.0%**	**1,156,401,925**

(1) Executive officers and directors (including non-executive directors) as a group held 0.08% 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.

The holding of government-controlled shareholders was 10.9% at August 1, 2014 as compared with 12.1% at August 2, 2013 and 12.4% at August 3, 2012. The holdings of Life Insurance Corporation of India was 8.2% at August 1, 2014 as compared with 9.2% at August 2, 2013 and 8.9% at August 3, 2012.

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 Bank, to appoint a representative to our Board. The government of India has appointed one 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, Life Insurance Corporation of India and General Insurance Corporation of India to join our board. There is currently a representative of Life Insurance Corporation of India but no representative of 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 19.4% at August 1, 2014 against 20.0% at August 2, 2013 and 24.01% at August 3, 2012. The total holding of Indian investors was 30.2% at August 1, 2014 against 32.1% at August 2, 2013 and 36.4% at August 3, 2012. The holding of foreign investors was 69.8% at August 1, 2014 against 67.9% at August 2, 2012 and 63.6% at August 1, 2012. See *"Supervision and Regulation—The Reserve Bank of India Regulations—Ownership Restrictions"*. Deutsche Bank Trust Company Americas holds the equity shares represented by 168 million American Depositary Receipts 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 29.1% of our equity shares at August 1, 2014 against 29.2% at August 2, 2013 and 27.8% at August 3, 2012 could only vote 10.0% of our equity shares, in accordance with the directions of our Board of Directors. An amendment to the Banking Regulation Act approved by the Indian Parliament in fiscal 2013 has increased the voting rights cap to 26.0%. However, this is not yet effective pending notification in the government of India's official gazette. See "*Overview of the Indian Financial Sector—Recent Structural Reforms—Amendments to the Banking Regulation Act*". Except as stated above, no shareholder has differential voting rights.

Strategy

The key elements of our business strategy are to:

- focus on opportunities for sustainable and profitable growth by:
    - enhancing our retail and corporate franchise;
    - maintaining the proportion of current and savings account and retail term deposits in our domestic deposit base;
    - building a rural and inclusive banking franchise; and
    - strengthening our insurance, asset management and securities businesses;
- emphasize conservative risk management practices;
- use technology for competitive advantage; and
- attract and retain talented professionals.

Following the financial and economic crisis 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.

From fiscal 2011, we focused on growing our loan book by capitalizing on selected credit segments such as mortgages, secured retail loans and project finance, mobilizing low cost current account and savings deposits, reducing credit costs, optimizing operating expenses and improving our customer service capabilities. Considering the challenging economic environment during fiscal 2013 and fiscal 2014 and a sharp slowdown in economic growth in India, our strategic focus was to maintain an optimal balance among profitability, risk management and growth across various businesses. During this period, we adopted a cautious approach to incremental lending while closely monitoring asset quality.

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 expectation 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, other fee-based products and services and the issuance of unsecured redeemable bonds.

Retail Lending Activities

Our retail lending activities include home loans, automobile loans, commercial business loans (including primarily commercial vehicle loans), business banking loans (including dealer funding and small ticket loans to small businesses), personal loans, credit cards, loans against time deposits, loans against securities, jewel loans and retail lending in rural markets. We also fund dealers who sell automobiles, consumer durables and commercial vehicles. The retail portfolio was Rs. 1,124.11 billion, constituting 37.7% of gross loans at year-end fiscal 2013. The retail portfolio increased to Rs. 1,418.23 billion constituting 40.8% of gross loans at year-end fiscal 2014 and further to Rs. 1,467.26 billion constituting 41.2% of gross loans at June 30, 2014. This was driven by growth in secured retail lending categories like mortgages, automobile loans and business banking loans, resulting in an increase in the retail portfolio. We also selectively offer unsecured products such as personal loans and credit cards to our customers. Our retail loans also include rural and agricultural loan products. We believe that retail credit has a robust long-term growth potential due to rising income levels and the expansion of the middle class.

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 applicable. Any decrease in the rate of interest payable on floating rate home loans is generally implemented 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*".

Commercial Banking for Rural and Agricultural Customers

The Reserve Bank of India's directed lending norms also require us to lend a portion of advances to the rural and agricultural sector. See also *"—Loan Portfolio—Directed Lending"*. Our rural banking operations include serving the financial requirements of customers in rural and semi-urban locations, primarily engaged in agriculture and allied activities. We provide corporate banking products and services to corporate clients engaged in agriculture-linked businesses. We finance suppliers and vendors of corporations 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. We also provide loans against warehouse receipt finance and loans to self-help groups. As per the Reserve Bank of India requirements, we have formulated a board-approved financial inclusion plan to facilitate the opening of basic deposit accounts for customers in rural and unbanked areas. Rural banking presents significant challenges in terms of geographical coverage and high unit transaction costs. We are exploring various models for operating through lower cost secured structures in rural locations, including technology-based channels, and have opened 450 low-cost branches in rural locations as at June 30, 2014, which offer basic banking services to rural customers. 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 adversely affect our business*".

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

	At March 31,		At June 30,	
	2013	2014	2014	
		(Rs. in billions)		(US$ in million)
Home loans	Rs. 578.63	Rs. 709.17	Rs. 746.07	US$ 12,422
Commercial business	151.25	125.31	118.25	1,969
Automobile loans	115.85	155.14	164.23	2,734
Business banking[1]	44.73	57.76	56.20	936
Others[2] [3]	138.95	247.41	252.17	4,199
Total secured retail finance portfolio	**1,029.41**	**1,294.79**	**1,336.92**	**22,260**
Personal loans	31.75	46.90	51.56	859
Business banking[1]	22.68	25.35	25.31	421
Credit card receivables	36.39	36.16	38.01	633
Others[2]	3.88	15.03	15.46	257
Total unsecured retail finance portfolio	**94.70**	**123.44**	**130.34**	**2,170**
Total retail finance portfolio	**Rs. 1,124.11**	**Rs. 1,418.23**	**Rs. 1,467.26**	**US$ 24,430**

(1) Includes dealer financing and small ticket loans to small businesses.

(2) Primarily includes rural loans and loan against securities.

(3) Includes loans against foreign currency non-resident (bank) deposits of Rs. 65.31 billion at June 30, 2014.

Our unsecured retail portfolio primarily includes personal loans and loans against credit card receivables. Following the global financial crisis leading to increase in interest rates, tightening liquidity and challenging macroeconomic environment and also changes in regulations pertaining to the use of recovery agents by banks, we witnessed higher than anticipated losses in the unsecured retail portfolio. We reduced incremental lending in personal loans and credit card issuances, resulting in a decline in the overall unsecured retail lending portfolio. Since fiscal 2013, we have been growing our personal loans and credit card lending portfolio, primarily by offering these products to existing customers of the Bank. ICICI Bank's personal loans typically range from Rs. 100,000 to Rs. 1,000,000 in size with tenors of 1 to 4 years and yields ranging from 13 to 18%. At June 30, 2014, our personal loans portfolio was Rs. 51.56 billion compared to Rs. 46.90 billion at year-end fiscal 2014 and Rs. 31.75 billion at year-end fiscal 2013. The credit card receivables portfolio was Rs. 38.01 billion at June 30, 2014, compared to Rs. 36.16 billion at year-end fiscal 2014 and Rs.36.39 billion at year-end fiscal 2013. The proportion of unsecured retail loans in the total retail portfolio was 8.4% at year-end fiscal 2013 compared to 8.7% at year-end fiscal 2014 and 8.9% at June 30, 2014.

We offer retail lending products primarily in India through ICICI Bank and our wholly owned subsidiary, ICICI Home Finance Company Limited. See also *"Description of ICICI Bank — Principal Non-Banking Subsidiaries—ICICI Home Finance"*. 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 Reserve Bank of India, through a guideline issued on July 1, 2013, has capped the loan-to-value ratio at 90% for home loans up to Rs. 2.0 million, at 80% for home loans between Rs. 2.0 million and Rs. 7.5 million and at 75% for home loans above Rs 7.5 million. The initial repayment term of such loans is 15 to 20 years with payments in the form of equated monthly installments. We conduct a part of our housing loan business through ICICI Home Finance Company.

Retail Deposits

Our retail deposit products include time deposits and savings accounts deposits. 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 enterprise customers, who maintain balances with us. Further, we offer an international debit card in association with VISA International. At June 30, 2014, we had a debit card base of approximately 23.0 million cards.

We are currently placing enhanced emphasis on increasing our current and savings account deposit base and maintaining the improved 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 the Reserve Bank of India's regulations applicable to deposits in India and required deposit insurance, see "*Supervision and Regulation—The Reserve Bank of India's 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, bullion and public offerings of equity shares and debt securities 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 levy services charges on deposit accounts.

We also offer foreign exchange products to retail customers including sale of currency notes, traveler's checks and travel cards. We also facilitate retail inward remittances from foreign geographies.

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.

Lending to Small and Medium Enterprises

We have segmented offerings for the small and medium enterprise 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 "SME toolkit" —an online business and advisory resource for small and medium enterprises; and the "Emerging India Awards" —a small and medium enterprises recognition platform. We also offer fee-based products and services including transaction banking services, documentary credits and guarantees to small and medium enterprises.

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 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 Markets Group provides foreign exchange and other treasury products to corporations. 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, overdraft, demand loans and non-fund based facilities including bill discounting 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 June 30, 2014, 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. 1,884.35 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 corporations 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.

- *Derivatives*

We offer derivative products including interest rate swaps, currency swaps, options and currency futures. We provide market making in interest rate and currency derivatives in all G7 currencies.

Commercial Banking for International Customers

Our strategy for growth in international markets is based on leveraging home country links and technology for international expansion 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 and achieving the status of the preferred nonresident 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 Bahrain, Dubai International Finance Center, Hong Kong, Singapore, Sri Lanka, Qatar Financial Centre and the United States and representative offices in Bangladesh, China, Indonesia, Malaysia, South Africa and the United Arab Emirates. Our subsidiary in the 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 overseas 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:

- Remittance services: Remittances into India were US$ 70.0 billion in 2014, with India being the largest remittance receiving country in the world. We recognised 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. To facilitate easy transfer of funds to India, we offer a suite of online as well as offline money transfer services that enable non-resident Indians from across 50 countries worldwide to send money to any beneficiary in India with a wide choice of delivery channels including electronic transfers to accounts with over 100,000 bank branches in India. With partnerships with over 200 correspondent banks and exchange houses worldwide, ICICI Bank is a significant participant in facilitating cross-border remittance flows into India.

- 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 U.S. dollar, pound sterling and euro.

- Foreign currency non-resident deposits: Foreign currency deposits offered in nine main currencies —U.S. dollar, Pound Sterling, Euro, Yen, Canadian dollar, Singapore dollar, Australian dollar, Hong Kong dollar and Swiss franc.

- 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.

Total assets (net of inter-office balances) of our international branches at June 30, 2014 were Rs. 1,131.28 billion and total advances were Rs. 888.67 billion compared to total assets of Rs. 966.41 billion and total advances of Rs. 809.20 billion at June 30, 2013. The increase in assets and advances of ICICI Bank's overseas branches at June 30, 2014 compared to June 30, 2013 primarily reflects the depreciation of the rupee against the U.S. dollar during the period. Our overseas branches are primarily funded by debt capital market borrowings, syndicated/bilateral loans and borrowings from external commercial agencies. See also *"— Risk factors — Risks Relating to Our Business — Our funding is primarily short-term and if depositors do not roll over deposited funds upon maturity, our business could be adversely affected."*

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 June 30, 2014, ICICI Bank UK PLC had 11 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. ICICI Bank UK PLC made a net profit of US$ 6.3 million during the three months ended June 30, 2014, compared to US$ 5.4 million during the three months ended June 30, 2013 and US$ 25.2 million during fiscal 2014.

At June 30, 2014, ICICI Bank Canada had nine branches and assets including cash and liquid securities, loans to customers, insured mortgages and asset backed securities. ICICI Bank Canada made a net profit of CAD 14.0 million during the three months ended June 30, 2014, compared to CAD 14.4 million during the three months ended June 30, 2013 and CAD 48.3 million during fiscal 2014.

At June 30, 2014, ICICI Bank Eurasia Limited Liability Company had one branch and total assets of US$126.6 million. ICICI Bank Eurasia made a net profit of US$ 0.2 million during the three months ended June 30, 2014, compared to US$ 0.9 million during the three months ended June 30, 2013 and US$ 2.4 million during fiscal 2014.

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 Notes*" and "*Risk Factors—Risks Relating to Our Business—We 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 June 30, 2014 we had a network of 3,763 branches across several states in India.

As a part of its branch licensing conditions, the Reserve Bank of India has stipulated that at least 25.0% of our branches must be located in tier 5 and tier 6 centers. See also "*—Supervision and Regulation—Regulations Relating to the Opening of Branches and Automated Teller Machines*".

The following table sets forth the number of branches broken down by area at June 30, 2014.

	At June 30, 2014	
	Number of branches and extension counters	% of total
Metropolitan/urban	1,805	48.0%
Semi-urban/rural	1,958	52.0%
Total branches and extension counters	**3,763**	**100.0%**

At June 30, 2014, we had 3,763 branches and 11,447 ATMs of which 3,972 were located at our branches. From April 1, 2013 to June 30, 2014, we opened 663 branches, of which 378 branches were located in tier 5 and tier 6 centers. We expect our branch network to become key points of customer acquisition and service. Accordingly, during fiscal 2011, we changed our organization structure to provide greater empowerment 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 clients. We provide telephone banking services through our call centers. We also provide mobile banking services and plan to focus on further strengthening these delivery channels.

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 the Reserve Bank of India's statutory liquidity ratio requirement, at June 30, 2014, we were required to maintain a minimum of 22.5% of our net demand and time liabilities by way of approved securities such as government of India securities and state government securities. We maintain the statutory liquidity ratio through a portfolio of government of India securities that we actively manage to optimize the yield and benefit from price movements. Further, as a prudent liquidity management strategy, we generally maintain excess investments in securities eligible for classification under the statutory liquidity ratio requirement. See "*Supervision and Regulation—Legal Reserve Requirements*".

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.

Our 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 June 30, 2014, 80.1% of our domestic government securities and other approved securities portfolio (net of provisions) 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, while 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 dates indicated, the composition of our investment portfolio.

Particulars	**At March 31,**			**At June 30,**		
	2012	**2013**	**2014**	**2013**	**2014**	**2014**
			(Rupees in billion)			**(US$ in million)**
Government and other approved securities [(1)]	Rs. 869.48	Rs. 923.76	Rs. 951.82	Rs. 994.21	Rs. 967.53	US$ 16,109
Debentures and bonds	195.14	174.78	121.20	146.80	99.30	1,654
Shares	22.92	25.05	24.02	22.82	26.67	444
Others [(2)]	508.06	590.35	673.18	582.42	608.03	10,124
Total	**Rs. 1,595.60**	**Rs. 1,713.94**	**Rs. 1,770.22**	**Rs. 1,746.25**	**Rs. 1,701.53**	**US$ 28,331**

(1) Includes investments in government and other approved securities in India.

(2) Others include investments in subsidiaries and joint ventures, commercial paper, mutual fund units, pass through certificates, security receipts and investments outside India.

We have a gross equity portfolio of Rs. 24.07 billion at June 30, 2014 (excluding equity investment in subsidiaries). The Reserve Bank of India restricts investments by a bank in equity securities. 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 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 our other business groups as well as the other groups and desks in the treasury, 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 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*".

Principal Non-Banking Subsidiaries

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. Our agreement with Prudential PLC provides that subject to the amendment of foreign ownership regulations, Prudential PLC would increase its shareholding in ICICI Prudential Life Insurance Company to 49.0% 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 26.0% following the completion of 10 years from the commencement of business by the concerned insurance company. The Insurance Laws (Amendment) Bill introduced in the Indian Parliament in 2008, would remove the requirement that promoters dilute their stake to 26.0%. See also *"Overview of the Indian Financial Sector —Recent Structural Reforms—Proposed Insurance Laws (Amendment) Bill 2008"*. 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 49.0% being held by Prudential PLC. In the Union Budget for fiscal 2015, the government announced an increase in the composite foreign shareholding cap in the insurance sector to 49.0% from 26.0%, through the Foreign Investment Promotion Board route. It has also proposed to take up the pending Insurance Laws (Amendment) Bill in the Parliament. See also *"Supervision and Regulation—Taxation—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 made a net profit of Rs. 15.67 billion in fiscal 2014, compared to Rs. 14.96 billion in fiscal 2013. The retail new business premium decreased marginally from Rs. 36.39 billion in fiscal 2013 to Rs.35.85 billion in fiscal 2014. The retail renewal premium witnessed marginal growth from Rs. 80.55 billion in fiscal 2013 to Rs. 81.00 billion during fiscal 2014 after declining for two consecutive years in fiscal 2012 and fiscal 2013. The total premium declined by 8.2% from Rs. 135.38 billion during fiscal 2013 to Rs. 124.29 billion during fiscal 2014 which was mainly due to the decrease in group premium. ICICI Prudential Life Insurance Company maintained its market leadership in the private sector during fiscal 2014 and three months ended June 30, 2014, with an overall market share of 8.3% based on retail weighted new business received premium during three months ended June 30, 2014. During the three months ended June 30, 2014, ICICI Prudential Life Insurance Company made a net profit of Rs. 3.82 billion. Following the regulatory changes issued by the Insurance Regulatory and Development Authority with respect to unit-linked products in fiscal 2011, the Indian life insurance industry witnessed a significant shift in product mix towards conventional products. The proportion of unit-linked products declined from 54.8% in fiscal 2010 to 10.1% in fiscal 2013 on the basis of new business premium received. Further, the Insurance Regulatory and Development Authority issued guidelines on non-linked life insurance products which included limits on the commission rates payable by insurance companies, introduction of minimum guaranteed surrender value and minimum death benefits. The new guidelines, which were effective in phases on October 1, 2013 and January 1, 2014, require life insurance companies to modify existing non-linked products which do not comply with the revised guidelines. These changes had an impact on the non-linked life insurance business which resulted in a lower share of non-linked products in the product mix of insurance companies. The regulatory changes on unit-linked as well as non-unit linked products have impacted the margins of insurance companies. See also "*Risk Factors—Risks Relating to Our Business— 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 levels of profitability*". Considering these product changes, the business mix of ICICI Prudential Life Insurance Company has also changed with an increase in the proportion of retail unit-linked products in fiscal 2014. Linked products contributed to 66.5% of the retail weighted received premium business of the company in fiscal 2014 as compared to 54.5% in fiscal 2013.

ICICI Lombard General Insurance Company's gross written premiums (excluding its share of declined risk pool, third party pool and inward reinsurance) increased by 11.8% to Rs. 68.56 billion during fiscal 2014, as compared to Rs. 61.34 billion for fiscal 2013. During the three months ended June 30, 2014, gross written premium was Rs. 18.47 billion. ICICI Lombard General Insurance Company was the largest private general insurer in India during fiscal 2014 with a market share of about 9.4% in gross direct written premiums amongst all general insurance companies according to Insurance Regulatory and Development Authority.

ICICI Lombard General Insurance Company made a net profit of Rs. 5.11 billion in fiscal 2014 compared to net profit of Rs. 3.06 billion in fiscal 2013 primarily due to the increase in investment income in fiscal 2014. During the three months ended June 30, 2014, ICICI Lombard General Insurance Company made a net profit of Rs. 0.72 billion. ICICI Bank earns commissions and fees from these subsidiaries as their distributor for sales of life and general insurance products.

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 Company had average mutual fund assets under management of Rs. 1,180.56 billion during three months ended June 30, 2014. ICICI Prudential Asset Management made a net profit of Rs. 1.83 billion during fiscal 2014 compared to a net profit of Rs. 1.10 billion in fiscal 2013. During the three months ended June 30, 2014, ICICI Prudential Asset Management made a net profit of Rs. 0.61 billion.

ICICI Securities Limited

ICICI Securities Limited is engaged in the business of broking (institutional and retail), merchant banking and advisory services. 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 to offer a wide range of investment options by providing a seamless structure that integrates a customer's bank account, demat account and trading account. ICICI Securities Limited has a subsidiary in the United States, ICICI Securities Holdings Inc., which in turn has a subsidiary in the United States, ICICI Securities Inc., which is engaged in brokerage services. ICICI Securities Limited's net profit increased from Rs.0.68 million in fiscal 2013 to Rs. 0.77 billion in fiscal 2014. ICICI Securities Limited made a net profit of Rs. 0.60 billion during the three months ended June 30, 2014.

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 and placement of debt and money market operations. ICICI Securities Primary Dealership made a net profit of Rs. 1.32 billion in fiscal 2014 compared to a net profit of Rs. 1.22 billion in fiscal 2013. During the three months ended June 30, 2014, ICICI Securities Primary Dealership made a net profit of Rs. 0.46 billion. The revenues of the business are 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 June 30, 2014, ICICI Venture managed or advised funds of about Rs. 136.62 billion. ICICI Venture made a net profit of Rs. 0.33 billion in fiscal 2014 compared to a net profit of Rs. 0.20 billion in fiscal 2013. During the three months ended June 30, 2014, ICICI Venture Funds Management Company made a net profit of Rs. 0.11 billion.

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 June 30, 2014, our total outstanding loans/bonds that are guaranteed by the government of India were Rs. 15.63 billion, constituting 1.1% of our total borrowings at that date.

Our overseas branches are primarily funded by bond issuances, syndicated loans from banks, money market borrowings, inter-bank bilateral loans and borrowings from external commercial agencies. See also "-Risk Factors-Risks relating to Our Business-Our funding is primarily short-term and if depositors do not roll over deposited funds upon maturity, our business could be adversely affected".

Our deposits were Rs. 3,357.67 billion at June 30, 2014 compared to Rs. 2,911.85 billion at June 30, 2013. Our deposits were 57.1% and 53.1% of our total liabilities (including capital and reserves) at June 30, 2014 and June 30, 2013, respectively. Our borrowings (including subordinated debt and preference share capital) were 24.8% and 28.4% of our total liabilities (including capital and reserves) at June 30, 2014 and June 30, 2013, respectively.

The following table sets forth, at the dates indicated, our outstanding deposits and the percentage composition for each category of deposit.

	At March 31,				At June 30,				
	2013		2014		2013		2014		
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	(US$ in millions)
	(Rupees in billions, except percentages)								
Savings deposits.........	Rs. 856.51	29.3	Rs. 991.33	29.9	Rs. 888.53	30.5	Rs. 1,027.36	30.6	US$17,106
Other demand deposits[(1)]......	369.26	12.6	432.46	13.0	369.81	12.7	416.78	12.4	6,939
Term deposits.....	1,700.37	58.1	1,895.35	57.1	1,653.51	56.8	1,913.53	57.0	31,860
Total deposits....	**Rs.2,926.14**	**100.0%**	**Rs.3,319.14**	**100.0%**	**Rs.2,911.85**	**100.0%**	**Rs.3,357.67**	**100.0%**	**US$55,905**

(1) Includes current account deposits.

Total deposits increased by 15.3% from Rs. 2,911.85 billion at June 30, 2013 to Rs. 3,357.67 billion at June 30, 2014. Term deposits increased from Rs. 1,653.51 billion at June 30, 2013 to Rs. 1,913.53 billion at June 30, 2014, savings deposits increased from Rs. 888.53 billion at June 30, 2013 to Rs. 1,027.36 billion at June 30, 2014, while other demand deposits increased from Rs. 369.81 billion at June 30, 2013 to Rs. 416.78 billion at June 30, 2014.

The following table sets forth, for the periods indicated, the average volume (i.e., the average daily balance) and average cost of deposits by type of deposit.

Particulars	For the year ended March 31,				For the three months ended June 30,				
	2013		2014		2013		2014		
	Amount	Cost	Amount	Cost	Amount	Cost[(1)]	Amount	Cost[(1)]	Amount
	(Rupees in billions, except percentages)								(US$ in millions)
Interest-bearing deposits:									
Savings deposits	755.33	4.0%	866.51	4.0%	815.04	4.0%	945.49	4.0%	15,742
Term deposits	1,641.90	8.5%	1,771.80	8.1%	1,684.64	8.2%	1,919.33	8.3%	31,957
Non-interest-bearing Deposits:									
Other demand deposits[(2)]	251.25	—	284.10	—	262.71	—	306.29	—	5,100
Total deposits	**2,648.48**	**6.4%**	**2,922.41**	**6.1%**	**2,762.39**	**6.2%**	**3,171.11**	**6.2%**	**52,799**

(1) Represents annualized interest expense divided by the average balances.

(2) Includes current account deposits.

(3) The average balances are based on daily average balances outstanding, except for the averages of foreign branches, which are calculated on fortnightly basis.

Our average deposits for the three months ended June 30, 2014 were Rs. 3,171.11 billion at an average cost of 6.2% as compared to average deposits of Rs. 2,762.39 billion at an average cost of 6.2% for the three months ended June 30, 2013. Our average term deposits for the three months ended June 30, 2014 were Rs. 1,919.33 billion at an average cost of 8.3% as compared to average term deposits of Rs. 1,684.64 billion at an average cost of 8.2% for the three months ended June 30, 2013.

The following table sets forth the maturity profile of term deposits at June 30, 2014. Non-interest bearing deposits and savings deposits can be withdrawn on demand.

Particulars	Up to one year	After one year and within three years	After three years	Total	Total
	(Rupees in billions)				(US$ in millions)
Term deposits	1,049.43	427.61	436.50	1,913.53	31,860

The following table sets forth, for the periods indicated, average outstanding borrowings. The average cost of borrowing is provided in the footnotes.

Particulars	For the year ended March 31,		For the three months ended June 30,		
	2013	2014	2013	2014	
	(Rupees in billions)				(US$ in millions)
Rupee borrowing[(1),(2),(3)]	535.40	567.47	571.50	526.67	8,769
Foreign currency borrowing[(1),(4)]	889.59	972.64	867.58	1,016.10	16,918
Total	**1,424.99**	**1,540.11**	**1,439.08**	**1,542.77**	**25,687**

(1) The average balances are based on daily average balances outstanding, except for the averages of foreign branches, which are calculated on a fortnightly basis.

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

(3) Average cost of rupee borrowing was 11.2% for fiscal 2013, 11.4% for fiscal 2014, 11.0% for the three months ended June 30, 2013 and 11.5% for the three months ended June 30, 2014.

(4) Average cost of foreign currency borrowing was 3.7% for fiscal 2013, 3.5% for fiscal 2014, 3.5% for the three months ended June 30, 2013 and 3.6% for the three months ended June 30, 2014.

Our average borrowings were Rs. 1,542.77 billion for the three months ended June 30, 2014 compared to Rs. 1,439.08 billion for the three months ended June 30, 2013. At June 30, 2014, our outstanding debt capital instruments were Rs. 402.37 billion. These debt capital instruments are considered as part of capital funds for the purpose of capital adequacy computation as per the Reserve Bank of India's Basel III grandfathering rules. See also "*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 to the policies and processes, 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. For a discussion of these and other committees, see "Management".
- The Risk Committee reviews risk management policies in relation to various risks (including credit risk, market risk, liquidity risk, interest rate risk and operational risk, key risk indicators and risk profile templates (covering areas including credit risk, market risk, liquidity risk, operational risk, compliance risk, capital at risk, earning at risk and group risk). A calendar of reviews includes periodic review of policies such as credit and recovery policy, investment policy, derivative policy, and asset liability management policy, outsourcing policy, operational risk management policy, broker empanelment policy and liquidity contingency plan. The Committee reviews the stress-testing framework that includes a wide range of Bank-specific and market (systemic) scenarios. The Risk Committee also assesses our capital adequacy position, based on the risk profile of our balance sheet and reviews the implementation status of capital regulations.
- The Credit Committee reviews the credit quality of the major portfolios developments in key industrial sectors and exposure to these sectors and exposures 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.
- 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, and its 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 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 Middle Office Group and Treasury Control and Service Group and the Operations Group monitor operational adherence to regulations, policies and internal approvals. The Risk Management Group is further organized into the Credit Risk Management Group, Market Risk Management Group and the Operational Risk Management Group. The Risk Management Group, Credit Middle Office Group and Treasury Control and Service Group and 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 Chief Executive Officer. The Compliance and Internal Audit Groups have administrative reporting to an Executive Director. 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 amounts due to us. In its lending operations, ICICI Bank is principally exposed to credit risk.

The credit risk is governed by the Credit and Recovery Policy or the credit policy approved by the Board of Directors. The Credit and Recovery 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. The credit risk for retail borrowers is being managed at portfolio level. 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.

Credit 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 Senior Management, the Committee of Executives and Regional Committees. For certain exposures to small and medium enterprises and rural and agricultural loans under programs, separate forums have been established for approval. These forums sanction programs formulated through a cluster-based approach wherein a lending program is implemented for a homogeneous group of individuals or business entities that comply with certain norms. To be eligible for funding under the programs, borrowers need to meet the stipulated credit norms and obtain a minimum score on a scoring model. ICICI Bank has incorporated control norms, borrower approval norms and review triggers in all such programs.

Retail credit facilities are required to comply with approved product policies. All products policies are approved by the Committee of Executive Directors. The individual credit proposals are evaluated and approved by individual officers/forums on the basis of the product policies.

Credit Risk Assessment Methodology for Standalone Entities

All credit proposals other than retail products, program lending, score card-based lending to small and medium enterprises and agri-businesses and certain other specified products are rated internally by the Credit Risk Management Group, prior to approval by the appropriate forum.

The 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 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 finance companies and real estate. Rating based thresholds on incremental sanctions have also been put in place.

ICICI Bank 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. The methodology involves assessment of quantitative and qualitative parameters. For example, for any large corporate, the rating methodology entails a comprehensive evaluation of the industry, borrower's business position in the industry (benchmarking), financial position and projections, quality of management, impact of projects being undertaken by the borrower and structure of the transaction. 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);
- the quality of management by analyzing their track record, payment record and financial conservatism (management risk); and
- the risks with respect to specific projects, both pre-implementation, such as construction risk and funding risk, as well as post-implementation risks such as industry, business, financial and management risks related to the project (project risk).

After conducting an analysis of a specific borrower's risk, the Credit Risk Management Group assigns a credit rating to the borrower. ICICI Bank has a scale of 12 ratings ranging from AAA to B. 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 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 periodically. The Bank also reviews the ratings of all its borrowers in a particular industry upon the occurrence of any significant event impacting that industry.

On the Bank's current rating scale, ratings of below BBB- (i.e., BB and B ratings) are considered to be relatively high-risk categories. The current credit policy of the Bank does not expressly provide a minimum rating required for a borrower to be considered for a loan. All corporate loan proposals with an internal rating of below BBB- are sent to our Credit Committee for its approval, which is constituted by a majority of non-executive directors.

The following table sets forth a description of our internal rating grades linked to the likelihood of loss:

Grade		Definition
(I)	Investment grade	Entities/obligations are judged to offer moderate to high safety with regard to timely payment of financial obligations.
	AAA, AA+, AA, AA-	Entities/obligations are judged to offer high safety with regard to timely payment of financial obligations.
	A+, A, A-	Entities/obligations are judged to offer an adequate degree of safety with regard to timely payment of financial obligations.
	BBB+, BBB and BBB-	Entities/obligations are judged to offer moderate safety with regard to timely payment of financial obligations.
(II)	Below investment grade (BB and B)	Entities/obligations are judged to carry inadequate safety with regard to timely payment of financial obligations.

At year-end fiscal 2014, our net non-investment grade loans constituted about 11.2% of our total net loans.

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. On completion of this review, a decision is made on whether to renew the working capital loan arrangement.

The following sections detail the risk assessment process for various business segments:

Assessment of Project Finance Exposures

ICICI Bank has a 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 ICICI Bank is 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.

Assessment of Corporate Finance Exposures

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. Corporate finance loans are typically secured by a first charge on fixed assets, which normally consists of property, plant and equipment. We may also take as security a pledge of financial assets, such as marketable securities, and obtain corporate guarantees and personal guarantees wherever appropriate. In certain cases, the terms of financing include covenants relating to sponsors' shareholding in the borrower and restrictions on the sponsors' ability to sell all or part of their shareholding.

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.

Assessment of Working Capital Finance Exposures

ICICI Bank carries out a detailed analysis of borrowers' working capital requirements. Credit limits are established in accordance with the credit 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.

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.

Assessment of Retail Loans

The sourcing and approval of retail credit exposures are segregated to achieve independence. The Credit Risk Management Group, Retail Strategy and Policy Group and credit teams are assigned complementary roles to facilitate effective credit risk management for retail loans.

The Retail Strategy and Policy Group is responsible for preparing credit policies/operating notes. The Credit Risk Management Group oversees the credit risk issues for retail assets including the review vetting of all credit policies and operating notes proposed for approval by the Board or forums authorized by the Board. The Credit Risk Management Group is involved in portfolio monitoring of all retail assets and in suggesting and implementing policy changes. Independent units within retail banking, focus 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.

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

The Bank's credit officers evaluate credit proposals on the basis of operating notes approved by the Committee of Executive Directors. The 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 retail borrowers. In making its credit decisions, ICICI Bank draws upon a centralised delinquent database and reports from the Credit Information Bureau (India) Limited to review the borrower's profile. For mortgage loans and used vehicle 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 assigns a credit score to each applicant based on certain demographic and credit bureau variables. The credit score then forms one of the criteria for loan evaluation. For loans against gold ornaments and gold coins, emphasis is given on ownership and authenticity (purity and weight) of the jewelry for which an external appraiser is appointed by the Bank. Certain norms like a cap on the gross weight of certain kinds of jewelry have been set to reduce jewelry evaluation risks.

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.

Assessment Procedures of Small Enterprises Loans

ICICI Bank finances small enterprises, which include individual cases and financing dealers and vendors of companies by implementing structures to enhance the base credit quality of the vendor/dealer. Small enterprise credit also includes financing extended directly to small enterprises as well as financing extended on a cluster-based approach in which credit is extended to 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 in all the cases. 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 a minimum score requirement before appraisal of these enterprises is conducted.

ICICI Bank's small enterprise portfolio also finances small and medium enterprises, dealers and vendors linked to these entities by implementing structures to enhance the base credit quality of the vendor or dealer. The process involves an analysis of the base credit quality of the vendor or dealer pool and an analysis of the linkages that exist between the vendor or dealer and the company.

The risk management policy also includes 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.

Assessment Procedures of Rural and Agricultural Loans

The rural and agricultural loan portfolio is composed of corporations in the rural sector, small and medium enterprises in the rural sector, dealers and vendors linked to these entities and loans to farmers. ICICI Bank seeks to adopt appropriate risk assessment methodologies for each of the segments. For corporations, 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 where applicable. 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 fraud 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 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*".

Risk Monitoring and Portfolio Review

We ensure effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is higher for cases with higher outstanding balances and/or lower credit ratings. For corporate, small enterprises and agri-business related borrowers, the Credit Middle Office Group verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities.

The 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.

Borrower accounts are generally reviewed at least once a year.

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 as part of a risk profile template. 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. 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, Derivative Policy and Asset Liability Management Policy, which are reviewed and approved by the Board of Directors.

Market Risk Management Procedures

Market risk policies include the Investment Policy, the Asset Liability Management Policy and the Derivative Policy. The policies are approved by the Board of Directors. The Asset Liability Management Committee stipulates liquidity and interest rate risk limits, monitors adherence to limits and determines the strategy in light of the current and expected environment. The framework for implementing strategy is articulated in the Asset Liability Management Policy. The Investment Policy addresses issues related to investments in various treasury 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. The Board has authorized the Asset Liability Management Committee and Committee of Executive Directors (Borrowing, Treasury and Investment Operations) to grant certain approvals related to treasury activities, within the broad parameters laid down by policies approved by the Board.

The Asset Liability Management Committee, comprising wholetime directors and senior executives, meets periodically and reviews the positions of trading groups, interest rate and liquidity gap positions on the banking book, 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, taking into consideration the current and expected business environment. The asset liability management policy provides guidelines to manage liquidity risk and interest rate risk in the banking book under all probable economic circumstances and rate scenarios.

The 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 Control and Service 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. Interest rate risk is further monitored through interest rate risk limits approved by the Board of Directors. Credit spread risk is monitored by setting investment limits, rating-wise limits, single user limits and maturity limits.

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.

Our balance sheet consists of Indian rupee and foreign currency assets and liabilities, with a predominantly higher proportion of rupee-denominated assets and liabilities. Thus, movements in domestic interest rates constitute the main source of interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristics of balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted or behavioral maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced 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 re-priced assets and liabilities. ICICI Bank monitors interest rate risk through the above measures on a fortnightly basis. The duration of equity and interest rate sensitivity gap statements are submitted to the Reserve Bank of India on a monthly basis. These interest rate risk limits are approved by the Board of Directors. The Bank also monitors Greeks of its interest rate options.

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 2014 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, credit charge and likely changes in the Bank's cost of funds, market rates, interest rate outlook and other systemic factors. Pricing for fresh approvals and renewal of rupee 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 with the exception of certain categories of loans specified by the Reserve Bank of India from time to time. Existing loans, other than cases where the borrower migrates to base rate, 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.

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.

Almost all our foreign currency loans in our overseas branches are floating rate loans. These loans are generally funded with foreign currency borrowings and deposits in 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 and fixed / floating rate wholesale borrowings as their funding sources. They also have fixed and floating rate assets. Interest rate risk is generally managed by entering into swaps whenever required

Please also see "*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 cost of funds*".

The following table sets forth our asset-liability gap position at June 30, 2014[3][4][5].

Maturity buckets	<1 year	1 to 3 years	3 to 5 years	> 5 years	Not sensitive	Total
			(Rs. in billions)			
Assets						
Loans & advances	2,986.60	252.50	122.25	109.33	—	3,470.67
Investments	416.15	213.04	187.83	705.58	178.92	1,701.53
Cash/Reserve Bank of India balances	—	—	—	—	202.56	202.56
Balances with banks, call and term money[1]	176.84	—	—	—	42.61	219.45
Fixed assets[2]	2.41	0.03	0.04	(0.14)	44.37	46.71
Other assets	—	—	—	4.60	238.04	242.63
Total assets	**3,581.99**	**465.56**	**310.11**	**819.37**	**706.51**	**5,883.55**
Capital and liabilities						
Capital	—	—	—	—	11.63	11.63
Reserves & surplus	—	—	—	—	747.35	747.35
Deposits	2,565.61	409.54	227.93	154.59	—	3,357.67
Borrowings	709.29	257.96	246.66	245.56	—	1,459.46
Others	—	—	—	—	307.44	307.44
Total capital and liabilities	**3,274.90**	**667.49**	**474.59**	**400.15**	**1,066.42**	**5,883.55**
Total gap before risk management positions	**307.09**	**(201.93)**	**(164.47)**	**419.22**	**(359.91)**	**—**
Risk management positions[5]	(444.76)	205.26	67.80	123.44	—	(48.26)
Total gap after risk management positions	**(137.67)**	**3.33**	**(96.67)**	**542.66**	**(359.91)**	**(48.26)**

(1) Includes balances in current accounts with banks, money at call and short notice, term deposits and other placements.

(2) Includes leased assets.

(3) The maturity profile has been computed based on the relevant asset-liability management guidelines of the Reserve Bank of India and policies approved by the Bank's Asset-Liability Management Committee.

(4) Assets and liabilities are classified into the applicable categories based on residual maturity or re-pricing, whichever is earlier. Classification methodologies are generally based on Asset Liability Management Guidelines, including behavioral studies, as per local policy/regulatory norms of the entities. Items that neither re-price nor have a defined maturity are included in the "greater than five years" category. This includes investments in the nature of equity, cash and cash equivalents and miscellaneous assets and liabilities. Fixed assets (other than leased assets) have been excluded from the above table.

(5) The risk management positions comprise rupee and foreign currency swaps.

The following table sets forth, using the balance sheet at June 30, 2014 as the base, one possible prediction of the impact of adverse changes in interest rates on net interest income for fiscal 2015, assuming a parallel shift in the yield curve.

	At June 30, 2014			
	Change in interest rates (in basis points)			
	(100)	(50)	50	100
	(Rs. in billions)			
Rupee portfolio	Rs.(6.90)	Rs.(3.45)	Rs. 3.45	Rs. 6.90
Foreign currency portfolio	(0.29)	(0.15)	0.15	0.29
Total	**Rs.(7.19)**	**Rs.(3.60)**	**Rs. 3.60**	**Rs. 7.19**

Based on our asset and liability position at June 30, 2014, the sensitivity model shows that net interest income from the banking book would rise by Rs. 7.19 billion during the next 12 months ending June 30, 2015 if interest rates increased by 100 basis points. Conversely, the sensitivity model shows that if interest rates decreased by 100 basis points, net interest income would fall by an equivalent amount of Rs. 7.19 billion during the next 12 months ending June 30, 2015. Correspondingly, at March 31, 2014, the sensitivity model shows that net interest income from the banking book for fiscal 2015 would rise by Rs. 8.88 billion if interest rates increased by 100 basis points during fiscal 2015. Conversely, the sensitivity model shows that if interest rates decreased by 100 basis points during fiscal 2015, net interest income for fiscal 2015 would fall by an equivalent amount of Rs. 8.88 billion.

Sensitivity analysis, which is based upon a 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. The following table sets forth, using the fixed income portfolio at June 30, 2014 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 2015, assuming a parallel shift in yield curve.

	At June 30, 2014				
	Change in interest rates (in basis points)				
	Portfolio Size	(100)	(50)	50	100
	(Rs. in billions)				
Government securities	Rs. 7.95	Rs. 0.42	Rs. 0.21	Rs. (0.21)	Rs. (0.42)
Corporate debt securities	Rs. 78.61	Rs. 0.33	Rs. 0.17	Rs. (0.17)	Rs. (0.33)
Total	**Rs. 86.56**	**Rs. 0.75**	**Rs. 0.38**	**Rs. (0.38)**	**Rs. (0.75)**

At June 30, 2014, the total market value of our rupee fixed income trading portfolio was Rs. 86.56 billion. The sensitivity model shows that if interest rates increase by 100 basis points during fiscal 2015, the value of this portfolio would fall by Rs. 0.75 billion.

At June 30, 2014, the total outstanding notional principal amount of our trading interest rate derivatives portfolio was Rs. 2,230.61 billion. The sensitivity model shows that if interest rates increase by 100 basis points, the value of this portfolio would rise by Rs. 0.42 billion. At June 30, 2014, the total outstanding notional principal amount of our trading currency derivatives (options and cross currency interest rate swaps) portfolio was Rs. 1,040.85 billion. 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. 0.81 billion.

Equity Risk

We assume equity risk both as part of our investment book and our trading book. At June 30, 2014, we had a gross equity investment portfolio of Rs. 24.07 billion. In the investment book, investments in equity shares and preference shares are essentially long-term in nature. For further information on our trading and available for sale investments, see "*—Overview of Our Products and Services—Investment Banking—Treasury*".

We also invest in private equity and venture capital 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, however, 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.

The Reserve Bank of India has permitted banks to offer foreign currency-rupee options by banks for hedging foreign currency exposures including hedging of balance sheet exposures to the users. The Bank has been offering such products primarily to corporate clients and other inter-bank counterparties. All the options positions 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

The Bank offers various derivative products, including options and swaps, to clients for their risk management purposes. The Bank also enters into interest rate and currency derivative transactions for the purpose of hedging interest rate and foreign exchange mismatches and also engages in trading of derivative instruments on its own account.

We generally do not carry market risk on client derivative positions as we cover our positions in the inter-bank market. Profits or losses on account of currency movements on these transactions are borne by the clients. However, for the transactions which are not covered in the inter-bank market, the Bank has open positions within the limits prescribed in its Investment Policy. The derivative transactions are subject to counterparty risk to the extent particular obligors are unable to make payment on contracts when due. 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, the Bank converted overdue amounts owed to the Bank into loans and advances. See also *"Risk Factors—Risks Relating to Our Business—We and our customers are exposed to fluctuations in foreign exchange rates"*. 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, the Bank reverses derivative contracts receivables in its 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.

As per the Reserve Bank of India guidelines issued in August 2011, for a derivative contract where a crystallized receivable is overdue for more than 90 days, in addition to reversing crystallized receivable through the profit and loss account, any other positive mark-to-market on derivative contracts for such customer is also required to be reversed through the profit and loss account. Further, if any credit facility is overdue for more than 90 days, any crystallized receivable and positive mark-to-market on derivative contracts for such customer is also required to be reversed through the profit and loss account. The guidelines also disallow netting of receivables and payables from/to the same counterparty. The exposure to qualifying central counterparties can be netted as prescribed by the extant Reserve Bank of India guidelines.

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. The Bank selects collection strategies and makes assessments of collectability based on all available financial information about a client account as well as economic and legal factors that may affect its recovery efforts.

We have credit derivative instruments including funded and non-funded obligations. The credit derivatives in funded instruments were nil at June 30, 2014 and at June 30, 2013. Further, the outstanding notional principal in non-funded instruments was nil at June 30, 2014 as compared to Rs. 1.66 billion at June 30, 2013. We also offer deposits to customers of our offshore branches with structured returns linked to interest, forex or equity benchmarks. We cover these exposures in the inter-bank market. Our open position on this portfolio was nil at June 30, 2014 as compared to Rs. 0.37 billion at June 30, 2013.

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 investment limits, rating-wise limits, single issuer limit, maturity 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 Management 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 comprises Executive Directors, Presidents, Chief Financial Officer, Senior General Managers in charge of Risk and Treasury and Heads of business groups. The Risk Committee of the Board, a Board committee, has oversight of the Asset Liability Management Committee.

We use various tools for the measurement of liquidity risk including the statement of structural liquidity, dynamic liquidity cash flow 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 in Rupee currency for domestic operations, and statement of structural liquidity of all currencies together for international operations of the Bank (country-wise and in aggregate) are prepared on a daily basis. The statement of structural liquidity of foreign currency for domestic operations, consolidated statement for domestic operations and for the Bank as a whole are prepared on fortnightly basis. The utilization against gap limits laid down for each bucket is reviewed by the Asset Liability Management Committee of the Bank.The Bank also prepares dynamic liquidity cash flow statements, which in addition to scheduled cash flows, also consider 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 in 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 and has certain mitigating measures 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 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 and other financial institutions against refinance eligible assets.

For its overseas branches, the Bank also has a well-defined borrowing program. In order to maximize borrowings at a reasonable cost through its branches, 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 buyers' credit and other trade assets. Loans that meet the Export Credit Agencies' criteria are refinanced as per the agreements entered into with these agencies. The Bank also mobilizes retail deposit liabilities, in accordance with the regulatory framework in place in the respective host country.

We maintain prudential levels of liquid assets in the form of cash, balances with the Reserve Bank of India and government securities, money market and other fixed income securities. Currently, as stipulated by the regulator, banks in India are required to maintain their statutory liquidity ratio at a level of 22.0% of net demand and time liabilities in India and their cash reserve ratio at a level of 4.0% of net demand and time liabilities in India. The Bank generally holds additional securities over and above the stipulated level.

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, and considers possible measures that the Bank could take to mitigate the outflows under each scenario. These scenarios cover bank specific, market-wide and combined stress situations and have been separately designed for the domestic and international operations of the Bank. Each scenario included in the stress-testing framework covers a time horizon of 28 days. The stress-testing framework measures the impact on profit due to liquidity outflows for each scenario, and considering possible measures that the Bank could take to mitigate the stress. The impact on profits 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. During fiscal 2014 and the three months ended June 30, 2014, the results of each of the stress scenarios were within the board-prescribed limits.

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 liquidity indicators, which are monitored on a predefined (daily or 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 as well as incorporating host country regulatory requirements as applicable. Our subsidiary in the United Kingdom raises deposits through wholesale and retail sources. Wholesale sources comprise bond issuances through the Global Medium Term Note Programme, bilateral and syndicated loans as well as repo borrowings. In the retail segment, it raises deposits through its branch network as well as its internet platform. Our subsidiary in Canada is funded through diversified funding sources from retail as well as wholesale sources across tenor buckets.

See also "*Operating and Financial Review and Prospects—Liquidity Risk*".

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risks. Legal risk includes, but is not limited to, exposure to fines, penalties or punitive damages resulting from supervisory actions, as well as private settlements.

The management of operational risk 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 a clear accountability and responsibility for management and mitigation of operational risk, developing a common understanding of operational risk and helping the business and operation groups units to improve internal controls. 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. Amendments to these manuals are implemented through circulars, which are accessible to our branch employees on the intranet of the Bank. In addition, our branches are supported by product, marketing, audit and compliance teams. Our core banking application software has multiple security features to protect the integrity of applications and data. Transactions relating to customer accounts are processed based on built-in system checks and 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 adequate authentication and authorization controls for transactions through internet banking by customers. In addition to login password, transactions are authorized through grid-level value authentication (a grid is a unique set of numbers printed on the debit card). Additionally, a one-time password is sent to the customer's registered mobile number for the addition of a payee for fund transfers. Additionally, one-time password (sent to registered mobile number) authentication is also required in case the login is from a different system, browser, blacklisted IP addresses or blacklisted country. Internet transactions using credit cards require additional password-based authentication besides other authentications present on the card. Text message alerts are also sent to the customer for internet-based transactions beyond a threshold level. To prevent phishing and internet-related fraud, the Bank also 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 49 regional processing centers located at various cities across the country. These regional processing centers engage in activities such as processing clearing checks and inter-branch transactions, outstation check collections, and engage in back-office activities for account opening, renewal of deposits and salary transaction processing of corporations. There are currency chests located at 35 locations in various cities across India, which cater to the cash requirements of branches and ATMs.

Our central processing centers, two located in Mumbai and one in Hyderabad, process the transactions on a nation-wide basis for the issuance of debit cards, mailing of personal identification numbers, reconciliation of ATM transactions, issuance of passwords to internet banking customers and internet banking bill payments and processing of credit card transactions. Centralized processing has also been extended to activities such as issuance of personalized check books and activation of new accounts.

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 control and service office, automated control procedures, continuous monitoring procedures through detailed reporting statements, and a 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, a labeling policy has been 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 fraud 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, Real Time Gross Settlement system with sufficient internal checks and controls. An independent team conducts 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, Hyderabad 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 a 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 the 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 corporate operations comprises 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 for Commercial Banking

Commercial banking products and services are offered through identified commercial and retail branches, which are spread across all major business centers throughout the country. The commercial branches are led by senior branch heads, who are experienced commercial bankers. The transactions initiated at the branches are processed by independent and centralized operation units responsible for the execution of trade finance, cash management and general banking transactions.

Operational Controls and Procedures in Rural Loan Operations

Operational controls and procedures for corporate customers in rural and agricultural banking are similar to those of other 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.

Anti-Money Laundering Controls

The Bank has implemented the Know Your Customer/Anti-Money Laundering/Combating of Financing of Terrorism guidelines issued by the Reserve Bank of India in accordance with the provisions of Prevention of Money Laundering Act, 2002 and prevention of money laundering rules notified by the government of India from time to time.

The Bank's implementation of these guidelines includes formulation of a Group Anti-Money Laundering Policy with the approval of the Board of Directors of the Bank which also covers the overseas branches/ subsidiaries; oversight by the Audit Committee on the implementation of the anti-money laundering framework; appointment of a senior level officer as the 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; risk-based transaction monitoring and regulatory reporting procedures; and appropriate mechanisms to train employees and to create customer awareness on this subject.

The Know-Your-Customer procedures take into account the risk assessment of product and customer segments, with basic due diligence performed for low risk, enhanced due diligence performed for high risk customers pursuant to the Reserve Bank of India guidelines.

The Bank's anti-money laundering framework is subject to audit by the Internal Audit Department and their observations are periodically reported to the Audit Committee.

In July 2014, the Reserve Bank of India imposed a penalty on 12 Indian banks including us following its scrutiny of the loan and current accounts of one corporate borrower with these banks. The penalty imposed on us was Rs. 4.0 million.

See "*Risk Factors—Risks Relating to Our Business—The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past*" and "*Risk Factors—Risks Relating to Our Business-Negative publicity could damage our reputation and adversely impact our business and financial results and the price of the Notes*".

Audit

The Internal Audit Group provides independent, objective assurance on the effectiveness of internal controls, risk management and corporate governance and suggests improvements. The Internal Audit Group helps us to evaluate and improve the effectiveness of risk management, internal controls and governance processes, through a systematic and disciplined approach. The Internal Audit Group acts as an independent entity and reports to the Audit Committee of the board.

The Internal Audit Group maintains staff with sufficient knowledge, skills, experience and professional certifications. It deploys audit resources with expertise in audit execution and adequate understanding of business activities. The processes within Internal Audit Group are certified under ISO: 9001-2008. Further, an assessment of the quality of assurance provided by the Internal Audit Group is conducted through an independent external firm once every five years.

The Internal Audit Group has adopted a risk-based audit methodology in accordance with the Reserve Bank of India guidelines. The risk-based audit methodology is outlined in the Internal Audit Policy approved by the board. An annual risk-based audit plan is drawn up based on the risk-based audit methodology and is approved by the Audit Committee of the board. Accordingly, the Internal Audit Group undertakes a comprehensive audit of all branches, business groups and other functions in accordance with the risk-based audit plan.

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 business groups dealing with treasury functions and branches handling large volumes, to cover a minimum of 50.0% of credit, deposits and other risk exposures of a bank. Accordingly, the Internal Audit Group has formulated a strategy for concurrent audits at treasury related functions and branches. Concurrent audits are also carried out at centralized and regional processing centers and at centralized operations with a focus on areas that are identified as needing transaction testing and also to ensure existence of and adherence to internal controls.

The audit of overseas banking subsidiaries and domestic non-banking subsidiaries is carried out by a dedicated team of resident auditors attached to the respective subsidiaries. These audit teams functionally report to the audit committees of the respective subsidiary and to the 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 also "*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 and our stockholders' equity*" and "*Risk Factors—Risks relating to Our Business—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment*".

Risk Management Framework for International Operations

ICICI Bank has adopted a risk management framework for its international banking operations, including overseas branches and offshore banking unit. Under the framework, the Bank's credit, investment, asset liability management and anti-money laundering policies apply to all the overseas branches and offshore banking units, with modifications to meet local regulatory or business requirements. These modifications may be made with the approval of our Board of Directors or the committees designated by the Board of Directors. The Board of Directors/designated committee of the Board approve their respective risk management policies, based on applicable laws and regulations as well as the Bank corporate governance and risk management framework. Policies at the overseas banking subsidiaries are approved by the Board of Directors of the respective subsidiaries and are framed in consultation with the related groups in the Bank as per the risk management framework.

The Compliance Group oversees regulatory compliance at the overseas branches and offshore banking subsidiaries. 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 periodic 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 mechanisms. We have 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 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 an independent director as the Chairman of the Risk Management Committee and its Managing Director and Chief Executive Officer 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.

The risk governance structure of ICICI Prudential Life Insurance Company consists of the board, the Board Risk Management Committee, the Executive Risk Committee and its sub committees. The Board Risk Management Committee is comprised of non-executive directors. The board, on recommendation of the Board Risk Management Committee, has approved policies for various risks such as market risk, credit risk, liquidity risk, insurance risk, operational risk, reinsurance risk, underwriting risk and outsourcing risk.

The risk policies set out the governance structure for risk management in ICICI Prudential Life Insurance Company. The Executive Risk Committee, chaired by the Chief Actuary of ICICI Prudential Life Insurance Company, is responsible for assisting the board and the Board Risk Management Committee in their risk management duties and, in particular, is responsible for the approval of all new products launched by ICICI Prudential Life Insurance Company.

The Investment Risk Committee assists the Executive Risk Committee in the identification, measurement, and the monitoring and control of market, liquidity and credit risks. This includes asset liability management through regular monitoring of the equity backing ratios and asset liability duration mismatch. ICICI Prudential Life Insurance Company also has a liquidity contingency plan in place. The Insurance Risk Committee assists the Executive Risk Committee in the identification, measurement, monitoring and control of insurance risks such as persistency, mortality, morbidity and expense risks.

The Operational Risk Committee assists the Executive Risk Committee in the identification, measurement, monitoring and control of operational risks such as risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Outsourcing Committee reports to the Executive Risk Committee on management of outsourcing risk such as risk due to the use of services by a third party to perform activities on a continuous basis that would have been normally undertaken by ICICI Prudential Life Insurance Company.

The risk management model of ICICI Prudential Life Insurance Company comprises a four-stage continuous cycle, namely the identification and assessment, measurement, monitoring and control of risks. ICICI Prudential Life Insurance Company's risk policies detail the strategy and procedures adopted to follow the risk management cycle at the enterprise level. A risk report detailing the key risk exposures faced by ICICI Prudential Life Insurance Company and mitigation measures is placed before the Board Risk Management 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 seeks to diversify its insurance portfolio across product classes, industry sectors and geographical regions. ICICI Lombard General Insurance focuses on achieving a balance between the corporate and retail portfolio mix to achieve favorable claim ratio and risk diversification. ICICI Lombard General Insurance has a risk retention and reinsurance policy whereby tolerance levels are set on as per risk and on a per event basis. ICICI Lombard General Insurance 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 restricted to 5.0% of the portfolio and to any industry to 10.0% of the portfolio.

Loan Portfolio

Loan Concentration

We follow a policy of portfolio diversification and evaluate our total financing exposure to a particular industry in light of our forecasts of growth and profitability for that industry. Our Credit Risk Management Group monitors all major sectors of the economy and specifically tracks industries in which we have 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. Our policy is to limit our portfolio to any particular industry (other than retail loans) to 15.0% of our total exposure.

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 Generally Accepted Accounting Principles. 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 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., aggregate exposure can be 20.0% of capital funds for an individual borrower and 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 June 30, 2014, we were in compliance with these guidelines.

At June 30, 2014, our largest borrower accounted for 14.4% of our capital funds. The largest group of companies under the same management control accounted for 30.1% of our capital funds.

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

	At March 31, 2013		At March 31, 2014		At June 30, 2014		
	Total	**% of total**	**Total**	**% of total**	**Total**	**% of total**	**Total**
	Rs. in billions, except percentages)						**US$ in million**
Retail finance[1]	Rs.1,124.11	37.7%	Rs.1,418.23	40.8%	Rs.1,467.26	41.2%	US$24,430
Road, ports, telecom, urban development and other infrastructure	216.91	7.3	253.96	7.3	243.86	6.9	4,060
Power	186.06	6.2	221.43	6.4	233.22	6.6	3,883
Services — non-finance	203.52	6.8	218.77	6.3	225.27	6.3	3,751
Iron and steel products	161.88	5.4	188.32	5.4	186.05	5.2	3,098
Services-finance	159.62	5.4	122.00	3.5	133.32	3.7	2,220
Crude petroleum/refining and petrochemicals	88.64	3.0	103.47	3.0	99.22	2.8	1,652
Construction	70.51	2.4	83.75	2.4	89.14	2.5	1,484
Cement	66.64	2.2	76.74	2.2	88.31	2.5	1,470
Metal & products (excluding iron & steel)	44.05	1.5	69.01	2.0	74.84	2.1	1,246
Electronics and engineering	66.27	2.2	80.09	2.3	71.06	2.0	1,183
Food & beverage	69.52	2.3	71.25	2.1	67.60	1.9	1,126
Wholesale/retail trade	55.75	1.9	66.13	1.9	63.61	1.8	1,059
Shipping	45.10	1.5	59.46	1.7	62.19	1.8	1,035
Mining	80.73	2.7	60.96	1.8	56.25	1.6	937
Chemical and fertilizer	37.10	1.2	31.71	0.9	51.48	1.4	857
Manufacturing products (excluding metal)	32.44	1.1	37.63	1.1	37.81	1.1	630
Other industries[2]	275.31	9.2	309.21	8.9	307.02	8.6	5,112
Total	**Rs.2,984.16**	**100%**	**Rs.3,472.12**	**100%**	**Rs.3,557.51**	**100%**	**US$59,233**

(1) Includes home loans, commercial business loans, automobile loans, business banking, credit cards, personal loans, rural loans, loans against securities and dealer financing portfolio.

(2) Other industries primarily include developer financing portfolio, automobiles, textile, drugs and pharmaceuticals, gems and jewellery and FMCG.

Our retail advances were 41.2% of our total advances at June 30, 2014 compared to 40.8% at March 31, 2014 and 37.7% at March 31, 2013. Our advances to the road, ports, telecom, urban development and other infrastructure sectors were 6.9% of our total advances at June 30, 2014 compared to 7.3% at March 31, 2014 and 7.3% at March 31, 2013. Our advances to the power sector were 6.6% of our total advances at June 30, 2014 compared to 6.4% at March 31, 2014 and 6.2% at March 31, 2013. Our advances to the services (non-finance) sector were 6.3% of our total advances at June 30, 2014 compared to 6.3% at March 31, 2014 and 6.8% at March 31, 2013.

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 on priority sector lending require banks to lend 40.0% of their adjusted net bank credit, to fund certain types of activities carried out by specified borrowers. The definition of adjusted net bank credit includes certain investments and is computed with reference to the outstanding amount at March 31 of the previous year. Further, the Reserve Bank of India allowed loans extended in India against incremental foreign currency non-resident (bank)/non-resident external deposits from July 26, 2013 and outstanding at March 7, 2014 to be excluded from adjusted net bank credit. In May 2014, the Reserve Bank of India issued guidelines allowing banks to include the outstanding investments in Rural Infrastructure Development Fund and other specified funds at March 31 of the fiscal year to be classified as "indirect agriculture" and count towards overall priority sector target achievement. Investments at March 31 of the preceding year would be included in the adjusted net bank credit which forms the base for computation of the priority sector and sub-segment lending requirements.

The priority sectors include the agricultural sector, food and agri-based industries, small enterprises/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 and the balance to certain specified sectors. Banks are also required to lend 10.0% of their adjusted net bank credit, to certain borrowers under the "weaker section" category.

ICICI Bank is required to comply with the priority sector lending requirements prescribed by the Reserve Bank of India from time to time. The shortfall in the amount required to be lent to the priority sectors and weaker sections may be required to be deposited in funds 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 and other financial institutions as decided by the Reserve Bank from time to time based on the allocations made by the Reserve Bank of India. These deposits have a maturity of up to seven years and carry interest rates lower than market rates. At March 31, 2014, our total investment in such bonds was Rs. 248.19 billion.

At March 31, 2014, our priority sector lending was Rs. 1,010.30 billion, constituting about 108.5% of our requirements. At that date, the qualifying agriculture loans were Rs. 250.61 billion constituting about 59.8% of our requirements. The advances to "direct agriculture" were Rs. 145.85 billion constituting about 46.4% of the target. ICICI Bank's loans to weaker sections were Rs. 62.78 billion, constituting about 27.0% of the target. See also "*Supervision and Regulation—Directed Lending—Priority Sector Lending*".

The following table sets forth ICICI Bank's priority sector loans, classified by the type of borrower, at the last reporting Friday of fiscal 2014.

	At March 31, 2014			
	Amount		% of total priority sector lending	% of adjusted net bank credit
	(in billion, except percentages)			
Agricultural sector[1]	Rs. 250.61	US$ 4.18	24.80%	10.80%
Small enterprises[2]	382.42	6.37	37.9	16.4
Others including residential mortgage less than Rs. 2.5 million	377.27	6.29	37.3	16.2
Total	**Rs1,010.30**	**US$ 16.84**	**100.00%**	**43.40%**

(1) Includes direct agriculture lending of Rs. 145.85 billion, constituting 6.3% of our 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 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 to banks 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 31, 2014, ICICI Bank's export credit was Rs. 62.98 billion, which amounted to 2.8% of our 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 ICICI Bank 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 floating rate fresh approvals and renewal of rupee facilities are linked to the ICICI Bank Base Rate and comprise the ICICI Bank Base Rate, transaction-specific credit and other charges. The Reserve Bank of India has also stipulated that a bank's lending rates for rupee loans 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 10.0% per annum payable monthly, effective August 23, 2013. As prescribed in the guidelines of the Reserve Bank of India, existing borrowers at July 1, 2010 have an option to migrate to the 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 the earlier benchmark rate regimes.

Classification of Loans

Collateral — Completion, Perfection and Enforcement

Our loan portfolio largely consists of loans to retail customers, including home loans, automobile 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, other than personal loans, credit card receivables and some forms of corporate and agricultural financing, which are unsecured, we stipulate that the loans should be over-collateralized at the time of loan origination. However, it should be noted that obstacles within the Indian legal system can create delays in enforcing collateral—see "Risk Factors—Risks Relating to Our Business—If we are not able to control the level of non-performing assets in our portfolio, our business will suffer". In India, there are no regulations stipulating loan-to-collateral limits, except in the case of home loans. The Reserve Bank of India, has capped the loan-to-value ratio at 90% for home loans up to Rs. 2.0 million, at 80% for home loans between Rs. 2.0 million and Rs. 7.5 million and at 75% for home loans above Rs 7.5 million.

Secured retail portfolio

Retail loans for the purchase of assets, such as mortgage loans and automobile loans are secured by the assets being financed (predominantly property and vehicles). Depending on the type of borrower and the asset being financed, the borrower may also be required to contribute towards the cost of the asset. Accordingly, the security value is generally higher than the loan amount at the date of loan origination.

For other secured retail loans, such as loans against property and property overdrafts, we generally require collateral of 125% of the loan amount at origination.

Commercial loans

We generally require collateral valued at 125% to 150% of the loan amount at origination for secured commercial loans. Our commercial loans mainly consist of project and other corporate loans. The collateral are immovable assets, which are typically mortgaged in the Bank's favor, or movable assets, which are typically hypothecated in the Bank's favor. These security interests are perfected by the registration of these interests within time limits stipulated under the Companies Act as amended or replaced from time to time (the

"Companies Act") with the Registrar of Companies when borrowers 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 a 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. See also *"Risk factors—Risks Relating to Our Business—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"*.

We generally require collateral valued at 150% of the loan amounts at origination for mortgage loans to non-retail customers such as real estate companies and customers of our lease rental discounting facility. Our lease rental discounting facility is a loan facility offered to borrowers where the loans are granted against confirmed future lease rental payments to be received by the borrowers.

For secured working capital facilities, the current assets of borrowers are taken as collateral. Each borrower is required to declare the value of current assets periodically. The borrower's credit limit is subject to an internally approved ceiling that applies to all borrowers. We calculate a borrower's credit limits as a certain percentage of the value of the collateral, which provides the Bank with an adequate margin, should the borrower default. 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. We also accept post-dated checks and cash as additional comfort for the facilities provided to various entities.

The Bank has an internal framework for updating the collateral values of commercial loans on a periodic basis. Generally, for commercial loans, the value of moveable property held as collateral is updated annually and the value of immovable property held as collateral is updated every three years.

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.

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 can be undertaken directly by lenders by fulfilling certain procedures and requirements (unless challenged in courts of law) or otherwise by 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 also *"—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 generally 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. 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.

Classification

We classify our assets, including those in our overseas branches, as performing and non-performing in accordance with the Reserve Bank of India's guidelines and the guidelines of overseas regulators for assets originated by our overseas branches. 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 more than 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 the losses on which are identified or 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—The Reserve Bank of India Regulations—Loan Loss Provisions and Non-performing Assets—Asset Classification"*.

Restructured Loans

The Reserve Bank of India has separate guidelines for restructured loans. A fully secured standard loan (other than that classified as a commercial real estate exposure, a capital market exposure or a personal loan) can be restructured with asset classification benefits 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. We continue to classify these loans as restructured until they complete at least one year of satisfactory payment in accordance with the restructured terms and revert to the normal level of standard asset provisions/risk weights for capital adequacy purposes. 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 for at the time of the 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.

In accordance with the Reserve Bank of India guidelines issued in May 2013, general provisions on standard accounts restructured from June 1, 2013 have been increased to 5.0%. The general provision required on standard accounts restructured before June 1, 2013 has been increased to 3.5% from March 31, 2014, and would be further increased to 4.25% from March 31, 2015 and 5.0% from March 31, 2016. Further, loans that are restructured (other than due to delay up to a specified period in the infrastructure sector and non-infrastructure sector) from April 1, 2015 onwards would be classified as non-performing. Banks are required to disclose the aggregate fund based credit facilities of borrowers whose loans were restructured. The guidelines also prescribe measures with respect to the terms of restructuring that may be approved for borrowers.

Provisioning and Write-Offs

We make provisions in accordance with the Reserve Bank of India's guidelines. The Reserve Bank of India guidelines do not specify the conditions under which assets may be written-off. The Bank has internal policies for writing-off non-performing loans against loan loss allowances. See also *"Supervision and Regulation—The Reserve Bank of India Regulations—Loan Loss Provisions and Non-Performing Assets—Provisioning and Write-Offs"*.

The Reserve Bank of India guidelines on provisioning are as described below.

Standard assets:	The allowances on the performing portfolios are based on guidelines issued by the Reserve Bank of India. The provisioning requirement is a uniform rate of 0.4% for all standard assets except — • direct advances to agricultural and the Small and Micro Enterprise sectors, which attract a provisioning requirement of 0.25%; • advances to commercial real estate residential and non-residential sectors which attract a provisioning requirement of 0.75% and 1.0% respectively; • housing loans, where such loans are made at comparatively lower interest rates for the first years of the loan after which the rates are reset at higher rates, which attract a provisioning requirement of 2.0%. In May 2011, the Reserve Bank of India increased the standard asset provisioning on restructured loans to 2.0% in the first two years from the date of restructuring. Loans restructured with a moratorium on payment of interest/principal attracted a standard asset provision of 2.0% for the period covering the moratorium and two years thereafter. Restructured accounts classified as non-performing advances when upgraded to the standard category carry a provision of 2.0% in the first year from the date of up-gradation. In November 2012, the Reserve Bank of India increased the standard asset provision on restructured loans from 2.00% to 2.75%. Standard asset provisions on accounts restructured from June 1, 2013 have been increased to 5.0%. The standard asset provision required on accounts restructured before June 1, 2013 has been increased to 3.5% from March 31, 2014, and would be further increased to 4.25% from March 31, 2015 and 5.0% from March 31, 2016.
Sub-standard assets:............................	Effective May 2011 a provision of 15.0% is required for all sub-standard assets as compared to the previous requirement of 10.0%. An additional provision of 10.0% is required for accounts that are unsecured. Unsecured infrastructure loan accounts classified as sub-standard require provisioning of 20.0%.

Doubtful assets:	A 100.0% provision/write-off is required against the unsecured portion of a doubtful asset and is charged against income. With effect from fiscal 2012, for the secured portion of assets classified as doubtful, a 25.0% provision is required for assets that have been classified as doubtful for a year (compared to 20.0% through fiscal 2011), a 40.0% provision is required for assets that have been classified as doubtful for one to three years (compared to a 30.0% provision was required through fiscal 2011) and a 100.0% provision is required for assets classified as doubtful for more than three years. The value assigned to the collateral securing a loan is the amount reflected on the borrower's books or the realizable value determined by third party appraisers.
Loss assets:	The entire asset is required to be written off or provided for.
Restructured loans:	The provision on restructured loans is required to be equal to the difference between the fair value of the loan before and after 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 under the loan's restructured terms and the principal. Both sets of cash flows are discounted at the Bank's Base 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.

Our Policy

ICICI Bank provides for non-performing corporate loans in line with the Reserve Bank of India guidelines. ICICI Bank provides for non-performing consumer loans at the borrower levels in accordance with provisioning policy of ICICI Bank, 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. The Bank holds specific provisions against non-performing loans, general provisions against performing loans and floating provision taken over from the erstwhile Bank of Rajasthan upon amalgamation.

For restructured loans, provisions are made in accordance with the restructuring guidelines issued by the Reserve Bank of India. The Bank's provisioning coverage ratio at June 30, 2014 computed in accordance with the Reserve Bank of India guidelines was 68.4%.

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 our loans, 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 us in fiscal 2009 and fiscal 2010.

The Indian retail credit market (comprising consumer loans, credit card receivables and unsecured personal loans) 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 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 were 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. While additions to gross non-performing assets in our retail portfolio remained at a high level in fiscal 2010, we experienced a sharp decline in net additions to gross retail non-performing loans from fiscal 2011, due to the measures initiated by the Bank to curb delinquencies and improve collection practices from the second half of fiscal 2009. These measures included strengthening loan eligibility requirements for retail loans, reducing emphasis on unsecured lending and realigning credit limits for certain credit card holders. The measures also covered improved collection practices by integrating collections across products and using technology more efficiently. In addition, there was increased usage of its customer-facing call center operations, interactions through local dialects and regional languages and use of early reminders of the amounts due by the borrowers. Further, disputed claims of certain delinquent borrowers were resolved through alternative dispute resolution techniques such as mediation and through centralization of certain legal processes.

Since fiscal 2012, the Indian economy has experienced a sharp moderation in growth. Interest rates in the economy rose following tightening of monetary policy in response to high inflation. The corporate sector experienced a decline in sales and profit growth, and also experienced elongation of working capital cycles and a high level of receivables. The Indian rupee depreciated significantly *vis-a-vis* the U.S. dollar during this period. Further, corporate investment activity was impacted by concerns over administrative clearances and issues around access to land and natural resources. For example, there have been concerns over the availability of fuel for thermal and gas-based power plants. Given the concerns over growth, companies found it difficult to access equity capital markets and several companies and sectors have relatively high leverage. These trends and concerns persisted during fiscal 2014. Against initial expectations of a moderate recovery in fiscal 2014, growth in gross domestic product remained at 4.7% compared to 4.5% in fiscal 2013, with industrial growth further moderating to 0.4% in fiscal 2014 compared to 1.0% in fiscal 2013. In addition, given higher than expected inflation levels in the second half of fiscal 2014, the Reserve Bank of India increased the repo rate by 50 basis points during the year, as against initial expectations of a reduction in interest rates in fiscal 2014. Further, financial markets remained volatile, particularly in the first half of fiscal 2014, driven by a sharp depreciation in the exchange rate and consequent measures taken by the Reserve Bank of India to address the same. See also *"Operating and Financial Review and Prospects— Executive Summary-Business environment —Trends in fiscal 2014"*. Due to these and other factors, there has been an increase in the non-performing and restructured loans of Indian banks, including us. See also *"Risk Factors—Risks Relating to Our Business—If we are not able to control the level of non-performing assets in our portfolio, our business will suffer" and "—Strategy"*.

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 global and Indian economy, movements in global commodity markets and exchange rates and global competition could cause a further increase in the level of non-performing assets on account of retail and other loans and have a material adverse impact on the quality of our loan portfolio. See also "*Risk Factors—Risks Relating to Our Business—If we are not able to control the level of non-performing assets in our portfolio, our business will suffer" and "Description of ICICI Bank—Strategy*".

Classification of Customer Assets

The following table sets forth, at the dates indicated, data regarding the classification of our gross customer assets (net of write-offs, interest suspense and derivative income reversal on non-performing assets).

	At March 31						At June 30,		
	2012		2013		2014		2014		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount
	(Rs. in billions, except percentages)								(US$ in millions)
Standard	Rs. 3,048.57	97.0%	Rs. 3,503.57	97.3%	Rs. 4,017.45	97.4%	Rs. 3,986.60	97.3%	US$ 66,377
Non-performing assets	95.63	3.0	96.47	2.7	105.54	2.6	110.01	2.7	1,832
Of which:									
Sub-standard	14.50	0.5	18.72	0.5	22.42	0.6	14.13	0.4	236
Doubtful assets	73.34	2.3	67.91	1.9	62.74	1.5	74.36	1.8	1,238
Loss assets	7.79	0.2	9.84	0.3	20.38	0.5	21.52	0.5	358
Total customer assets(1)	**Rs. 3,144.20**	**100%**	**Rs. 3,600.04**	**100%**	**Rs. 4,122.99**	**100%**	**Rs. 4,096.61**	**100%**	**US$ 68,209**

(1) Includes loans and credit substitutes like debentures and bonds but excludes preference share.

The following table sets forth, at the dates indicated, data regarding our NPAs.

	Gross NPA[(1)(2)]	Net NPA[(2)]	Net customer assets[(2)]	% of Net NPA to Net customer assets
	(Rs. in billions, except percentages)			
March 31, 2012	95.63	18.94	3,059.84	0.62%
March 31, 2013	96.47	22.34	3,517.62	0.64%
March 31, 2014	105.54	33.01	4,037.08	0.82%
June 30, 2014	110.01	34.74	4,008.31	0.87%

(1) Net of write-offs, interest suspense and derivative income reversal.

(2) Includes loans and credit substitutes like debentures and bonds but excludes preference shares.

Gross non-performing assets increased by 4.2% from Rs. 105.54 billion at March 31, 2014 to Rs. 110.01 billion at June 30, 2014. The gross additions to gross non-performing assets during the three months ended June 30, 2014 were Rs. 11.95 billion as compared to Rs. 11.16 billion during the three months ended June 30, 2013. Non-performing assets amounting to Rs. 3.56 billion were upgraded or recovered during the three months ended June 30, 2014 as compared to Rs. 3.09 billion during the three months ended June 30, 2013. Non-performing assets amounting to Rs. 3.92 billion were written-off during the three months period ended June 30, 2014 as compared to Rs. 3.96 billion during the three months ended June 30, 2013.

The net non-performing assets of the Bank increased from Rs. 33.01 billion at March 31, 2014 to Rs. 34.74 billion at June 30, 2014. The net non-performing asset ratio increased from 0.82% at March 31, 2014 to 0.87% at June 30, 2014.

Our provision coverage ratio (i.e. total provisions made against non-performing assets as a percentage of gross non-performing assets) at June 30, 2014 was 68.4% as compared to 68.6% at March 31, 2014 computed in accordance with the Reserve Bank of India guidelines.

To create an institutional mechanism for the restructuring of corporate debt, the Reserve Bank of India has devised a corporate debt restructuring system. The objective of this framework is to ensure a timely and transparent mechanism for the restructuring of corporate debts of viable entities facing problems. We continue to classify these loans as restructured until they complete at least one year of satisfactory payment in accordance with the restructured terms and revert to the normal level of standard asset provisions/risk weights for capital adequacy purposes. 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. This led to additional restructuring of loans in the Indian banking system. At March 31, 2011, our gross restructured standard loans were Rs. 20.64 billion. Since fiscal 2012, the Indian economy has experienced a moderation in growth. Interest rates in the economy rose following tightening of monetary policy in response to high inflation. While inflation moderated and the Reserve Bank of India effected some reductions in policy rates, interest rates in general continued to be relatively high. Recently, the Reserve Bank of India has again raised policy rates in response to renewed inflationary concern. The corporate sector has experienced a decline in sales and profit growth, and has also experienced elongation of working capital cycles and a high level of receivables. The Indian rupee has depreciated significantly vis-a-vis the U.S. dollar during this period. Consequently, during July to September 2013, the Reserve Bank of India took additional monetary tightening measures, significantly reducing systemic liquidity and causing a rise in market interest rates, particularly short term rates. Further, corporate investment activity has been impacted by concerns over administrative clearances and issues around access to land and natural resources. As a result of the above, there has been an increase in restructured loans for the banking system, including us, from fiscal 2012. Further, in January 2013, the Reserve Bank of India issued guidelines requiring banks to report restructured loans at a borrower level i.e. including all facilities, including those not restructured, to a borrower where any of the facilities have been restructured. The Bank has implemented this guideline effective fiscal 2013. Our gross standard loans to borrowers whose facilities have been restructured were Rs. 116.52 billion at March 31, 2014 and Rs. 123.31 billion at June 30, 2014.

During the three months ended June 30, 2014, the Bank restructured standard loans of 13 corporate borrowers with a principal outstanding of Rs. 7.64 billion at June 30, 2014 as compared to loans of 6 borrowers restructured during the three months ended June 30, 2013 with a principal outstanding of Rs. 8.29 billion at June 30, 2013. During fiscal 2014, accounts of 745 borrowers (comprising 35 corporate borrowers and 710 individual agricultural borrowers under a special dispensation provided by Reserve Bank of India for agricultural borrowers) with a principal outstanding of Rs. 62.31 billion were restructured. At June 30, 2014, there were 831 borrowers classified as standard with an aggregate outstanding of Rs. 123.31 billion whose loans had been restructured by the Bank compared to 151 borrowers classified as standard with an aggregate outstanding of Rs. 65.73 billion at June 30, 2013 (At March 31, 2014: 856 borrowers classified as standard with an aggregate outstanding of Rs. 116.52 billion).

Sector-wise Analysis of Gross Non-Performing Assets

The following table sets forth, at the dates indicated, the composition of gross non-performing assets by industry sector.

	At March 31						At June 30,		
	2012		2013		2014		2014		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount
	(Rs. in billions, except percentages)								(US$ in millions)
Retail finance[1]	Rs. 76.73	80.2%	Rs. 58.14	60.3%	Rs. 41.17	39.0%	Rs. 37.89	34.4%	US$ 631
Road, ports, telecom, urban development and other infrastructure	0.15	0.2	0.14	0.1	8.19	7.8	14.16	12.9	236
Services — non finance	0.37	0.4	8.77	9.1	15.18	14.4	15.55	14.1	259
Power	0.09	0.1	0.09	0.1	0.07	0.1	0.07	0.1	1
Iron & Steel and products	0.91	0.9	1.99	2.1	2.43	2.3	2.43	2.2	40
Services — finance	—	—	—	—	0.57	0.5	0.57	0.5	9
Crude petroleum/refining and petrochemicals	0.05	—	0.04	—	0.02	—	0.02	—	—
Mining	—	—	0.20	0.2	0.20	0.2	0.20	0.2	3
Construction	0.89	0.9	2.24	2.3	3.19	3.0	3.16	2.9	53
Food and beverages	1.54	1.6	1.94	2.0	3.68	3.5	3.51	3.2	58
Cement	—	—	—	—	0.30	0.3	0.30	0.3	5
Electronics and engineering	1.81	1.9	2.59	2.7	2.93	2.8	3.19	2.9	53
Wholesale/retail trade	1.15	1.2	4.16	4.3	4.07	3.9	4.09	3.7	68
Shipping	0.45	0.5	0.38	0.4	0.67	0.6	0.69	0.6	11
Metal & products (excluding iron & steel)	1.11	1.2	1.06	1.1	1.05	1.0	1.76	1.6	29
Chemicals & fertilisers	1.52	1.6	1.33	1.4	1.25	1.2	1.24	1.1	21
Other Industries	8.86	9.3	13.40	13.9	20.57	19.4	21.18	19.3	355
Gross NPAs	**Rs. 95.63**	**100%**	**Rs. 96.47**	**100%**	**Rs. 105.54**	**100%**	**Rs. 110.01**	**100%**	**1,832**

(1) Includes home loans, commercial business loans, automobile loans, business banking, credit cards, personal loans, rural loans, loans against securities and dealer financing portfolio.

(2) Other industries primarily include developer financing portfolio, automobiles, manufacturing products (excluding metal), textile, drugs and pharmaceuticals, gems and jewellery and FMCG.

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. 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 Generally Accepted Accounting Principles, 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. See *"Supervision and Regulation—The Reserve Bank of India Regulations—Regulations relating to Sale of Assets to Asset Reconstruction Companies"*. In fiscal 2011, we sold fully written off credit card receivables. During fiscal 2013 and fiscal 2014, we sold Rs. 0.08 billion and

Rs. 1.51 billion of our net non-performing assets to asset reconstruction companies respectively. During the three months ended June 30, 2014, we sold Rs. 1.33 billion of our net special mention account to asset reconstruction companies. At June 30, 2014, we had an outstanding net investment of Rs. 7.65 billion in security receipts issued by asset reconstruction companies in relation to sales of our non-performing assets. See *"Risk Factors—Risks Relating to Our Business—If we are not able to control the level of non-performing assets in our portfolio, our business will suffer"*.

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.

Secured loans to retail customers are secured by first and exclusive liens 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 overdue loans and recovery of defaulted amounts.

We generally stipulate that secured corporate loans should be over-collateralized at the date of the loan's origination. 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 may also take as security a pledge of financial assets, including marketable securities, and obtain corporate guarantees and personal guarantees wherever appropriate. In certain cases, the terms of financing include covenants relating to sponsors' shareholding in the borrower and restrictions on the sponsors' ability to sell all or part of their shareholding. Covenants involving equity shares have a top-up mechanism based on price triggers. 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 U.S. banks under similar circumstances. See also *"—Loan portfolio—Classification of Loans—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 assets.

	At March 31,			At June 30,	
	2012	2013	2014	2014	
	(Rupees in billions)				(US$ in millions)
Aggregate provisions for loan losses at the beginning of the year	Rs. 76.56	Rs. 76.69	Rs. 74.13	Rs. 72.53	US$1,208
Add: Provisions for loan losses					
Retail finance[(1)]	8.29	0.76	2.13	(0.05)	(1)
Commercial, & others[(2)]	2.99	12.95	17.92	6.69	111
Leasing and related activities	(0.06)	—	—	—	—
Total provisions for loan losses, net of releases of provisions as a result of cash collections	87.78	90.4	94.18	79.17	1,318
Loans charged-off	(11.09)	(16.27)	(21.65)	(3.9)	(65)
Aggregate provisions for loan losses at the end of the year .	**Rs. 76.69**	**Rs. 74.13**	**Rs. 72.53**	**Rs. 75.27**	**US$1,253**

(1) Includes home loans, commercial business loans, automobile loans, business banking, credit cards, personal loans, rural loans, loans against securities and dealer financing portfolio.

(2) Includes term loans and working capital finance but excludes leasing and related activities.

We experienced a sharp decline in additions to gross non-performing retail loans since fiscal 2011, due to the measures initiated by the Bank to curb delinquencies and improve collection practices. The provisions for non-performing retail loans, net of write-back of excess provisions, declined from Rs. 16.71 billion in fiscal 2011 to Rs. 8.29 billion in fiscal 2012 and further to Rs. 0.76 billion in fiscal 2013. The provisions for non-performing retail loans, net of write-back of excess provisions, increased to Rs. 2.13 billion in fiscal 2014. There was a reversal of provision during the three months ended June 30, 2014 of Rs. 0.05 billion against non-performing retail loans. However, with the moderation in economic growth and high interest rates in India since fiscal 2012, the corporate sector has experienced a decline in sales and profit growth, and has also experienced elongation of working capital cycles and a high level of receivables. Given the concerns over growth, companies have found it difficult to access equity capital markets and several companies and sectors are relatively highly leveraged. Due to these and other factors, there has been an increase in the non-performing commercial loans of Indian banks, including us. As a result, there was an increase in provisions on commercial and others loan portfolio from Rs. 2.99 billion in fiscal 2012 to Rs. 12.95 billion in fiscal 2013 and further to Rs. 17.92 billion in fiscal 2014. For the three months ended June 30, 2014, provisions on commercial and others loan portfolio was Rs. 6.68 billion due to higher provisions made in the small and medium enterprise and corporate loan portfolio. See also *"—Classification of Loans—Non-performing Asset Strategy" and "—Classification of Loans—Impact of Economic Environment on Commercial and Consumer Loan Borrowers—Restructured Loans"*.

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 competitive advantage and to improve our overall productivity and efficiency. We aim to bring in high levels of functionality to all our channels such as branches, internet banking, ATMs, mobile banking, tab banking which involves opening bank accounts using tablets, phone banking and Facebook banking where banking facilities are provided through a social network, and at the same time continue to improve and strengthen security, infrastructure and networks. Our technology initiatives are aimed at enhancing value, offering customers greater convenience and improved service levels 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;
- new customer acquisition;
- enhance existing customer relationships; and
- reduce time to market.

The application of information systems for:

- increasing our customer base;
- effective marketing;
- monitoring and controlling risks;
- identifying, assessing and capitalizing on market opportunities; and
- assisting in offering improved products and services 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 coordinates our 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 the Information Security Group ensures that all information related to customers or the enterprise is secure.

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 even if the primary systems are unavailable. We have built a state-of-the-art data center in Hyderabad for centralized database management, data storage and retrieval, and a disaster recovery center at Jaipur.

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 seamlessly with our electronic delivery channels. At June 30, 2014, we had 11,447 automated teller machines across India. Our automated teller machines have additional features such as instant fund transfer, bill payment and insurance premium payment. We also have 101 Touch Banking branches that provide 24-hour simple and convenient electronic banking to customers. At March 31, 2014, we offered tab banking facilities across 29 locations in India that has minimized physical documents and improved efficiency in opening of new deposit accounts. 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 equipped with multiple leading edge systems such as interactive voice response systems, 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 view to the call center 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 and executing cross-selling opportunities. In fiscal 2013, we launched a banking application on Facebook allowing customers to access their account details, view account statements and place service requests.

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. Our online remittance solution is also available as a mobile application across major platforms and allows customers to track exchange rates and initiate remittance transactions.

High-Speed Electronic Communications Infrastructure

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

Operations Relating to Commercial Banking for Corporate Customers

Our online remittance solution is also available as a mobile application across major platforms and allows customers to track exchange rates and initiate remittance transactions. Through integration of the workflow system with the imaging and document management system, we have achieved substantial savings and reduced the use of paper for these processes.

We have centralised the processing systems of 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 and 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 and upselling other financial products.

Data Centre and Disaster Recovery System

We have commissioned and built data center at Hyderabad, which is designed to optimize energy efficiency and accommodate high server densities. Our current disaster recovery data center at Jaipur can host all critical banking applications in the event of a disaster at the primary site.

We have developed business continuity plans, 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 the 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 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 301 branches in India at December 31, 2013. 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 services 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.

As part of the Reserve Bank of India's specified objective of strengthening the banking structure, a discussion paper was released in August 2013 which proposes issuing new bank licenses and having a differentiated licensing policy for different types of banks operating in niche business areas. Following this, the Reserve Bank of India has granted in-principle approval to two applicants for setting up new private sector banks. In July 2014, the Reserve Bank of India issued draft guidelines for licensing of payments banks and small banks. The Reserve Bank of India has also indicated that it would issue guidelines with respect to continuous licensing policy for universal banks. It also proposes to have a continuous licensing policy for entry of new banks as compared to the current practice of intermittently issuing licenses. The Reserve Bank of India has also indicated that it plans to give greater access to foreign banks in the Indian market. The Reserve Bank of India released a framework for the presence of foreign banks in November 2013 and has indicated that the subsidiary route would be the preferred mode of presence for foreign banks and has proposed giving near national treatment based on the principles of reciprocity and subsidiary mode of presence.

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 finance companies also provide products and services in rural India. We also face competition from specialized players such as rural finance institutions and non-banking finance companies. We seek to compete in this business based on our product strategy and multiple channels. The Reserve Bank of India has issued draft guidelines in July 2014 for licensing of specialized small banks and payments banks with limitations in operations and lower capital requirements that would cater to the rural and unorganized segments.

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. Public sector banks and certain private sector banks also have a traditional competitive advantage with respect to the government banking segment. 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 corporations. We compete with foreign 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. Indian and foreign commercial banks have also 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 us to gain credibility with project sponsors, overseas lenders and policy makers.

Commercial Banking Products and Services for International Customers

Our international strategy is focused on India-linked opportunities. 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 such as remittance services. Foreign banks have become 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 corporations in our international business.

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 8.3% in new business written (on a retail weighted received premium basis) during the three months ended June 30, 2014. ICICI Lombard General Insurance Company had a market share of about 9.4% in gross written premiums during fiscal 2014. See also "—Insurance". ICICI Prudential Asset Management Company manages the ICICI Prudential Mutual Fund, which was the second largest mutual fund in India in terms of average funds under management.

Employees

At June 30, 2014, we had 72,870 employees (including permanent employees, interns, sales executives and fixed term employees and employees on probation), of whom approximately 33,293 employees were professionals with degrees in business management, accountancy, engineering, law, computer science or economics. We dedicate a significant amount of senior management time to ensuring that employees remain motivated and content. Employee compensation is linked to performance and we encourage the involvement of our employees in the 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.

We have an employee stock option scheme to encourage and retain high-performing employees. Pursuant to the employee stock option scheme up to 10.0% 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 recommendation 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*".

We have training centers, where various training programs designed to meet the changing skill requirements of our 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 our 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. We also conduct leadership mentoring programs for talented employees.

In addition to basic compensation, our employees are eligible to receive loans from us at subsidized rates and to participate in our provident fund and other employee benefit plans. The provident fund, to which both we and our employees contribute a defined amount, is a savings scheme, required by government regulation, under which we at present are required to pay to employees a minimum annual return as specified from time to time. The minimum annual return for fiscal 2014 was 8.75%. If such return is not generated internally by the fund, we are liable for the difference. We have also set up a superannuation fund to which we contribute 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, we contribute specified amounts to a gratuity fund set up pursuant to Indian statutory requirements.

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.

We had a principal network consisting of 3,763 branches and 11,447 ATMs at June 30, 2014. These facilities are located throughout India. In addition to branches, extension counters and ATMs, ICICI Bank has 39 controlling or administrative offices, including our registered office at Vadodara and our corporate headquarters at Mumbai, 49 regional processing centers, 3 central processing centers, two located in Mumbai and one in Hyderabad and 35 currency chests. We have branches in Bahrain, Dubai International Financial Centre, Hong Kong, Qatar Financial Centre, Singapore, Sri Lanka and the United States and representative offices in the United Arab Emirates, Bangladesh, China, Indonesia, Malaysia and South Africa. We also provide residential facilities to employees. At June 30, 2014, we owned 772 apartments for our 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 2011, the Reserve Bank of India imposed a penalty of Rs. 0.5 million on us in connection with Know Your Customer guidelines.
- In fiscal 2012, the Reserve Bank of India imposed a penalty of Rs. 1.5 million on us in connection with non-compliance of certain instructions issued by the Reserve Bank of India with respect to our derivatives business.
- In May 2012, the Reserve Bank of India imposed a penalty of Rs. 0.07 million on the Bank in connection with an operational error regarding the sale of government securities on behalf of a customer.
- In October 2012, the Reserve Bank of India imposed a penalty of Rs. 3.0 million on ICICI Bank for non-compliance with the Know Your Customer directions issued by the Reserve Bank of India.
- In June 2013, the Reserve Bank of India imposed a penalty of Rs. 10.0 million on ICICI Bank, along with penalties on other banks in India, pursuant to its investigation following a sting operation by a news website on branches of Indian banks and insurance companies.
- In July 2014, the Reserve Bank of India imposed a penalty on 12 Indian banks including us following its scrutiny of loan and current accounts of one corporate borrower with these banks. The penalty imposed on us was Rs. 4.0 million.

See also *"Risk Factors—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 and our stockholders' equity" and "—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment"*.

At June 30, 2014, our contingent tax liability was assessed at an aggregate of Rs. 40.60 billion, mainly pertaining to income tax and sales tax or value added tax demands by the government of India's tax authorities for past years. We have appealed against 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 for three months ended June 30, 2014. Disputed tax issues that are classified as remote are not disclosed as contingent liabilities by us. Of the overall contingent tax liability of Rs. 40.60 billion:

- Rs. 36.70 billion relates to appeals filed by us or the tax authorities with respect to assessments mainly pertaining to income tax, where we are relying on favorable precedent decisions of the appellate court and expert opinions. The key disputed liabilities are detailed below:
    - Rs. 11.78 billion relates to whether interest expenses can be attributed to earning tax-exempt dividend income. We believe that no interest can be allocated thereto as there are no borrowings earmarked for investment in shares/tax-free bonds and our interest free funds are sufficient to cover investments in the underlying shares. The Bank relies on a favorable opinion from counsel and favorable appellate decisions in similar cases.
    - Rs. 11.24 billion relates to the disallowance of marked-to-market losses on derivative transactions treated by the tax authorities as notional losses. The Bank relies on a favorable opinion from counsel and favorable appellate decisions in similar cases, which had allowed the deduction of marked-to-market losses from business income.
    - Rs. 6.02 billion relates to the disallowance of depreciation claims on leased assets by the tax authorities, who believe the lease transactions should be treated as loan transactions. The Bank relies on a favorable opinion from counsel and favorable appellate decisions in the Bank's own case and other similar cases.
    - Rs. 3.26 billion relates to sales tax or value added tax assessments where we are relying on favorable decisions in our own and other precedent cases and opinions from counsel. The disputed issues mainly pertain to taxes on interstate or import leases by various state government authorities with respect to lease transactions entered into by the Bank, value added tax imposed on the sale of repossessed assets and bullion-related procedural issues such as the submission of statutory forms.

- Rs. 2.69 billion relates to taxability of amounts withdrawn from the Special Reserve. ICICI had maintained two special reserve accounts, including the Special Reserve created up to assessment year 1997-98. Withdrawals from this account were assessed as taxable by the tax authorities for the assessment years 1998 to 1999 to 2000 to 2001. We have received a favorable order in respect of the assessment year 1998 to 1999 and 1999 to 2000 but the income tax department has appealed against the favorable order.

Based on judicial precedents of our own and other cases, and upon consultation with tax counsel, management believes that it is more likely than not that our tax position will be sustained. Accordingly, no provision has been made in the accounts.

The contingent liability of Rs. 40.60 billion does not include Rs. 34.92 billion pertaining to the deduction of bad debts and levy of penalties in respect of debatable issues where quantum is decided in our favor, which are pending before appellate authorities, as these liabilities are considered remote, since they are covered by Supreme Court (the highest court in India) decisions in other cases and therefore are not required to be disclosed as contingent liabilities. The consequence of inquiries initiated by the tax authorities are not quantified, as we believe that such proceedings are likely to be dropped by the tax authorities or will not be upheld by judicial authorities.

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. 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 litigation may be substantially different from the provision held.

We held a total provision of Rs. 320.8 million at June 30, 2014 for 524 cases with claims totalling Rs. 1,736.6 million, where an unfavorable outcome was deemed probable and in respect of which a reliable estimate could be made. Of the provision made, Rs. 288.9 million is related to 520 cases with claims of Rs. 1,655.6 million and provision of Rs. 31.9 million is related to four cases with an amount of Rs. 81.0 million, which is the claim 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, the amount of claims is included in contingent liabilities. At June 30, 2014, such claims amounted to a total of Rs. 12,774.9 million relating to 95 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 and other external factors. However, in one matter where the claim is Rs. 12,410.0 million, we had estimated a possible liability of Rs. 140.0 million and hence the total contingent liability is estimated at Rs. 504.9 million.

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

In some instances, civil litigants have named our directors as co-defendants in lawsuits against ICICI Bank. There were 233 such cases at June 30, 2014.

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 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 June 30, 2014, there were 62 ongoing litigations (including those where the likelihood of our incurring liability is assessed as "probable", "possible" and "remote"), each involving a claim of Rs. 10 million or more, with an aggregate amount of approximately Rs. 52.75 billion (to the extent quantifiable and including amounts claimed jointly and severally from us and other parties). The following are litigations where the amounts claimed are Rs. 1.0 billion or higher:

- The promoters and promoter group entities of Kingfisher Airlines Limited have filed a suit in the Bombay High Court against 19 lenders who had provided credit facilities to Kingfisher Airlines Limited seeking to declare void the corporate guarantee given by one of the entities to the lenders and restrain the lenders from acting in furtherance of the corporate guarantee as well as a personal guarantee of the promoter and invocation of pledge of shares held by the lenders, and claiming damages of Rs. 32.00 billion from the lenders towards sums invested by the promoter group in

Kingfisher Airlines Limited. The Bombay High Court has not granted any interim relief restraining lenders from acting in furtherance of the invocation of pledge. ICICI Bank had assigned its exposure to Kingfisher Airlines Limited to a third party in June 2012 and thereby ceased to be a lender to the company. The cause of action for the suit arose subsequent to that date, and the securities mentioned in the suit were not securities held by ICICI Bank even when it was a lender to the company. Consequently ICICI Bank believes the suit against it is not maintainable and has filed its written statement on October 8, 2013. The matter initially was listed for hearing on August 25, 2014 and has since been postponed to a date yet to be disclosed.

- On October 19, 2011 the revenue intelligence wing of the Government of Rajasthan sought information on the immoveable properties transferred from Bank of Rajasthan to ICICI Bank pursuant to the merger of the Bank of Rajasthan with ICICI Bank. We provided the required information to the revenue intelligence wing. On November 9, 2011, ICICI Bank received a notice demanding payment of stamp duty and registration fees of Rs. 12.41 billion with regard to the merger without providing any details of how the demand had been computed. ICICI Bank duly responded to the notice by denying the liability on the basis that the merger was approved by the Reserve Bank of India by an order under the Banking Regulation Act, 1949 and there was no provision in the Rajasthan Stamp Act for payment of stamp duty on such order or any requirement for registration thereof. The Additional Collector (Stamps), Jaipur, issued a prosecution notice to ICICI Bank on March 14, 2012 for non payment of stamp duty and non-registration of documents in relation to the immovable properties belonging to Bank of Rajasthan that had been transferred to ICICI Bank as a result of the merger. ICICI Bank sought an opinion from a legal counsel which confirmed that the order under the Banking Regulation Act, 1949 is not required to be stamped. ICICI Bank has filed a writ petition in the High Court of Jaipur challenging the demand notice and the notice for prosecution. As per recent Notifications of the State Government and as directed by Additional Collector Stamps, we have filed required information in the first week of August 2014 and the Additional Collector (Stamp) is expected to pass the order for which the date has not been set. The High Court has not granted any stay based on our writ petition and the matter was listed on August 4, 2014 and was adjourned indefinitely.

- 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 the recovery of amounts totaling Rs. 0.17 billion due from Esslon Synthetics Limited. In May 2001, the guarantor filed a counterclaim for an amount of Rs. 1.00 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 grounds 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, the 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. In the liquidation proceeding before the High Court at Allahabad, the official liquidator attached to the Allahabad High Court sold the assets of Esslon Synthetics for Rs. 61 million in November 2002. We have filed our 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 that the amount payable to the Bank is Rs. 12 million. We have filed an affidavit before the official liquidator for disbursement of the amount and the official liquidator has released Rs. 9 million to the Bank and the balance amount will be disbursed after finalization of amounts due to the employees of Esslon Synthetics by the Company court. Further, the guarantor has filed an insolvency proceeding before the insolvency court which is currently being opposed by the lenders including ICICI Bank. The next date of hearing of the Debt Recovery Tribunal is on September 26, 2014.

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.

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

DESCRIPTION OF ICICI BANK'S OFFSHORE BANKING UNIT

In the Export Import Policy 2002-07, the government of India announced permission to set up Offshore Banking Units in Special Economic Zones ("SEZs"). The government has introduced the special economic zone scheme with a view to providing an internationally competitive environment for exports. SEZs are specially delineated duty free enclaves and are exempt from the applicability of exchange control restrictions on trade operations and duties/tariffs. Pursuant to the Export Import Policy 2002-07, the RBI formulated a scheme to set up Offshore Banking Units in SEZs and allowed banks to set up Offshore Banking Units.

Offshore Banking Units are similar to foreign branches of Indian banks, but are located in India. Though banks in India are subject to some exchange control regulations, Offshore Banking Units are not subject to such regulations in their dealing with units in SEZs or with persons not residing in India. The key regulations applicable to Offshore Banking Units include, but are not limited to, the following:

- The activities of Offshore Banking Units are governed by instructions issued by the RBI from time to time as applicable to Offshore Banking Units.
- No separate assigned capital for Offshore Banking Units is required. However, the parent bank would be required to provide a minimum of US$10 million to its Offshore Banking Unit for setting it up.
- Offshore Banking Units are not allowed to undertake cash transactions.
- The RBI has granted an exemption from Cash Reserve Ratio requirements applicable to ICICI Bank with reference to its Offshore Banking Unit branch under Section 42(7) of the Reserve Bank of India Act, 1934 ("the Reserve Bank of India Act").
- Banks are required to maintain a Statutory Liquidity Ratio under Section 24(1) of the Banking Regulation Act, 1949 in respect of their Offshore Banking Unit branches. However, if necessary, requests from individual banks for an exemption will be considered for a specified period under Section 53 of The Banking Regulation Act, 1949.
- An Offshore Banking Unit is not allowed to enter any transactions in foreign exchange with residents in India, unless such resident of India is eligible to enter into or undertake such transactions under the Foreign Exchange Management Act, 1999.
- All prudential norms applicable to overseas branches of Indian banks apply to Offshore Banking Units.
- Offshore Banking Units are required to adopt liquidity and interest rate risk management policies prescribed by the RBI in respect of overseas branches of Indian banks as well as within the overall risk management and asset and liability management framework of the bank, subject to monitoring by the board at prescribed intervals.
- Offshore Banking Units are free to raise funds in convertible foreign currency as deposits and borrowings from non-residents as per the Foreign Exchange Management (Deposit) Regulations, 2000 as amended from time to time.
- Offshore Banking Units are free to open foreign currency accounts abroad as well as with other Offshore Banking Units in India.
- Offshore Banking Units cannot carry on any transactions in the domestic forex market and cannot participate in the domestic payment and settlement system.
- Deposit insurance is not available for the deposits of Offshore Banking Units.
- Offshore Banking Units operate and maintain balance sheets only in foreign currency.
- Offshore Banking Units can undertake only specified transactions in rupees through special rupee accounts with an Authorized Dealer in India out of convertible foreign exchange resources.
- The loans and advances of Offshore Banking Units would not be recognized as net bank credit for computing priority sector lending obligations.
- Offshore Banking Units must follow the Know Your Customer Guidelines prescribed by the RBI. They should be able to establish the identities and addresses of the participants to a transaction, the legal capacity of the participants and the identity of the beneficial owner of the funds.

- Offshore Banking Units can have an exposure on Indian corporates outside the special economic zone area up to 25% of their total liabilities as at the close of business of the previous working day, at any point of time.
- Surplus funds may be invested outside India by an Offshore Banking Unit in accordance with the investment policy approved by its Board of Directors.
- The Bank is not allowed to borrow from Offshore Banking Units.

The first Offshore Banking Unit of ICICI Bank started operations in August 2003. The key objectives of the Offshore Banking Unit are summarized as follows:

- meeting the long term funding requirements of Indian corporates;
- providing finance to units in special economic zone and special economic zone developers;
- offering deposit products to non-residents including non-resident Indians; and
- offering treasury products and services to corporate to meet their requirements.

Business Activities

The key business activities of the Offshore Banking Unit are as follows:

Corporate Banking

The Offshore Banking Unit offers working capital facilities and project loans to Special Economic Zone units and long term loans to Special Economic Zone developers. Presently, reinforced efforts are being made to raise low cost foreign currency deposits and opening current accounts with Special Economic Zone units and corporates outside India.

Trade finance

Export and import trade products are offered with a view to building trade finance assets. The focus is to gradually extend trade finance to units/corporates present inside Special Economic Zones.

NRI deposits

There is sizeable demand in the NRI community for investment opportunities in India. Offshore Banking Unit offers term deposits of various tenors and currencies to NRI customers.

Treasury activities

The Offshore Banking Unit treasury currently deals in foreign exchange, fixed income and derivatives. The Offshore Banking Unit's treasury activities include mobilization of resources for supporting its operations. Funding sources include money market borrowings and lines of credit from international banks/financial institutions. The Offshore Banking Unit's treasury is responsible for ensuring the adequacy of resources for its business activities and managing the Offshore Banking Unit's asset-liability position and maintaining statutory reserves.

DESCRIPTION OF ICICI BANK'S SINGAPORE BRANCH

Singapore Regulatory Guidelines

ICICI Bank Limited, Singapore Branch received its offshore banking license from the Monetary Authority of Singapore in August 2003. The Singapore Branch is also subject to the regulations and directives of RBI that are applicable to the overseas branches of Indian banks. For more details on regulations governing ICICI Bank's offshore branches, see "*Supervision and Regulation— Regulations Governing International Operations—Offshore Branches*".

The Singapore Branch was granted a Full Bank License with Qualifying Full Bank privileges and Asian Currency Unit capabilities as of April 28, 2010. The Singapore Branch is now able to enhance its offerings to local operations of Indian companies and Singapore companies trading with or investing in India.

The Singapore Branch will offer a range of Singapore dollar based products to small and medium enterprise customers, ranging from simple transaction accounts to working capital facilities, trade finance and treasury-related services.

The following are some key provisions applicable to ICICI Bank's Singapore Branch:

- The Singapore Branch is subject to the Qualifying Full Bank licensing conditions as imposed by the Monetary Authority of Singapore with respect to adherence with Asset Maintenance Ratio and Asian Currency Unit book size.
- The Singapore Branch must maintain minimum liquid assets and minimum cash balance as prescribed by the Monetary Authority of Singapore.
- The Singapore Branch is subject to various prudential limits with respect to its credit exposures.

Further, under the Singapore Branch's license terms it shall operate within an approved Asian currency unit limit and shall maintain a minimum overall net adjusted capital funds. The Singapore Branch is also regulated under the Banking Act, Securities and Futures Act, Securities and Futures Regulations, Financial Advisers Act, Financial Advisers Regulation, Singapore Companies Act and any notices and circulars issued by the Monetary Authority of Singapore from time to time.

Business Activities

The Singapore Branch focuses on corporate, commercial, institutional and retail and private banking activities. The key business areas of the branch include:

Corporate & Commercial Banking

ICICI Bank capitalizes on its relationships with Indian businesses for origination, participation and syndication of loans in the South East Asian region (specifically, Singapore, Malaysia, Indonesia, and Thailand). The primary target being companies with links to India, subsidiaries or joint ventures of Indian companies, as well as local corporates with strong credit profiles. The various products that this group deals in are:

- Term loan facilities;
- Bank guarantees and letters of credit;
- Working capital facilities;
- Derivatives; and
- M&A and project financing.

The commercial banking activities encompass trade finance, forex and transaction banking with India linked trade finance transactions. This includes products such as buyers' credit, suppliers' credit, bank guarantees, documentary credits, etc. While bank guarantee or documentary credit facilities are granted based on corporate risk, buyers' credit and suppliers' credit are not always granted solely based on the risk of the relevant bank and takes into account other factors, such as relevant goods or country.

Treasury activities

The Singapore Branch treasury currently deals in foreign exchange, fixed income and credit markets. The Singapore Branch's treasury activities include mobilization of resources for supporting its operations, borrowings from ICICI Bank's head office and branches. Funding sources include money market borrowings and lines of credit from international banks or financial institutions. One of the Singapore Branch's key goals is to develop closer banking relationships between the Singapore Branch and ICICI Bank's international correspondent banks and other financial institutions. The Singapore Branch's treasury is responsible for ensuring the adequacy of resources for its business activities and managing the Singapore Branch's asset-liability position and maintaining statutory reserves.

Retail Banking

There are currently two retail branches in Singapore offering a range of products and services including fixed deposits, current and savings accounts and remittance services to India.

DESCRIPTION OF ICICI BANK'S BAHRAIN BRANCH

Key Objectives of the Bahrain Branch

ICICI Bank obtained a license for setting up a Retail Banking Unit in Bahrain with the permission to offer banking services to residents and non-residents in all currencies. ICICI Bank envisages the Bahrain branch as a 'hub' for its business in the Middle East and Africa.

The key objectives of the branch in Bahrain are as summarized below:

- to assist in fulfilling the global banking requirements of ICICI Bank's domestic corporate customers (e.g. foreign currency borrowing requirements and/or products and services required for their overseas ventures) and invest in Indian corporate debt that is often traded in international markets at attractive yields;
- to assist in securing a share of the business arising from India's strong commercial linkages with Bahrain and other countries in the Gulf Cooperation Council and Africa region;
- to meet the requirements of the Indian community in Bahrain and the Gulf Cooperation Council region; and
- to build treasury operations in Bahrain that will complement and support ICICI Bank's international operations through a combination of foreign exchange, interest rate and liquidity management operations — the Branch's treasury products and services will also be offered to ICICI Bank's corporate clients.

Bahrain Branch

The Bahrain branch received its offshore banking license from the Central Bank of Bahrain (then Bahrain Monetary Agency) dated January 6, 2004 and was registered with the Ministry of Industry and Commerce on March 10, 2004.

On 7 September, 2006, the Central Bank of Bahrain, with the implementation of the Central Bank of Bahrain and Financial Institutions Law (Decree No. 64/2006), assumed all the functions rights and obligations of the Bahrain Monetary Agency, with no change. The Central Bank of Bahrain introduced the Integrated License framework from July 1, 2006. Under the Integrated License framework, ICICI Bank Ltd, Bahrain Branch's license category was renamed as 'Wholesale Banking Unit'. A Wholesale Banking Unit could undertake transactions denominated in Bahraini Dinar and/or with a resident of the Kingdom of Bahrain if these were wholesale in nature. Wholesale transactions are defined in terms of transaction size (Bahraini Dinars 7 million or more for a credit or deposit transaction and US$250,000 or more for an investment transaction). The Bahrain Branch is also subject to the regulations and directives of the Reserve Bank of India as applicable to overseas branches of Indian banks.

In April 2007, the ICICI Bank, Bahrain branch obtained approval from the Central Bank of Bahrain for starting retail banking services in Bahrain under license category 'Overseas Conventional Retail Bank', subject to fulfillment of certain conditions and procedures in accordance with the Rule Book of the Central Bank of Bahrain. This enables the branch to transact business with residents and non-residents of Bahrain in all currencies, irrespective of the transaction size.

Business Activities

The key business activities for the Bahrain branch are as follows:

Corporate Banking Portfolio

The Bahrain branch offers corporate banking services to Indian corporates, offshore subsidiaries of Indian companies and select local corporates in the GCC and Africa region. Products include External Commercial Borrowings for Indian corporates by way of foreign currency loans, offering working capital facilities to local corporates and foreign subsidiaries of Indian corporates in the form of term loans, revolving credit facilities and receivable financing. The Bahrain branch also participates in international loan syndications and offers non-fund based facilities in the form of letters of credit, bank guarantees and stand by letters of credit. The Bahrain branch has also developed closer banking relationships with ICICI Bank's network of international correspondent banks and other financial institutions.

Trade Finance

The Bahrain branch offers trade finance facilities to local and Indian corporates. The initial focus was to leverage on the established relationships with Indian corporates. Gradually, the Bahrain branch started extending its business to local corporates in the GCC and Africa region. The services offered include export and import finance and buyer and supplier credit against letters of credit and guarantees.

Retail and Private Banking

There is considerable demand in the Indian community in the GCC region for international wealth management products. The Bahrain branch offers both investment and liability products to create a platform for building integrated retail and private banking offerings in the medium to long term. Product offerings include savings account, call account, current account, fixed deposits, remittance services offered over the internet, branch & phone and distribution of life & general insurance products. The Bahrain branch also offers distribution of India based home loans, online trading platform, NRI liability products to non-resident Indians residing in Bahrain and private banking services to high-net-worth individuals.

Treasury Activities

The Bahrain branch has built treasury operations with the objectives of managing its own balance sheet and undertaking proprietary and merchant trading in foreign currency, fixed income and derivatives. The Bahrain branch offers various products such as forex services, currency swaps and options, interest rate swaps and other structured derivative products. Treasury activities include mobilization of resources for supporting the branch activities. Besides borrowings raised through the head office based in India and retail deposits, funding sources include foreign currency deposits from banks, lines of credit from international banks and other institutional lenders. Accordingly, the Bahrain branch's treasury is responsible for ensuring adequacy of resources for the proposed business activities in Bahrain. Asset-liability management through various sources of funds (for liquidity management) and appropriate hedging instruments (for exchange and interest rate risk management) is an integral part of treasury activities at the Bahrain branch.

DESCRIPTION OF ICICI BANK'S DUBAI BRANCH

ICICI Bank obtained a license from the Dubai Financial Services Authority ("DFSA") on December 11, 2005 for establishing a branch in Dubai International Financial Center ("DIFC") (the "Dubai Branch") to engage in certain specified activities as a Category IV authorized firm, accordance with DFSA regulations. On January 24, 2011, the Dubai Branch received a Category I license, which permits the Dubai Branch to engage in a wider range of corporate and commercial banking operations in or from the DIFC.

Background

DIFC is a premier financial center where many of the world's leading commercial banks and multi-national corporations have established operations. ICICI Bank believes that Dubai's location, large trade flows with India, excellent infrastructure, investor-friendly regulatory environment and robust financial sector make it an ideal location for business in the United Arab Emirates and larger Middle East/North Africa region ("MENA").

As a part of ICICI Bank's international banking strategy to focus on India-linked business, the Dubai Branch primarily offers banking services and products to meet the needs of non-resident Indians and partners with Indian companies in their global expansion. Having received a Category I license, the Dubai Branch leverages existing relationships to offer banking solutions for Indians overseas, to facilitate Indian corporates making investments overseas and investment flows into India, and to build relationships with international companies to service their India-linked trade or investment requirements.

Key Objectives of the Dubai Branch

In line with the stated objective of ICICI Bank of continually exploring possibilities for the diversification of our business in terms of geographies as well as products and services, the activities permitted by the Category I license allow the Dubai Branch to implement a focused approach to capturing trade flows with India. ICICI Bank envisages the Dubai Branch as a trade hub for our business in United Arab Emirates and MENA.

The key objectives of the Dubai Branch are:

- providing comprehensive financial solutions to companies both in India and in the MENA;
- providing foreign currency loans to Indian and MENA regional corporates;
- arranging credit facilities/financial packages for the overseas projects of Indian companies;
- providing trade finance and services to support India's trade with United Arab Emirates and other countries in the Asia-Pacific region; and
- providing M&A finance and structured finance services to corporate clients.

Dubai Branch License

After obtaining a Category IV license from the DFSA, the Dubai Branch began its operations on January 5, 2007.

Under the Category IV license, the Dubai Branch is permitted to engage in the following activities:

- arranging credit or deals in investments; and
- advising on financial products or credit.

Under the Category I license, in addition to the activities permitted under a Category IV license, the Dubai Branch is permitted to engage in these additional activities:

- accepting deposits; and
- providing credit.

The Dubai Branch reports to, and is controlled by, ICICI Bank, which is regulated by RBI. The Dubai Branch is subject to regulation by the DFSA and consolidated supervision by the RBI.

Business Activities

The key business activities of the Dubai Branch are summarized below.

Corporate Banking

The Dubai Branch provides a range of commercial banking products and services to India's leading corporations and growth-oriented middle market companies, including loan products, fee and commission-based products and services, deposits and foreign exchange and derivatives products.

Trade Finance

The trade finance business in the Dubai Branch is broadly classified into two categories:

- Trade finance transactions with the corporates and foreign investors availing the facility outside the UAE.

Relationship and product managers based in India originate trade finance facilities for corporates and foreign investors based both in India as well as in other countries. These facilities are then booked in the Dubai Branch.

Products offered by the Dubai Branch also include, among others, buyers' credit, suppliers' credit, bank guarantees, documentary credits. While bank guarantee/documentary credit facilities are granted based on corporate risk, buyers' credit is generally (though not always) based on the risk of a bank.

- Trade finance transactions with corporates in the UAE.

The Dubai Branch offers trade finance facilities for India-linked corporates in the UAE, including subsidiaries of Indian corporates based in the UAE, regional companies with a presence in India, and companies having substantial trade flows with India.

The Dubai Branch is implementing a strategy to build a larger non-funded trade book essentially composed of documentary credit, stand-by letter of credit and guarantee facilities. The Dubai Branch is also actively exploring originating or participating in several structured trade finance transactions, such as limited recourse pre-shipment financing transactions, with prominent trading companies.

The Dubai Branch works closely with the Trade Sales and Trade Products teams of ICICI Bank's India-based Transaction Banking Group.

Treasury Activities

The Dubai Branch's treasury activities support its other activities. The Dubai Branch's treasury activities will increase with increases in other business lines.

As the Dubai Branch has received a Category I license, its treasury activities will include operations in foreign exchange, interest rate, fixed income and credit derivative asset classes. The Dubai Branch treasury will consist of an Asset Liability Management Group and a Global Markets Group.

Private Banking Business

ICICI Bank expects that the Dubai Branch will become an alternate global booking center for the private banking business of ICICI Bank. Private banking business volumes at the Dubai Branch are expected to grow in line with the worldwide acquisition of new clients and the deepening of relationships.

The Dubai Branch offers investment products to its private banking customers, ranging from call accounts to investments in equity, real estate and other alternative asset classes. The Dubai Branch works closely with ICICI Bank's India-based centralized product team and with relationship management and business teams spread across the globe in Singapore, UAE, Qatar, Bahrain, South Africa and the United Kingdom.

DESCRIPTION OF ICICI BANK'S HONG KONG BRANCH

ICICI Bank's Hong Kong branch obtained its license for conducting full banking operations in Hong Kong on October 10, 2005 and started the branch operations from November 14, 2005.

Hong Kong is a premier financial center where many of the world's leading commercial banks and multi-national corporations have established operations. ICICI Bank believes that Hong Kong's location, excellent infrastructure, investor-friendly regulatory environment and robust financial sector make it an ideal location for a regional hub for business in the North Asia region.

Given the strong Indian linkages of a growing and prosperous global Indian community in Hong Kong and increasing business prospects for Indian companies in the North Asia region, ICICI Bank envisages the Hong Kong branch as the regional hub of its business presence and activities in the North Asia region.

Key Objectives of the Hong Kong Branch

In line with our stated objective of continually exploring possibilities for diversification of our business in terms of geographies as well as products and services, we obtained a license for setting up a Licensed bank in Hong Kong. We envisage the Hong Kong branch as a 'hub' for our business in North Asia.

The key objectives of the branch in Hong Kong are as summarized below:

- to assist in fulfilling the global banking requirements of our domestic corporate customers (e.g. foreign currency borrowing requirements);
- to assist in securing a share of the business arising from India's trade flows with the North Asia region;
- to leverage on Hong Kong's status as a leading international financial center and our enhanced value proposition to meet the requirements of the Indian community in Hong Kong; and
- to build treasury operations in Hong Kong that will complement and support our international operations.

Hong Kong Branch

The Hong Kong branch was granted authorization from the Hong Kong Monetary Authority under Section 16(1)(a) of the Banking Ordinance to carry on banking business in Hong Kong on October 10, 2005. The branch commenced its business activities on November 14, 2005.

The Hong Kong branch is a licensed bank in Hong Kong. In Hong Kong, only licensed banks may operate current and savings accounts, and accept deposits of any size and maturity from the public and pay or collect checks drawn by or paid in by customers.

The Hong Kong branch is also subject to the regulations and directives of the Reserve Bank of India as applicable to overseas branches of Indian banks.

Business Activities

The key business activities on which ICICI Bank's Hong Kong Branch focuses are summarized below:

Corporate Banking

The Hong Kong branch seeks to fulfill the global banking requirements of its Indian corporate customers.

ECA Finance

The Hong Kong branch acts as a hub for Export Credit Agency and Developmental Financial Institutions business. The Hong Kong branch arranges and manages lines of credit with various institutions across the globe. These facilities augment the project financing activity and provide an alternate and diversified funding source for the bank.

Trade Finance

Hong Kong is an important trade partner of India. Hong Kong is also a conduit for the rapidly increasing bilateral trade between India and its largest trading partner, China. Further, Hong Kong is a major hub for doing business in Asia and many Indian corporations and India-based businessmen are establishing operations in Hong Kong for facilitating their business activities in the region. The Hong Kong branch endeavors to achieve a share of the business arising from India's commercial linkages with Hong Kong, China and other countries in the North Asia region.

Treasury Activities

ICICI Bank believes that, given Hong Kong's status as one of the major international financial markets, it is an ideal place for ICICI Bank to establish a treasury operation to complement and support its global operations through comprehensive foreign exchange, interest rate and liquidity management operations. ICICI Bank's Hong Kong branch offers foreign exchange and derivative products and services to its Indian and Hong Kong-based corporate clients in Hong Kong. The treasury operations in Hong Kong also mobilizes resources for supporting its operations and is responsible for ensuring adequacy of resources for its business activities and managing the Hong Kong branch's asset-liability position.

Retail Banking Business

The Hong Kong branch provides retail banking products and services to customers in Hong Kong. The strategy of the branch is to build a strong liability franchise by reaching out to customers for savings and current accounts and mobilizing foreign currency deposits.

Remittance Business

Given the significant number of shipping companies in Hong Kong having Indian crew, the Hong Kong branch offers bulk remittance service to India s for salary processing of their Indian crew. Along with that, the branch also offers retail remittance service to India for Indians in Hong Kong through various channels such as branch walk-ins, internet transfers and phone remittances. These services are helping us to be one of the primary banks for Indians in Hong Kong.

DESCRIPTION OF ICICI BANK'S NEW YORK BRANCH

ICICI Bank's New York Branch ("the New York Branch") obtained its license for conducting banking operations in the United States of America on February 25, 2008 and commenced commercial operations on March 3, 2008.

Background

The New York Branch is licensed by the Office of the Comptroller of the Currency ("OCC") under the federal laws of the United States. The New York Branch is subject to inspection by the OCC and is subject to U.S. state and federal banking laws and regulations applicable to a foreign bank that operates a federally licensed branch located in New York.

Deposits accepted by the New York Branch are not insured by Federal Deposit Insurance Corporation (FDIC). The New York Branch leverages its understanding of the Indian market to offer quality, tailor-made financial solutions to large corporations and growing businesses across the U.S.

Business Activities

The key business activities that the New York Branch focuses on are summarized below:

Corporate banking

The New York Branch seeks to fulfill the U.S. banking requirements of ICICI Group's global corporate customers. The New York Branch offers corporate banking services to overseas subsidiaries of Indian companies as well as global corporations with business interests in geographies where ICICI Group is present. The products offered by the New York Branch include term loans and working capital facilities, revolving credit facilities and receivable financing. The New York Branch also participates in offering non-fund based facilities in the form of letters of credit and stand-by letters of credit. The New York Branch aims to develop closer banking relationships with ICICI Bank's customers and cater to their U.S. and regional banking needs.

Trade finance

The U.S. is an important trade partner of India and the trade between the two countries has been growing over the past few years. Many Indian entities are establishing operations in the U.S. to facilitate their business activities in the region. The New York Branch endeavors to cater to their needs by leveraging its existing relationships in India and offering export and import finance and buyers and suppliers credit, secured principally by bank risk.

Treasury activities

The New York Branch treasury currently deals in foreign exchange and fixed income markets. The treasury activities include mobilization of resources to support its operations primarily from money market borrowings and lines of credit from international banks or financial institutions. One of its key goals is to develop closer banking relationships between the New York Branch and ICICI Bank's international correspondent banks and other financial institutions in North America. The New York Branch's treasury is responsible for ensuring adequate resources exist for its business activities, managing asset-liability position and maintaining statutory reserves.

U.S. Federal Regulation

Under U.S. federal banking laws and regulations, the Bank must maintain a capital equivalency deposit with banks located in New York consisting of specified types of investment securities, U.S. dollar deposits, investment-grade certificates of deposit or other specified assets in an amount not less than the greater of (i) the amount of capital that would be required of a national bank organized at the New York Branch's location or (ii) 5% of the liabilities of the New York Branch (excluding liabilities to other offices, branches and subsidiaries of the Bank). Under U.S. federal banking laws and regulations, the OCC is empowered to require federally licensed branches of foreign banks to maintain certain assets for prudential, supervisory or enforcement reasons; (iii) any amount the OCC deems appropriate irrespective of the above regulatory requirements. The New York Branch Treasury and Financial Control Teams ensure that the Branch maintains the appropriate amount of the capital equivalency deposit.

Under U.S. federal banking law, the New York Branch, as a U.S branch of a foreign bank, is subject to the same lending limits as national banks, except that limits are based on the U.S. dollar equivalent of the Bank's capital.

Because the Bank maintains a federally licensed branch in the United States, the OCC has the authority to take possession of all the property and assets of the Bank in the United States, including the New York Branch, if any creditor of the Bank has an unsatisfied judgment against the New York Branch or if the OCC determines that the Bank is insolvent. If the OCC does so, only claims of unaffiliated creditors against the New York Branch may be satisfied out of the property and assets of the Bank in the United States, and once those claims have been satisfied any remaining assets would be turned over to the head office of the Bank or, if applicable, its liquidator or receiver.

The New York Branch and the Bank are also subject to U.S. federal laws and regulations, primarily under the International Banking Act of 1978 (the "IBA"). Under the IBA, all branches and agencies of foreign banks in the United States are subject to reporting and examination requirements similar to those imposed on domestic banks that are owned or controlled by U.S. bank holding companies, and most U.S. branches and agencies of foreign banks, including the New York Branch, are subject to reserve requirements on deposits. Under the IBA, the Bank is restricted from opening new branches and establishing or acquiring subsidiary banks in states outside of its "home state", which is New York, unless permitted by state law. The IBA and the Bank Holding Company Act of 1956, as amended (the "BHCA"), also restrict the Bank's ability to engage in non-banking activities in the United States and require Federal Reserve Board approval for certain types of expansion of its U.S. operations.

Under the IBA, the Bank is a foreign banking organization that is subject to the BHCA and to the regulation and supervision of the Federal Reserve Board under the BHCA. The Bank is treated as a bank holding company under the BHCA, not treated as a financial holding company and is supervised by the Federal Reserve as a bank holding company.

Federal law authorizes the Federal Reserve Board to terminate the activities of a U.S. branch of a foreign bank if it determines that the foreign bank is not subject to comprehensive supervision on a consolidated basis in its home country, or that there is reasonable cause to believe that the foreign bank, or an affiliate, has violated the law or engaged in an unsafe or unsound banking practice in the United States, and as a result the continued operation of the branch would be inconsistent with the public interest or the purposes of the IBA or BHCA. If the New York Branch were to be closed by the Federal Reserve Board pursuant to the authority granted under federal law, or if the Bank were voluntarily to discontinue the operations of the New York Branch, the holders of the notes issued by the New York Branch would have recourse only against the Bank, subject to any arrangements made for the payment of the liabilities of the relevant branch by the relevant regulatory authorities.

MANAGEMENT

Directors and Executive Officers

Our Board of Directors, consisting of 12 members at August 14, 2014, is responsible for the management of our business. Our organisational 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 organisational documents and the Companies Act, 2013, change the maximum number of directors by a special resolution which has to be duly approved by the shareholders. A special resolution is considered as duly approved where the votes cast by members in favour of the resolution are not less than three times the number of votes, if any, cast against the resolution. 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 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. The appointment of the chairman and executive directors require the approval of the Reserve Bank of India, in addition to the approval of shareholders required for appointment of all directors other than the government director and the debenture director. In classification of directors as independent, we have relied on the declaration of independence provided by the independent Directors as prescribed under the Companies Act and placed at the board meeting held on April 25, 2014, applicable Reserve Bank of India guidelines and circulars and certain legal advice obtained. The Companies Act excludes the government director from the definition of independent director. 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 Governance, Remuneration and Nomination Committee and 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. Further, 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 organisational 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.

Of the 12 directors, four directors are in our whole-time employment or executive directors, one is a Government Director and the remaining seven Directors are independent Directors. Mr. Alok Tandon, Joint Secretary, Department of Financial Services, Ministry of Finance, has been nominated as Government nominee Director on the Board of ICICI Bank Limited in place of Mr. Arvind Kumar, with effect from June 6, 2014. Of the seven independent directors, Mr. K. V. Kamath is the Chairman of our Board and the others are company/corporate executives, retired company executives, advisors and chartered accountants. Of the seven independent Directors, two have specialized knowledge in respect of agriculture and rural economy or small scale industry.

In 2013, the Indian Parliament enacted the Companies Act, 2013 which made several changes to corporate laws in India which were previously governed by the Companies Act, 1956. The Companies Act, 2013 provides that an independent director shall not hold office for more than two consecutive terms of five years each, provided that the director is re-appointed by passing a special resolution on completion of first term of five consecutive years. To compute the period of five consecutive years, the tenure of every independent director was reckoned afresh from April 1, 2014. Pursuant to the provisions of the Banking Regulation Act, 1949, none of the directors other than the chairman and executive directors may hold office continuously for a period exceeding eight years. The Companies Act also provides that in respect of banking companies, the provisions of such Act shall apply except in so far as the said provisions are in consistent with the provisions of the Banking Regulation Act.

Pursuant to the provisions of the Companies Act, at least two-thirds of the total number of directors other than independent directors are subject to retirement by rotation. The Government director and the debenture director are not subject to retirement by rotation as per our organisational documents. One-third of the directors liable to retire by rotation must retire from office at each annual meeting of shareholders. A retiring director is eligible for re-election.

Mr. K. V. Kamath was the Managing Director and CEO of ICICI Bank from May 3, 2002 until April 30, 2009 and was appointed as non-executive Chairman for a period of five years effective May 1, 2009. The shareholders at the annual general meeting held on June 24, 2013 approved the re-appointment of Mr. K. V. Kamath for a period of five years effective May 1, 2014 up to April 30, 2019 and the Reserve Bank of India has approved his re-appointment for a period of three years effective May 1, 2014 up to April 30, 2017.

Of the remaining independent directors Mr. Dileep Choksi and Mr. V. K. Sharma have a residual tenure of more than five years out of their total eight years tenure permitted under the Banking Regulation Act. Mr. Dileep Choksi's tenure as per the Companies Act, 2013, would be up to March 31, 2019 and he would be eligible for re-appointment up to April 25, 2021, which is the balance period permitted under the Banking Regulation Act. The appointment of Mr. V. K. Sharma as an independent Director was approved by the shareholders at the annual general meeting held on June 30, 2014 for a period of five years up to March 31, 2019, after which he would be eligible for re-appointment up to March 5, 2022. The residual tenure of the other independent directors under the Banking Regulation Act, 1949 is less than five years and they will continue to hold office as independent directors till the expiry of their tenure under the Banking Regulation Act.

Ms. Chanda Kochhar was appointed as Executive Director effective April 1, 2001, designated as Deputy Managing Director effective April 29, 2006 and Joint Managing Director and Chief Financial Officer effective October 19, 2007. She was appointed as Managing Director and CEO for a period of five years effective May 1, 2009. The shareholders at the annual general meeting held on June 24, 2013, approved the re-appointment of Ms. Chanda Kochhar for a period of five years effective April 1, 2014 up to March 31, 2019. The Reserve Bank of India has approved the re-appointment of Ms. Chanda Kochhar up to April 30, 2017.

Mr. K. Ramkumar was appointed as Executive Director, for a period of five years, effective February 1, 2009. The shareholders at the annual general meeting held on June 24, 2013 approved the re-appointment of Mr. K. Ramkumar for a period of five years effective February 1, 2014 up to January 31, 2019. The Reserve Bank of India has approved the re-appointment of Mr. K. Ramkumar up to January 31, 2017.

Mr. N. S. Kannan was appointed as Executive Director and Chief Financial Officer, for a period of five years, effective May 1, 2009. The shareholders at the annual general meeting held on June 24, 2013 approved the re-appointment of Mr. N. S. Kannan for a period of five years effective May 1, 2014 up to April 30, 2019. The Reserve Bank of India has approved the re-appointment of Mr. N. S. Kannan up to April 30, 2017.

Our Board at its meeting held on October 25, 2013 approved the change in designation of Mr. N. S Kannan to Executive Director. The Board at the same meeting designated Mr. Rakesh Jha, Deputy Chief Financial Officer as the Chief Financial Officer. He continues to report to Mr. N. S. Kannan.

Mr. Rajiv Sabharwal was appointed as Executive Director for a period of five years effective June 24, 2010. The Reserve Bank of India approval for Mr. Rajiv Sabharwal's appointment is valid till June 23, 2015. The shareholders at the annual general meeting held on June 30, 2014 approved the re-appointment of Mr. Rajiv Sabharwal for a period of five years effective June 24, 2015 until June 23, 2020. This is subject to the approval of the Reserve Bank of India.

Dr. Swati Piramal, an independent Director of the Bank, resigned from the Board effective February 26, 2014.

The Board, at its meeting held on March 6, 2014, appointed Mr. V. K Sharma, Managing Director of Life Insurance Corporation of India, as an additional Director effective March 6, 2014. The shareholders at the annual general meeting held on June 30, 2014 approved the appointment of Mr. V. K Sharma as an independent Director for a period of five years until March 31, 2019. Mr. Alok Tandon, Joint Secretary, Department of Financial Services, Ministry of Finance, has been nominated as government nominee director on the Board of ICICI Bank Limited in place of Mr. Arvind Kumar with effect from June 6, 2014.

Our Board of Directors has the following members on August 14, 2014:

Name, designation and profession	Age	Date of first appointment	Particulars of other Directorship(s) at August 14, 2014
Mr. Kundapur Vaman Kamath Independent Chairman	66	April 17, 1996	**Lead Independent Director** Infosys Limited **Director** Schlumberger Limited
Mr. Dileep Choksi Non-Executive Director **Profession:** Advisor	64	April 26, 2013	**Director** ICICI Lombard General Insurance Company Limited AIA Engineering Limited ICICI Home Finance Company Limited Hexaware Technologies Limited Datamatics Global Services Limited Incube Ventures Private Limited Lupin Limited Mafatlal Cipherspace Private Limited
Mr. Homi Khusrokhan Non-Executive Director **Profession:** Advisor	70	January 21, 2010	**Director** Advinus Therapeutics Limited Fulford (India) Limited LIC Nomura Mutual Fund Trustee Company Private Limited Novalead Pharma Private Limited Samson Maritime Limited Tata AIA Life Insurance Company Limited The Anglo Scottish Education Society
Mr. M. S. Ramachandran Non-Executive Director **Profession:** Advisor	69	April 25, 2009	**Director** Ester Industries Limited Gulf Oil Corporation Limited Gulf Oil Lubricants India Limited Houghton International Inc. Infrastructure India Plc Supreme Petrochem Limited International Paper APPM Limited
Dr. Tushaar Shah Non-Executive Director **Profession:** Advisor	62	May 3, 2010	**Member — Board of Governors** DSC Foundation
Mr. V. K. Sharma Non-Executive Director **Profession:** Managing Director, Life Insurance Corporation of India	55	March 6, 2014	**Managing Director** Life Insurance Corporation of India **Director** ACC Limited Infrastructure Leasing & Financial Services Limited LIC Pension Fund Limited Life (International) B.S.C Bahrain

Name, designation and profession	Age	Date of first appointment	Particulars of other Directorship(s) at August 14, 2014
Mr. V. Sridar Non-Executive Director **Profession:** Advisor	67	January 21, 2010	**Director** Aadhar Housing Finance Limited Cent Bank Home Finance Limited IDFC AMC Trustee Company Limited ICICI Prudential Life Insurance Company Limited Morpheus Capital Advisors Private Limited Ponni Sugars (Erode) Limited Sarda Metals and Alloys Limited Seshasayee Paper & Boards Limited STCI Primary Dealer Limited
Mr. Alok Tandon Nominee Director **Profession:** Government Service	51	June 6, 2014	**Director** IFCI Limited National Housing Bank Small Industries Development Bank of India United India Insurance Company Limited
Ms. Chanda Kochhar Managing Director and CEO **Profession:** Company Executive	52	April 1, 2001	**Chairperson** ICICI Bank Canada ICICI Bank Eurasia Limited Liability Company ICICI Bank UK PLC. ICICI Lombard General Insurance Company Limited ICICI Prudential Asset Management Company Limited ICICI Prudential Life Insurance Company Limited ICICI Securities Limited **Member-Board** Institute of International Finance, Inc **Member-Executive Board** Indian School of Business
Mr. N. S. Kannan Executive Director **Profession:** Company Executive	49	May 1, 2009	**Chairman** ICICI Securities Primary Dealership Limited **Director** ICICI Bank UK PLC ICICI Bank Canada ICICI Lombard General Insurance Company Limited ICICI Prudential Asset Management Company Limited ICICI Prudential Life Insurance Company Limited **Member — Supervisory Board** ICICI Bank Eurasia Limited Liability Company **Member — Advisory Board** IITB Monash Research Academy
Mr. K. Ramkumar Executive Director **Profession:** Company Executive	53	February 1, 2009	**Director** ICICI Prudential Life Insurance Company Limited ICICI Venture Funds Management Company Limited
Mr. Rajiv Sabharwal Executive Director **Profession:** Company Executive	48	June 24, 2010	**Chairman** ICICI Home Finance Company Limited **Director** ICICI Prudential Life Insurance Company Limited

Our executive officers at June 30, 2014, and related compensation for such officers, were:

Name	Age	Designation and Responsibilities	Years of work experience	Total remuneration in fiscal 2014[1] (in Rupees)	Bonus for fiscal 2014 (in Rupees)	Stock options granted for fiscal 2013	Stock options granted for fiscal 2014	Total stock options granted through June 2014	Total stock options outstanding at Junel 30, 2014[2]	Shareholdings at June 30, 2014[3]
Ms. Chanda Kochhar	52	Managing Director and CEO	30	36,766,563	15,516,081	250,000	290,000	2,405,000	2,000,000	343,925
Mr. N. S. Kannan	49	Executive Director	27	24,973,590	10,400,859	125,000	145,000	997,400	795,000	50,225
Mr. K. Ramkumar	52	Executive Director	29	27,093,201	10,400,859	125,000	145,000	1,215,000	918,000	—
Mr. Rajiv Sabharwal	48	Executive Director	24	23,561,751	9,928,989	125,000	145,000	730,000	688,000	27,000
Mr. Vijay Chandok	46	President	23	25,305,626	9,534,105	90,000	105,000	796,100	672,025	6,000
Ms. Zarin Daruwala	49	President	24	23,898,126	9,534,105	90,000	105,000	705,600	622,000	61,452
Mr. Rakesh Jha	42	CFO	17	16,956,584	4,667,040	42,500	58,000	538,650	405,250	—

(1) Includes salary and other benefits and ICICI Bank's contribution to superannuation fund, provident and gratuity fund paid for fiscal 2014 and excludes bonus for fiscal 2012 or fiscal 2013 which was paid in fiscal 2014.

(2) 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.

(3) Executive officers and directors (including non-executive directors) as a group held 0.08% of ICICI Bank's equity shares as of this date.

Ms. Chanda 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 effective October 19, 2007. Effective May 1, 2009 our Board appointed Ms. Chanda 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 corporate finance, infrastructure finance, structured finance, treasury and life insurance. He was the 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. Our Board re-designated Mr. Kannan as Executive Director effective October 25, 2013. His responsibilities include finance, treasury, commercial banking, legal, risk management, corporate social responsibility, corporate communications and corporate branding. He is also responsible for day-to-day administration of the compliance and internal audit functions.

Mr. K. Ramkumar is a science graduate from Madras University with a post-graduate diploma in Personnel Management. 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. Effective August 1, 2014, Mr. Ramkumar has also been appointed as the President of ICICI Foundation for Inclusive Growth.

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 and inclusive and rural banking.

Mr. Vijay Chandok is 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 corporate banking, small enterprises and retail banking. He was designated as Group Executive-International Banking in April 2010 and re-designated as President effective May 10, 2011. He is responsible for international banking and small and medium enterprise businesses.

Ms. Zarin Daruwala is a chartered accountant and company secretary. She joined ICICI in 1989 and has worked in various areas including fund raising, project finance, corporate banking, investment banking and agri-business. She was designated as Group Executive-Wholesale Banking in July 2010 and re-designated as President effective May 10, 2011. She is responsible for wholesale banking including corporate banking, project finance, financial institutions and capital markets business and government banking.

Mr. Rakesh Jha is an engineering graduate from the Indian Institute of Technology at Delhi and a post-graduate in management from the Indian Institute of Management, Lucknow. He joined ICICI in 1996 and has worked in various areas including planning, strategy, finance and treasury. He was designated the Deputy Chief Financial Officer of ICICI Bank in May 2007 and Chief Financial Officer in October 2013. His responsibilities include financial reporting, planning & strategy, asset-liability management and technology management & infrastructure.

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 for demonstrating that the shareholders are the ultimate beneficiaries of our economic activities.

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 independent directors, to oversee critical areas and functions of executive management.

Our corporate governance philosophy encompasses regulatory and legal requirements, such as the terms of listing agreements with stock exchanges 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

The Audit Committee comprises four independent directors — Mr. Homi Khusrokhan, Mr. Dileep Choksi, Mr. M. S. Ramachandran and Mr. V. Sridar. Mr. Homi Khusrokhan, an independent director, is the Chairman of the Committee and Mr. Dileep Choksi is the alternate Chairman. Mr. Homi Khusrokhan, Mr. Dileep Choksi and Mr. V. Sridar are chartered accountants.

Our Board of Directors has also determined that Mr. Dileep Choksi 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 examining the financial statements and auditor's report and overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statements, recommendation of appointment, terms of appointment and removal of central and branch statutory auditors and chief internal auditor and fixation of their remuneration, approval of payment to statutory auditors for other permitted services rendered by them, review and monitor with the management the auditor's independence, performance and effectiveness of audit process, 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, approval of transactions with related parties or any subsequent modifications, review of statement of significant related party transactions, review of management letters/letters on internal control weaknesses issued by statutory auditors, reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds 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 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, valuation of undertakings or assets, evaluation of risk management systems, scrutiny of inter-corporate loans and investments. The Audit Committee is also empowered to appoint/oversee the work of any registered public accounting firm, establish procedures for receipt and treatment of complaints received regarding accounting and auditing matters and engage independent counsel as also provide for appropriate funding for compensation to be paid to any firm/advisors. In addition, the Audit Committee also exercises oversight of the regulatory compliance function of the Bank. The Audit Committee is also empowered to approve the appointment of the Chief Financial Officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.

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, Remuneration and Nomination Committee

The Board Governance, Remuneration and Nomination Committee comprises three independent directors —Mr. Homi Khusrokhan, Mr. K. V. Kamath, and Mr. M. S. Ramachandran. Mr. Homi Khusrokhan, an independent director, is the Chairman of the Committee.

The functions of the Committee include identification of persons qualified to become directors and who may be appointed to senior management and recommendation of their appointments to and removal from the Board, evaluation of the performance of the Managing Director and CEO and wholetime Directors on pre-determined parameters, recommendation to the Board of the remuneration (including performance bonus and perquisites) to wholetime directors, approval of the policy for and quantum of bonus payable to the members of the staff, recommendation to the Board of a policy relating to the remuneration for the Directors, key managerial personnel and other employees, framing of guidelines for the Employees Stock Option Scheme and recommendation of grant of ICICI Bank stock options to the employees and wholetime Directors of ICICI Bank and its subsidiary companies and formulation of the criteria for determining qualifications, positive attributes and independence of a Director.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises four directors — Mr. M. S. Ramachandran, Dr. Tushaar Shah, Mr. Alok Tandon and Ms. Chanda Kochhar. Mr. M. S. Ramachandran, an independent director, is the Chairman of the Committee.

The functions of the Committee include review of corporate social responsibility initiatives undertaken by the ICICI Group and the ICICI Foundation for Inclusive Growth, formulation and recommendation to the Board of a corporate social responsibility policy, reviewing and recommending the annual corporate social responsibility plan to the Board, making recommendations to the Board with respect to the corporate social responsibility initiatives, policies and practices of the ICICI Group, monitoring the corporate social responsibility activities and reviewing and implementing, if required, any other matters related to corporate social responsibility initiatives as recommended/suggested by the Reserve Bank of India or any other body.

Credit Committee

The Credit Committee comprises four directors — Mr. K. V. Kamath, Mr. Homi Khusrokhan, Mr. M. S. Ramachandran, and Ms. Chanda Kochhar. Mr. K. V. Kamath, an independent director, is the Chairman of the Committee.

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

Customer Service Committee

The Customer Service Committee comprises five directors — Mr. M. S. Ramachandran, Mr. K. V. Kamath, Mr. V. Sridar, Mr. Alok Tandon and Ms. Chanda Kochhar. Mr. M. S. Ramachandran, an independent director, 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.

Fraud Monitoring Committee

The Fraud Monitoring Committee comprises seven directors — Mr. V. Sridar, Mr. K.V. Kamath, Mr. Dileep Choksi, Mr. Homi Khusrokhan, Mr. V. K. Sharma, Ms. Chanda Kochhar and Mr. Rajiv Sabharwal. Mr. V. Sridar, an independent director, is the Chairman of the Committee.

The Committee monitors and reviews all the frauds involving an amount of Rs. 10.0 million and above with the objective of identifying the systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to rectify the same. The Committee is also empowered to identify the reasons for delay in detection, if any, and report to top management of the Bank and the RBI on the same. The progress of investigation and recovery position is also monitored by the Committee. The Committee also ensures that staff accountability is examined at all levels in all the cases of frauds and action, if required, is completed quickly without loss of time. The role of the Committee is also to review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls and put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

Information Technology Strategy Committee

The Information Technology Strategy Committee comprises four directors — Mr. Homi Khusrokhan, Mr. K. V. Kamath, Mr. V. Sridar and Ms. Chanda Kochhar. Mr. Homi Khusrokhan, an independent director, is the Chairman of the Committee.

The Committee is empowered to approve the strategy for information technology (IT) and related policy documents, ensure that IT strategy is aligned with business strategy, review IT risks, ensure proper balance of IT investments for sustaining the Bank's growth, oversee the aggregate funding of IT at a Bank-level and ascertain if the management has resources to ensure the proper management of IT risks and review the contribution of IT to businesses.

Risk Committee

The Risk Committee comprises seven directors — Mr. K. V. Kamath, Mr. Dileep Choksi, Mr. Homi Khusrokhan, Mr. V. K. Sharma, Mr. V. Sridar, Mr. Alok Tandon and Ms. Chanda Kochhar. Mr. K. V. Kamath, an independent director, is the Chairman of the Committee.

The Committee is empowered to review ICICI Bank's risk management policies pertaining to credit, market, liquidity, operational, outsourcing, reputation risks, business continuity and disaster recovery plan. The Committee's functions also include review of the Enterprise Risk Management framework of the Bank, risk appetite, stress testing framework, Internal Capital Adequacy Assessment Process (ICAAP) and framework for capital allocation. The Committee also reviews the status of Basel II and Basel III implementation, risk return profile of the Bank, outsourcing activities, compliance with RBI guidelines pertaining to credit, market and operational risk management systems and the activities of Asset Liability Management Committee. The Committee also reviews the risk profile template and key risk indicators pertaining to various risks. In addition, the Committee has oversight on risks of subsidiaries covered under the group risk management framework.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises three directors — Mr. Homi Khusrokhan, Mr. V. Sridar, and Mr. N. S. Kannan. Mr. Homi Khusrokhan, an independent director, is the Chairman of the Committee.

The functions and powers of the Committee include approval and rejection of transfer or transmission of equity shares, preference shares, bonds, debentures and securities, issue of duplicate certificates, allotment of shares and securities issued from time to time, review, redressal and resolution of grievances of shareholders, debenture holders and other security holders, 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

The Committee of Executive Directors comprises all four executive directors and Ms. Chanda 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.

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

Code of Ethics

We have adopted a Group Code of Business Conduct and Ethics for our directors and all our employees. This code aims at ensuring consistent standards of conduct and ethical business practices across the constituents of the ICICI Group and is reviewed on an annual basis. The latest Code is available on the website of the Bank (www.icicibank.com). We have not granted a waiver from any provision of the code to any of our directors or executive officers.

Compensation and Benefits to Directors and Officers

Remuneration

Under our organisational documents, each non-executive director, except the government director, is entitled to receive remuneration for attending each meeting of our Board or of a Board committee. The amount of remuneration payable to non-executive directors is set by our Board from time to time in accordance with limits prescribed by the Companies Act or the government. The Board of Directors had approved the payment of Rs. 20,000 as sitting fees for each meeting of the Board or Committee attended. Pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 notified by the Ministry of Corporate Affairs effective April 1, 2014, a sitting fee not exceeding Rs. 100,000 for each meeting of the board or committee may be paid to a director with the approval of the board. Our Board at its meeting held on April 25, 2014, approved a revision in sitting fee of Rs. 100,000 for each meeting of the Board. There is no change in the sitting fee payable for committee meetings. In addition, we reimburse directors for travel and related expenses in connection with Board and Committee meetings attended by directors and related matters. If a director is required to perform services for us beyond attending meetings, we may remunerate the director as determined by our Board of Directors and this remuneration may be either in addition to or as substitution for the remuneration discussed above. We have not paid any remuneration to non-executive directors other than the remuneration for attending each meeting of our Board or of a Board committee, except to Mr. K. V. Kamath, who was paid a remuneration of Rs. 2,000,000 per annum for fiscal 2014 as approved by the Reserve Bank of India. The above remuneration was also approved by shareholders and the government of India. Non-executive directors are not entitled to the payment of any benefits at the end of their terms of office.

The shareholders at the annual general meeting held on June 24, 2013 approved a revision in the remuneration payable to Mr. K. V. Kamath. In terms of the revised remuneration, Mr. K. V. Kamath is entitled to be paid a remuneration of up to Rs. 5,000,000 per annum. This remuneration limit will be effective May 1, 2014 up to April 30, 2019, being the period for which the shareholders re-appointed Mr. K. V. Kamath as Chairman. Within this range, the Board will approve the remuneration payable to Mr. K. V. Kamath from time to time subject to approval of the Reserve Bank of India. The Board at its meeting held on October 25, 2013, approved a remuneration of Rs. 3,000,000 per annum effective May 1, 2014. The Reserve Bank of India while approving the re-appointment of the Chairman for the period May 1, 2014, up to April 30, 2017, has also approved the above remuneration of Rs. 3,000,000 per annum.

Our Board or any committee thereof may fix, within the range approved by the shareholders, the salary and supplementary allowance payable to the executive directors. We are required to obtain specific approval of the Reserve Bank of India for the actual monthly salary, supplementary allowance and annual performance bonus paid each year to the executive directors.

The following table sets forth the applicable monthly salary ranges

Name and Designation	Monthly Salary Range (Rs.)
Ms. Chanda Kochhar, Managing Director and CEO......	1,350,000 - 2,600,000 (US$22,478 - US$43,290)
Mr. N. S. Kannan, Executive Director	950,000 - 1,700,000 (US$15,818 - US$28,305)
Mr. K. Ramkumar, Executive Director...........................	950,000 - 1,700,000 (US$15,818 - US$28,305)
Mr. Rajiv Sabharwal, Executive Director.......................	900,000 - 1,600,000 (US$14,985 - US$26,640)

The monthly supplementary allowances for the Managing Director & CEO, would be within the range of Rs 1,000,000 — Rs. 1,800,000, for N. S. Kannan and K. Ramkumar, Executive Directors would be within the range of Rs. 675,000 - Rs 1,225,000 and for Rajiv Sabharwal, Executive Director would be within the range of Rs. 650,000 — Rs. 1,200,000. The Board would determine the actual remuneration/supplementary allowance payable within the above ranges from time to time subject to the approval of RBI.

The executive directors are entitled to perquisites (evaluated pursuant to Indian income-tax rules wherever applicable and otherwise at actual cost to the Bank) such as the benefit of the Bank's furnished accommodation, gas, electricity, water and furnishings, club fees, group insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof, medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund and gratuity, in accordance with the scheme(s) and rule(s) applicable from time to time.

In line with the staff loan policy applicable to specified grades of employees who fulfill prescribed eligibility criteria to avail loans for purchase of residential property, the executive directors are also eligible for housing loans subject to the approval of the Reserve Bank of India.

There are no service contracts with our executive directors providing for benefits upon termination of their employment.

The total compensation paid by ICICI Bank to its executive directors and executive officers during fiscal 2014 was Rs. 235.02 million.

Bonus

Each year, our Board of Directors awards discretionary bonuses to employees and executive directors on the basis of performance and seniority. The performance of each employee is evaluated through a performance management appraisal system. The aggregate amount of bonuses to all eligible employees and executive directors of ICICI Bank for fiscal 2014 was Rs. 3.94 billion.

Employee Stock Option Scheme

ICICI Bank has an employee stock option scheme to encourage and retain high-performing employees. Pursuant to the stock option scheme as amended, up to 10.0% of the aggregate of issued equity shares at the time of the grant of stock options could be allocated under the employee stock option scheme. At June 30, 2014, against the limit of 10.0% of issued shares, equivalent to 115.6 million shares, we had granted

66.33 million shares under the employee stock option scheme. Employees and directors of ICICI Bank, its subsidiaries and its holding company are eligible employees for grants of stock options. ICICI Bank has no holding company. The maximum number of options granted to any eligible employee in a year is restricted to 0.05% of the Bank's issued equity shares at the time of the grant.

Options granted till March 31, 2004 vested in a graded manner over a three-year period, with 20%, 30% and 50% of the grants vesting in each year, commencing not earlier than 12 months from the date of the grant. Options granted after April 1, 2004 through March 31, 2014 vest in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant, other than the following:

- Options granted in April 2009 vest in a graded manner over a five year period with 20%, 20%, 30% and 30% of the grant vesting in each year, commencing from the end of 24 months from the date of the grant.
- Out of the options, the grant of which was approved by the Board at its meeting held on October 29, 2010 (for which RBI approval for grant to wholetime Directors was received in January 2011), 50% vested on April 30, 2014 and the balance 50% will vest on April 30, 2015.
- Options granted in September 2011 vest in a graded manner over a five year period with 15%, 20%, 20% and 45% of the grant vesting in each year, commencing from end of 24 months from the date of grant.
- Options granted in April 2014 vest over a three year period, with 30%, 30%, and 40% of the grant vesting in each year commencing from the end of 12 months from the date of grant, other than certain options of which 50% will vest on April 30, 2017 and the balance on April 30, 2018.

Options can be exercised within ten years from the date of grant or five years from the date of vesting, whichever is later. The exercise price for options granted prior to June 30, 2003 is equal to the market price of our equity shares on the date of grant on the stock exchange, which recorded the highest trading volume on the date of grant. On June 30, 2003, the Securities and Exchange Board of India revised its guidelines on employee stock options. While the revised guidelines provided that companies were free to determine the exercise price of stock options granted by them, they prescribed accounting rules and other disclosures, including expensing of stock options in the income statement, which are applicable to their Indian GAAP financial statements, in the event the exercise price was not equal to the average of the high and low market price of the equity shares in the two week period preceding the date of grant of the options, on the stock exchange which recorded the highest trading volume during the two week period. Effective July 22, 2004, the Securities and Exchange Board of India revised this basis of pricing to the latest available closing price, prior to the date of the meeting of the Board of Directors, in which options are granted, on the stock exchange which recorded the highest trading volume on that date. The exercise price for options granted by ICICI Bank on or after June 30, 2003, but before July 22, 2004 is equal to the average of the high and low market price of the equity shares in the two week period preceding the date of grant of the options, on the stock exchange which recorded the highest trading volume during the two week period. The exercise price of options granted before June 30, 2003 and on or after July 22, 2004 (other than the options approved by the Board at its meeting held on October 29, 2010, where the grant price was the average closing price of the equity shares on the stock exchange during the six months up to October 28, 2010) is equal to the closing price on the stock exchange which recorded the highest trading volume preceding the date of grant of options. Options granted in February 2011 were granted at an exercise price which was approximately 3.0% below the closing price preceding the date of grant of options. The difference between the closing price and the exercise price has been accounted for as an expense over the vesting period of the options.

The following table sets forth certain information regarding the stock option grants ICICI Bank has made under its employee stock option scheme. ICICI Bank granted all of these stock options at no cost to its employees. ICICI Bank has not granted any stock options to its non-executive directors.

Date of grant	Number of options granted	Exercise price	
February 21, 2000	1,713,000	Rs.171.90	US$ 2.86
April 26, 2001	1,580,200	170.00	2.83
March 27, 2002	3,155,000	120.35	2.00
April 25, 2003	7,338,300	132.05	2.20
July 25, 2003	147,500	157.03	2.61
October 31, 2003	6,000	222.40	3.70
April 30, 2004	7,539,500	300.10	5.00
September 20, 2004	15,000	275.20	4.58
April 30, 2005	4,906,180	359.95	5.99
August 20, 2005	70,600	498.20	8.30
January 20, 2006	5,000	569.55	9.48
April 29, 2006	6,267,400	576.80	9.60
July 22, 2006	29,000	484.75	8.07
October 24, 2006	78,500	720.55	12.00
January 20, 2007	65,000	985.40	16.41
April 28, 2007	4,820,300	935.15	15.57
July 21, 2007	11,000	985.85	16.41
October 19, 2007	46,000	1,036.50	17.26
January 19, 2008	40,000	1,248.85	20.79
March 8, 2008	39,000	893.40	14.88
April 26, 2008	5,595,000	915.65	15.25
July 26, 2008	25,000	656.75	10.93
October 27, 2008	20,500	308.50	5.14
April 25, 2009	1,728,500	434.10	7.23
March 6, 2010	2,500	901.75	15.01
April 24, 2010	2,392,600	977.70	16.28
July 31, 2010	44,000	904.90	15.07
October 29, 2010	18,000	1,089.05	18.13
January 24, 2011	25,000	1,065.55	17.74
February 7, 2011	3,035,000	967.00	16.10
April 28, 2011	4,018,600	1,106.85	18.43
July 29, 2011	9,000	1,017.45	16.94
September 16, 2011	30,000	876.20	14.59
October 31, 2011	3,000	933.35	15.54
April 27, 2012	4,392,200	841.45	14.01
July 27, 2012	3,000	906.75	15.10
October 26, 2012	55,000	1,087.15	18.10
April 26, 2013	44,14,650	1,177.35	19.60
January 29, 2014	5,000	1,018.65	16.96
April 25, 2014	64,70,100	1,299.55	21.64

ICICI also had an employee stock option scheme for its directors and employees and the directors and employees of its subsidiary companies, the terms of which were substantially similar to the employee stock option scheme of ICICI Bank. The following table sets forth certain information regarding the stock option grants made by ICICI under its employee stock option scheme prior to the merger. ICICI had not granted any stock options to its non-executive directors.

Date of grant	Number of options granted	Exercise price[1]	
August 3, 1999	2,323,750	Rs.85.55	US$1.42
April 28, 2000	2,902,500	133.40	2.22
November 14, 2000	20,000	82.90	1.38
May 3, 2001	3,145,000	82.00	1.37
August 13, 2001	60,000	52.50	0.87
March 27, 2002	6,473,700	60.25	1.00

(1) The exercise price is equal to the market price of ICICI's equity shares on the date of grant.

In accordance with the Scheme of Amalgamation, directors and employees of ICICI and its subsidiary companies received stock options in ICICI Bank equal to half the number of their outstanding unexercised stock options in ICICI. The exercise price for these options is equal to twice the exercise price for the ICICI stock options. All other terms and conditions of these options are similar to those applicable to ICICI Bank's stock options pursuant to its employee stock option scheme.

The following table sets forth certain information regarding the options granted by ICICI Bank (including options granted by ICICI adjusted in accordance with the Scheme of Amalgamation) at June 30, 2014.

Particulars	ICICI Bank
Options granted (net of lapsed)	66,333,009
Options vested	53,492,573
Options exercised	33,002,019
Options forfeited/lapsed	11,288,596
Extinguishment or modification of options	None
Amount realized by exercise of options	Rs.9,096,414,770
Total number of options in force	33,330,990

OVERVIEW OF THE INDIAN FINANCIAL SECTOR

Introduction

The Reserve Bank of India, the central banking and monetary authority of India, is the central regulatory and supervisory authority for the Indian financial system. A variety of financial intermediaries in the public and private sectors participate in India's financial sector, including the following:

- commercial banks;
- long-term lending institutions;
- non-banking finance companies, including housing finance companies;
- other specialized financial institutions, and state-level financial institutions;
- insurance companies; and
- mutual funds.

Until the early 1990s, the Indian financial system was strictly controlled. Interest rates were administered, formal and informal parameters governed asset allocation, and strict controls limited entry into and expansion within the financial sector. The Indian government's economic reform program, which began in 1991, encompassed the financial sector. The first phase of the reform process began with the implementation of the recommendations of the Committee on the Financial System, the Narasimham Committee I. The second phase of the reform process began in 1999.

This discussion presents an overview of the role and activities of the Reserve Bank of India and of each of the major participants in the Indian financial system, with a focus on commercial banks. This is followed by a brief summary of the banking reform process and key reform measures announced or proposed in recent years. Finally, measures announced by the Reserve Bank of India in recent monetary policy statements are briefly reviewed.

The Reserve Bank of India

The Reserve Bank of India, established in 1935, is the central banking and monetary authority in India. The Reserve Bank of India manages the country's money supply and foreign exchange and also serves as a bank for the government of India and for the country's commercial banks. In addition to these traditional central banking roles, the Reserve Bank of India undertakes certain developmental and promotional roles.

The Reserve Bank of India issued guidelines on exposure limits, income recognition, asset classification, provisioning for non-performing and restructured assets, investment valuation and capital adequacy for commercial banks, long-term lending institutions and non-bank finance companies. The Reserve Bank of India requires these institutions to furnish information relating to their businesses to it on a regular basis. For further discussion regarding the Reserve Bank of India's role as the regulatory and supervisory authority of India's financial system and its impact on us, see "*Supervision and Regulation*".

Commercial Banks

Commercial banks in India meet the short-term financial needs, or working capital requirements, of industry, trade and agriculture, provide long-term financing to sectors like infrastructure and provide retail loan products. At December 31, 2013, there were 146 scheduled commercial banks in the country, with a network of 111,778 branches serving approximately Rs. 74.63 trillion in deposit accounts. Scheduled commercial banks are banks that are listed in the second schedule of the Reserve Bank of India Act, 1934, and are further categorized as public sector banks, private sector banks and foreign banks. Scheduled commercial banks have a presence throughout India, with approximately 64.0% of bank branches located in rural or semi-urban areas of the country.

Public Sector Banks

Public sector banks make up the largest category in the Indian banking system. They include the State Bank of India and its five associate banks, 19 nationalized banks and 57 regional rural banks. Excluding the regional rural banks, the remaining public sector banks have 77,389 branches, and accounted for 72.8% of the outstanding gross bank credit and 74.2% of the aggregate deposits of the scheduled commercial banks at December 31, 2013. The State Bank of India is the largest bank in India in terms of total assets. At December 31, 2013, the State Bank of India and its five associate banks had 21,469 branches. They accounted for 22.3%

of aggregate deposits and 22.5% of outstanding gross bank credit of all scheduled commercial banks. The Union Budget for fiscal 2015 announced on June 10, 2014 has proposed reduction of the government's shareholding in public sector banks while maintaining majority shareholding by the government. The government has also agreed to consider proposals for consolidation of public sector banks.

Regional rural banks were established from 1976 to 1987 by the central government, state governments and sponsoring commercial banks jointly with a view to develop the rural economy. Regional rural banks provide credit to small farmers, artisans, small entrepreneurs and agricultural laborers. The National Bank for Agriculture and Rural Development is responsible for supervising the functions of the regional rural banks. In 1986 the Kelkar Committee made comprehensive recommendations covering both the organizational and operational aspects of regional rural banks, several of which were adopted as amendments to the Regional Rural Banking Act, 1976. As part of a comprehensive restructuring program, recapitalization of the regional rural banks was initiated in fiscal 1995, a process which continued until fiscal 2000 and covered 187 regional rural banks with aggregate financial support of Rs. 21.9 billion from the stakeholders. Simultaneously, prudential norms on income recognition, asset classification and provisioning for loan losses following customary banking benchmarks were introduced.

Currently there are 57 regional rural banks and at December 31, 2013 they had 17,524 branches, and accounted for 2.9% of aggregate deposits and 2.6% of gross bank credit outstanding of scheduled commercial banks.

Private Sector Banks

After the first phase of bank nationalization was completed in 1969, public sector banks made up the largest portion of Indian banking. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking sector, the Reserve Bank of India permitted entry of the private sector into the banking system. This resulted in the introduction of private sector banks, including us. These banks are collectively known as the "new" private sector banks. At year-end fiscal 2014, there were seven "new" private sector banks. In addition, 13 old private sector banks existing prior to July 1993 were operating. The Sangli Bank Limited, an unlisted "old" private sector bank merged with us, effective April 19, 2007. The Centurion Bank of Punjab merged with HDFC Bank in May 2008. The Bank of Rajasthan Limited, an old private sector bank, merged with us with effect from the close of business on August 12, 2010.

At December 31, 2013, private sector banks accounted for approximately 18.4% of aggregate deposits and 19.8% of gross bank credit outstanding of the scheduled commercial banks. Their network of 16,564 branches accounted for 14.8% of the total branch network of scheduled commercial banks in the country.

In February 2013, the Reserve Bank of India issued guidelines on the entry of new banks in the private sector, specifying that select entities or groups in the private sector, entities in the public sector and non-banking financial companies with a successful track record of at least ten years would be eligible to promote banks. The initial minimum capital requirement for these entities is Rs. 5.0 billion, with foreign shareholding not exceeding 49.0% for the first five years. The business plan for the bank should cover a realistic plan for achieving financial inclusion. The new banks can be set up only through a non-operative financial holding company registered with the Reserve Bank of India. In April 2014, the Reserve Bank of India issued in-principle licenses to two non-banking finance companies, IDFC Limited and Bandhan Financial Services Private Limited, to set up banks under these guidelines. Further, the Reserve Bank of India has indicated that it will be establishing a framework for issuing licenses on an on-going basis and will also allow for different types of banks performing specialized functions.

Foreign Banks

There are 43 foreign banks operating in India and at December 31, 2013, foreign banks had 301 branches in India. Foreign banks accounted for 4.6% of aggregate deposits and 4.9% of outstanding gross bank credit of scheduled commercial banks. As part of the liberalization process, the Reserve Bank of India has permitted foreign banks to operate more freely, subject to requirements largely similar to those imposed on domestic banks. The primary activity of most foreign banks in India has been in the corporate segment. However, some of the larger foreign banks have made retail banking a significant part of their portfolios. Most foreign banks operate in India through branches of the parent bank. Certain foreign banks also have wholly owned non-bank finance company subsidiaries or joint ventures for both corporate and retail lending.

In a circular dated July 6, 2004, the Reserve Bank of India stipulated that banks should not acquire any fresh stake in another banks' equity shares, if by such acquisition, the investing bank's holding exceeded 5.0% of the investee bank's equity capital. This also applies to holdings of foreign banks with a presence in India, in Indian banks. The Reserve Bank of India issued a notification on "Roadmap for presence of foreign banks in India" on February 28, 2005, announcing the following measures with respect to the presence of foreign banks:

- During the first phase (up to March 2009), foreign banks were allowed to establish a presence by setting up wholly-owned subsidiaries or by converting existing branches into wholly-owned subsidiaries.

- In addition, during the first phase, foreign banks were allowed to acquire a controlling stake in a phased manner only in private sector banks that are identified by the Reserve Bank of India for restructuring.

- For new and existing foreign banks, it was proposed to go beyond the existing World Trade Organization commitment of allowing increases of 12 branches per year. A more liberal policy will be followed for areas with a small number of banks.

- During the second phase (scheduled to be from April 2009 onwards), after a review of the first phase, foreign banks would be allowed to acquire up to 74.0% in private sector banks in India.

However, in view of the deterioration in the global financial markets during fiscal 2009, the Reserve Bank of India decided to put on hold the second phase until there was greater clarity over the economic recovery as well as the reformed global regulatory and supervisory architecture.

In November 2013, the Reserve Bank of India issued a scheme for the establishment of wholly owned subsidiaries by foreign banks in India. The scheme envisages that foreign banks who commenced business in India after August 2010, or will do so in the future, will be permitted to do so only through wholly owned subsidiaries if certain specified criteria apply to them. These criteria include incorporation in a jurisdiction which gives legal preference to home country depositor claims, among others. Further, a foreign bank that has set up operations in India through the branch mode after August 2010 will be required to convert its operations into a subsidiary if it is considered to be systemically important. A bank would be considered to be systemically important if the assets on its Indian balance sheet (including credit equivalent of off-balance sheet items) exceed 0.25% of the assets of the Indian banking system. Establishment of a subsidiary would require approval of the Reserve Bank of India and for this purpose, the Reserve Bank of India would take into account various factors including economic and political relations with the country of incorporation of the parent bank and reciprocity with the home country of the parent bank. The regulatory framework for a subsidiary of a foreign bank would be substantially similar to that applicable to domestic banks, including with respect to management, directed lending, investments and branch expansion. Wholly-owned subsidiaries of foreign banks may, after further review, be permitted to enter into mergers and acquisition transactions with Indian private sector banks, subject to adherence to the foreign ownership limit of 74% applicable to Indian private sector banks.

In July 2012, the Reserve Bank of India revised priority sector lending norms and mandated foreign banks with 20 branches or more in India to meet priority sector lending norms as prescribed for domestic banks.

Cooperative Banks

Cooperative banks cater to the financing needs of agriculture, small industry and self-employed businessmen in urban and semi-urban areas of India. The state land development banks and the primary land development banks provide long-term credit for agriculture. In light of the liquidity and insolvency problems experienced by some cooperative banks in fiscal 2001, the Reserve Bank of India undertook several interim measures, pending formal legislative changes, including measures related to lending against shares, borrowings in the call market and term deposits placed with other urban cooperative banks. Presently, the Reserve Bank of India is responsible for the supervision and regulation of urban cooperative banks, and the National Bank for Agriculture and Rural Development for state cooperative banks and district central cooperative banks. The Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004 provides for the regulation of all cooperative banks by the Reserve Bank of India. See also "*—Recent Structural Reforms—Amendments to the Banking Regulation Act*".

A task force appointed by the government of India to examine the reforms required in the cooperative banking system submitted its report in December 2004. It recommended several structural, regulatory and operational reforms for cooperative banks, including the provision of financial assistance by the government for revitalizing this sector. In the Indian government's budget for fiscal 2006, the Finance Minister accepted the recommendations of the Task Force in principle. During fiscal 2006 the Reserve Bank of India outlined a medium term framework for urban cooperative banks. Subsequently a task force for urban cooperative banks has been set up in select states to identify and establish an action plan with a specific timeframe for reviving potentially viable urban cooperative banks and for ensuring the non-disruptive exit of non-viable urban cooperative banks. Further, with a view to strengthening the capital structure of cooperative banks, the Reserve Bank of India announced a minimum capital adequacy requirement of 9.0% for state and central cooperative banks in January 2014 to be achieved in a phased manner over a period of three years. The guidelines prescribe a minimum capital adequacy ratio of 7.0% by March 31, 2015 and 9.0% with effect from March 31, 2017. Further, cooperative banks have also been allowed to issue long-term deposits and perpetual debt instruments in order to be able to meet the prescribed capital adequacy requirements.

Long-Term Lending Institutions

The long-term lending institutions were established to provide medium-term and long-term financial assistance to various industries for setting up new projects and for the expansion and modernization of existing facilities. These institutions provided fund-based and non-fund-based assistance to industries in the form of loans, underwriting, direct subscription to shares, debentures and guarantees. The primary long-term lending institutions included Industrial Development Bank of India (now a bank), IFCI Limited, and the Industrial Investment Bank of India, as well as ICICI prior to the merger. The long-term lending institutions were expected to play a critical role in Indian industrial growth and, accordingly, had access to concessional government funding. However, following the economic and financial sector reforms after 1991, the operating environment of the long-term lending institutions changed substantially. Although the initial role of these institutions was largely limited to providing a channel for government funding to industries, the reform process required such institutions to expand the scope of their business activities, including into:

- fee-based activities like investment banking and advisory services; and
- short-term lending activities, including making corporate finance and working capital loans.

Pursuant to the recommendations of the Narasimham Committee II and the Khan Working Group, a working group created in 1999 to harmonize the role and operations of long-term lending institutions and banks, the Reserve Bank of India, in its midterm review of monetary and credit policy for fiscal 2000, announced that long-term lending institutions would have the option of transforming themselves into banks subject to compliance with the prudential norms as applicable to banks. In April 2001, the Reserve Bank of India issued guidelines on several operational and regulatory issues, which needed to be addressed, and laid down a path for how long-term lending institutions can transition into universal banks. In April 2002, ICICI merged with ICICI Bank. The Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003 converted the Industrial Development Bank of India into a banking company incorporated under the Companies Act, 1956. IDBI Bank Limited, a new private sector bank that was a subsidiary of the Industrial Development Bank of India, was merged with the Industrial Development Bank of India in April 2005. The long-term funding needs of Indian companies are met primarily by banks, Life Insurance Corporation of India and specialized non-bank finance companies. Indian companies also issue bonds to institutional and retail investors.

Non-Bank Finance Companies

There were about 12,225 non-banking finance companies in India at June 30, 2013, mostly in the private sector. All non-banking finance companies are required to register with the Reserve Bank of India. The non-banking finance companies may be categorized into entities that take public deposits and those that do not. The companies that take public deposits are subject to strict supervision and capital adequacy requirements by the Reserve Bank of India. Non-banking financial companies are classified in five categories—asset finance companies, loan companies, investment companies, infrastructure finance companies and microfinance companies. ICICI Securities Limited, our subsidiary, is a non-banking finance company that does not accept public deposits, and ICICI Home Finance Company, our subsidiary, is a non-banking finance company that accepts public deposits. The primary activities of the non-banking finance companies are consumer credit (including automobile finance, home finance and consumer durable products finance, wholesale finance products such as bill discounting for small and medium companies), and infrastructure finance, and fee-based services, such as investment banking and underwriting. In 2003, Kotak

Mahindra Finance Limited, a large non-banking finance company, was granted a banking license by the Reserve Bank of India and converted itself into Kotak Mahindra Bank. In April 2014, the Reserve Bank of India issued in-principle licenses to two non-banking finance companies, IDFC Limited and Bandhan Financial Services Private Limited, to set up banks under these guidelines.

The Reserve Bank of India issues guidelines on the financial regulation of systemically important non-banking finance companies and banks' relationship with them in order to remove the possibility of regulatory arbitrage leading to an uneven playing field and potential systemic risk. Within non-deposit taking non-banking finance companies, the guidelines classify those with an asset size above Rs. 1.0 billion as per the last audited balance sheet as systemically important. These non-banking finance companies are required to maintain a minimum capital to risk-weighted assets ratio of 15.0%, in addition to conforming to single and group exposure norms. The Reserve Bank of India also issues draft guidelines covering non-deposit taking non-banking finance companies, wherein non-deposit taking non-banking finance companies with an asset size of Rs. 1.0 billion and above must maintain a capital to risk-weighted assets ratio of 15.0%.

For the purpose of enhancing the flow of funds to infrastructure projects, the Reserve Bank of India issued guidelines in November 2011 for the establishment of infrastructure debt funds in the form of mutual funds or non-banking finance companies. In fiscal 2013, we in partnership with other domestic and international banks and financial institutions launched India's first infrastructure debt fund set up in the form of a non-banking finance company. We along with our wholly owned subsidiary have a shareholding of 31.0% in this company.

In August 2011, the Reserve Bank of India released a working group report on issues and concerns in the non-banking finance companies sector. Some key recommendations of the group included a minimum asset size of Rs. 500 million with a minimum net owned fund of Rs. 20 million for registering as a non-banking finance company, a minimum Tier I capital of 12% to be achieved in three years, introduction of liquidity ratios, more stringent asset classification norms and provisioning norms and limits on exposure to real estate. In December 2012, the Reserve Bank of India issued draft guidelines on the regulatory framework for non-banking finance companies based on the recommendations of the working group. The guidelines relate to entry norms, principal business criteria, prudential regulations, liquidity requirements and corporate governance of non-banking finance companies. In January 2014, the Reserve Bank of India issued revised guidelines on restructuring of advances by non-banking finance companies, bringing them in line with guidelines applicable to scheduled commercial banks. Further, the Reserve Bank of India has indicated that the regulatory framework for non-banking finance companies will be reviewed and detailed revised guidelines are expected to be issued separately.

Non-banking finance companies raise money by issuing capital or debt securities including debentures, by way of public issue or private placement. Non-deposit-taking non-banking financial companies can issue perpetual debt instruments which are eligible for inclusion as tier I capital to the extent of 15.0% of total tier I capital as on March 31 of the previous accounting year. Further, with regard to private placement of debentures by non-banking finance companies, the Reserve Bank of India issued guidelines in June 2013, which states that issue of debentures should necessarily be for deployment of funds on its own balance sheet, and not for facilitating resources for group companies. The guidelines also prescribe a minimum time gap of six months between two private placements, a limit on the number of investors to 49, and restrict non-banking finance companies from extending loans against the security of its own debentures.

Housing Finance Companies

Housing finance companies form a distinct sub-group of the non-banking finance companies. As a result of the various incentives given by the government for investing in the housing sector in recent years, the scope of this business has grown substantially. Housing Development Finance Corporation Limited is a leading provider of housing finance in India. In recent years, several other players, including banks, have entered the housing finance industry. We also have a housing finance subsidiary, ICICI Home Finance Company. The National Housing Bank and the Housing and Urban Development Corporation Limited are the two major financial institutions instituted through acts of Parliament to improve the availability of housing finance in India. The National Housing Bank Act provides for securitization of housing loans, foreclosure of mortgages and setting up of the Mortgage Credit Guarantee Scheme.

Other Financial Institutions

Specialized Financial Institutions

In addition to the long-term lending institutions, there are various specialized financial institutions which cater to the specific needs of different sectors. These include the National Bank for Agricultural and Rural Development, Export Import Bank of India, Small Industries Development Bank of India, Tourism Finance Corporation of India Limited, National Housing Bank, Power Finance Corporation Limited, Infrastructure Development Finance Corporation Limited and India Infrastructure Finance Company.

State Level Financial Institutions

State financial corporations operate at the state level and form an integral part of the institutional financing system. State financial corporations were set up to finance and promote small and medium-sized enterprises. The state financial institutions are expected to achieve balanced regional socio-economic growth by generating employment opportunities and widening the ownership base of industry. At the state level, there are also state industrial development corporations, which provide finance primarily to medium-sized and large enterprises.

Insurance Companies

At June 30, 2014, there were 52 insurance companies in India, of which 24 are life insurance companies and 28 are general insurance companies. Of the 24 life insurance companies, 23 are in the private sector and one is in the public sector. Among the general insurance companies, 22 are in the private sector and six (including the Export Credit Guarantee Corporation of India Limited and the Agriculture Insurance Company of India Limited) are in the public sector. General Insurance Corporation of India, a reinsurance company, is in the public sector. Life Insurance Corporation of India, General Insurance Corporation of India and public sector general insurance companies also provide long-term financial assistance to the industrial sector.

The insurance sector in India is regulated by the Insurance Regulatory and Development Authority. In December 1999, the Indian Parliament passed the Insurance Regulatory and Development Authority Act, 1999, which also amended the Insurance Act, 1938. This opened up the Indian insurance sector for foreign and private investors. The Insurance Act allows foreign equity participation in new insurance companies of up to 26.0%. A new company should have minimum paid-up equity capital of Rs. 1.0 billion to carry on the business of life insurance or general insurance and of Rs. 2.0 billion to carry on exclusively the business of reinsurance.

In fiscal 2001, the Reserve Bank of India issued guidelines governing the entry of banks and financial institutions into the insurance business. The guidelines permit banks and financial institutions to enter the business of insurance underwriting through joint ventures provided they meet stipulated criteria relating to their net worth, capital adequacy ratio, profitability track record, level of non-performing loans and the performance of their existing subsidiary companies. The promoters of insurance companies have to divest in a phased manner their shareholding in excess of 26.0% (or such other percentage as may be prescribed), after a period of ten years from the date of commencement of business or within such period as may be prescribed by the Indian government. The Insurance Laws (Amendment) Bill introduced in the Indian Parliament would remove the requirement that promoters dilute their stake to 26.0%.

In the general insurance sector, gross premiums underwritten by general insurance companies moderated in fiscal 2008 and fiscal 2009 owing to detariffing of the general insurance sector. Until January 1, 2007 almost 70.0% of the general insurance market was subject to price controls under a tariff regime. With the commencement of a tariff-free regime effective January 1, 2007, the resultant competitive pricing led to a significant decrease in premium rates across the industry leading to moderate premium growth during fiscal 2009 and fiscal 2010.

During fiscal 2014, the new business weighted individual premium underwritten by the life insurance sector decreased by 3.4% to Rs. 454.29 billion compared to Rs. 470.19 billion during fiscal 2013. Of the above, the share of the private sector was 38.0% during fiscal 2014. The gross premium underwritten in the general insurance sector amounted to Rs. 728.53 billion during fiscal 2014 as against Rs. 646.53 billion during fiscal 2013, recording a year-on-year growth of 12.7% (excluding the Export Credit Guarantee Corporation of India Limited and the Agriculture Insurance Company of India Limited). The share of the private sector increased from 45.9% during fiscal 2013 to 47.0% during fiscal 2014. During the two months ended May 31, 2014, the gross premium underwritten in the general insurance sector amounted to Rs. 142.66 billion as against Rs. 131.93 billion during the two months ended May 31, 2013, recording a year-on-year growth of 8.13%.

We have joint ventures in each of the life insurance and the general insurance sectors. Our life insurance joint venture, ICICI Prudential Life Insurance Company, is the largest private sector player in the life insurance sector in India in terms of new business retail weighted received premium. Our general insurance joint venture, ICICI Lombard General Insurance Company, is the largest private sector player in the general insurance sector in India in terms of gross written premium, excluding premium on motor third party insurance pool.

See also "*Risk Factors—Risks Relating to Our Business—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*" and "*Business—Overview of Our Products and Services—Insurance*".

Mutual Funds

Currently there are 47 mutual funds in India with assets under management at June 30, 2014 of Rs. 9,747.15 billion. Average assets under management of all mutual funds increased by 16.6% to Rs. 9.872.40 billion during the three months ended June 30, 2014 from Rs. 8,466.75 billion during the three months ended June 30, 2013. From year 1963 to 1987, Unit Trust of India was the only mutual fund operating in the country. It was set up in 1963 at the initiative of the government and the Reserve Bank of India. From 1987 onwards, several other public sector mutual funds entered this sector. These mutual funds were established by public sector banks, the Life Insurance Corporation of India and General Insurance Corporation of India. The mutual funds industry was opened up to the private sector in 1993. The industry is regulated by the Securities and Exchange Board of India (Mutual Fund) Regulation, 1996. Our asset management joint venture, ICICI Prudential Asset Management Company, was the second largest mutual fund in India in terms of average assets under management for the three months ended June 30, 2014, with an overall market share of about 12.0%.

To enhance marketability and access to mutual fund schemes, the Securities and Exchange Board of India in November 2009 permitted the use of stock exchange terminals to facilitate transactions in mutual fund schemes. As a result, mutual funds units can now be traded on recognized stock exchanges. While this facility was available to stock brokers and clearing members initially, it was widened to include mutual fund distributors in October 2013. In June 2009, the Securities and Exchange Board of India removed the entry load and up-front charges deducted by mutual funds, for all mutual fund schemes and required that the up-front commission to distributors should be paid by the investor to the distributor directly. In February 2010, the Securities and Exchange Board of India introduced guidelines for the valuation of money market and debt securities, with a view to ensuring that the value of money market and debt securities in the portfolio of mutual fund schemes reflects the current market scenario. The valuation guidelines were effective from August 1, 2010. Further, the Union Budget for fiscal 2014 allowed mutual fund distributors to become members on the mutual fund segment of stock exchanges to enable them to leverage the stock exchange network to improve the reach and distribution of mutual fund products.

Impact of Liberalization on the Indian Financial Sector

Until 1991, the financial sector in India was heavily controlled and commercial banks and long-term lending institutions, the two dominant financial intermediaries, had mutually exclusive roles and objectives and operated in a largely stable environment, with little or no competition. Long-term lending institutions were focused on the achievement of the Indian government's various socioeconomic objectives, including balanced industrial growth and employment creation, especially in areas requiring development. Long-term lending institutions were extended access to long-term funds at subsidized rates through loans and equity from the government of India and from funds guaranteed by the government of India originating from commercial banks in India and foreign currency resources originating from multilateral and bilateral agencies.

The focus of the commercial banks was primarily to mobilize household savings through demand and time deposits and to use these deposits to meet the short-term financial needs of borrowers in industry, trade and agriculture. In addition, the commercial banks provided a range of banking services to individuals and business entities.

However, since 1991, there have been comprehensive changes in the Indian financial system. Various financial sector reforms, implemented since 1991, have transformed the operating environment of banks and long-term lending institutions. In particular, the deregulation of interest rates, emergence of a liberalized domestic capital market, and entry of new private sector banks, along with the transformation of long-term lending institutions into banks, have progressively intensified competition among banks. The Reserve Bank of India permitted the transformation of long-term lending institutions into banks subject to compliance with the prudential standards applicable to banks.

Banking Sector Reform

Most large banks in India were nationalized in 1969 and thereafter were subject to a high degree of control until reform began in 1991. In addition to controlling interest rates and entry into the banking sector, these regulations also channeled lending into priority sectors. Banks were required to fund the public sector through the mandatory acquisition of low interest-bearing government securities or statutory liquidity ratio bonds to fulfill statutory liquidity requirements. As a result, profitability was low in the banking sector, non-performing assets were comparatively high, capital adequacy was diminished, and operational flexibility was hindered. Reforms in the 1990s addressed a range of issues, including organizational issues, accounting practices, operating procedures, capital adequacy requirements, asset classification and provisioning, risk management and merger policies.

Recent Structural Reforms

Amendments to the Reserve Bank of India Act

In May 2006, the Indian Parliament approved amendments to the Reserve Bank of India Act removing the floor rate of 3.0% for cash reserve ratio requirement, giving the Reserve Bank of India discretion to reduce the cash reserve ratio to less than 3.0%. The amendments also created a legal and regulatory framework for derivative instruments.

Amendments to Laws Governing Public Sector Banks

In 2006, the Indian Parliament amended the laws governing India's public sector banks permitting these banks to issue preference shares and make preferential allotments or private placements of equity. The amendments also authorize the Reserve Bank of India to prescribe 'fit and proper' criteria for directors of such banks and to permit the supersession of their boards and appointment of administrators in certain circumstances.

Amendments to the Banking Regulation Act

In December 2012, the Indian Parliament amended the laws governing the banking sector. The amendment to the Banking Regulation Act was enacted in January 2013. The main amendments were as follows:

- permit all private banking companies to issue preference shares that will not carry any voting rights;
- make prior approval by the Reserve Bank of India mandatory for the acquisition of more than 5.0% of a banking company's paid-up capital or voting rights by any individual or firm or group, and empower the Reserve Bank of India to impose conditions while granting approval for such acquisition;
- empower the Reserve Bank of India, after consultations with the Central Government, to supersede the board of a private sector bank for a total period not exceeding twelve months, during which time the Reserve Bank of India will have the power to appoint an administrator to manage the bank;
- give the Reserve Bank of India the right to inspect affiliates of enterprises or banking entities (affiliates include subsidiaries, holding companies or any joint ventures of banks); and
- ease the restrictions on voting rights by making them proportionate to the shareholding up to a cap of 26% in the case of private sector banks from the earlier 10%, and 10% in the case of public sector banks from the earlier 1%. However, this is pending notification by the Reserve Bank of India.

Proposed Insurance Laws (Amendment) Bill 2008

The Insurance Laws (Amendment) Bill 2008 was introduced in the Indian Parliament in 2008 and currently includes provisions to:

- raise the foreign investment limit in the insurance sector from 26.0% to 49.0%; and
- eliminate the requirement that Indian promoters of an insurance company reduce their stake to 26.0% after ten years.

The Union Budget for fiscal 2015, announced on July 10, 2014, proposed to increase the composite foreign shareholding cap in the insurance sector to 49.0% from 26.0%, through the Foreign Investment Promotion Board route. It has also proposed to discuss the proposed Insurance Laws (Amendment) Bill in the Parliament.

Legislative Framework for Recovery of Debts due to Banks

In fiscal 2003, the Indian Parliament passed the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (as amended, the "Securitization Act"). The Securitization Act provides that a secured creditor may, in respect of loans classified as non-performing in accordance with the Reserve Bank of India guidelines, give notice in writing to the borrower requiring it to discharge its liabilities within 60 days, failing which the secured creditor may take possession of the assets constituting the security for the loan, and exercise management rights in relation thereto, including the right to sell or otherwise dispose of the assets. The Securitization Act also provides for the setting up of asset reconstruction companies regulated by the Reserve Bank of India to acquire assets from banks and financial institutions. The Reserve Bank of India has issued guidelines for asset reconstruction companies in respect of their establishment, registration and licensing by the Reserve Bank of India, and operations. Asset Reconstruction Company (India) Limited, set up by us, Industrial Development Bank of India, State Bank of India and certain other banks and institutions, received registration from the Reserve Bank of India and commenced operation in August 2003. Foreign direct investment is now permitted in the equity capital of asset reconstruction companies and investment by Foreign Institutional Investors registered with the Securities and Exchange Board of India is permitted in security receipts issued by asset reconstruction companies, subject to certain conditions and restrictions.

In November 2004, the government of India issued an ordinance amending the Securitization Act and subsequently passed this ordinance as an Act. This Act, as amended, now provides that a borrower may make an objection or representation to a secured creditor after a notice is issued by the secured creditor to the borrower under such Act demanding payment of dues. The secured creditor has to give reasons to the borrower for not accepting the objection or representation. This Act also introduces a deposit requirement for borrowers if they wish to appeal the decision of the debt recovery tribunal. Further, this Act permits a lender to take over the business of a borrower under the Securitization Act under certain circumstances (unlike the earlier provisions under which only assets could be taken over). See also "*Supervision and Regulation—Regulations Relating to Sale of Assets to Asset Reconstruction Companies*".

Corporate Debt Restructuring Forum

The Reserve Bank of India has devised a corporate debt restructuring system to put in place an institutional mechanism for the restructuring of corporate debt. The objective of this framework is to ensure a timely and transparent mechanism for the restructuring of corporate debts of viable entities facing problems, outside the purview of the Board of Industrial and Financial Rehabilitation, debt recovery tribunals and other legal proceedings. In particular, this framework aims to preserve viable corporations that are affected by certain internal and external factors and minimize the losses to the creditors and other stakeholders through an orderly and coordinated restructuring program. The corporate debt restructuring system is a non-statutory mechanism and a voluntary system based on debtor-creditor and inter creditor agreements.

Pension Reforms

Currently, the pension schemes operating in India can be broadly classified in the following categories: pension schemes for government employees, the employees' provident fund and employees' pension schemes for employees in the organized sector, voluntary pension schemes and the new pension scheme. In case of pension schemes for government employees, the government pays its employees a defined periodic benefit upon their retirement. Further, the contribution towards the pension scheme is funded solely by the government and not matched by a contribution from the employees. The Employees Provident Fund, established in 1952, is a mandatory program for employees of certain establishments. It is a contributory program that provides for periodic contributions of 10% to 12% of the basic salary by both the employer and the employees. The contribution is invested in prescribed securities and the accumulated balance in the fund (including the accretion thereto) is paid to the employee as a lump sum on retirement. Besides these, there are voluntary pension schemes administered by the government (the Public Provident Fund to which contribution may be made up to a maximum of Rs. 150,000 per year) or offered by insurance companies, where the contribution may be made on a voluntary basis. Such voluntary contributions are often driven by tax benefits offered under the scheme. The new pension scheme was launched in January 2004 and offers a defined contribution based pension scheme with the individual having the option to decide where to invest the funds.

The government initially made it mandatory for its new employees (excluding defense personnel) to join the new pension scheme where both the government and the employee would make monthly contributions of 10% of the employee's basic salary. In 2009, the government extended the New Pension System to all citizens of India on a voluntary basis, effective from May 1, 2009.

The government set up the Pension Fund Development and Regulatory Authority to regulate the pension industry in August 2003. In October 2013, the Pension Fund Regulatory and Development Authority Act 2011 was enacted giving powers to the Pension Fund Development and Regulatory Authority to regulate pension schemes and funds and frame investment guidelines for pension funds. The Bill also allows foreign direct investments in the pension sector up to 26%. Private sector participation in managing pension assets was permitted for the first time in fiscal 2009, and six private sector companies have been issued licenses. See also "*Description of ICICI Bank — Overview*".

Discussion Paper on Banking Structure

In August 2013, the Reserve Bank of India released a discussion paper 'Banking Structure in India — the way forward'. The paper envisages a re-orientation of the banking structure with a view to addressing specific issues like enhancing competition, financing higher growth, providing specialised services and further increasing financial inclusion. The discussion paper proposes a differentiated licensing policy for different types of banks for niche business areas. It advocates a continuous licensing policy for entry of new banks compared to the current system of intermittently issuing licenses. To promote financial inclusion, the paper proposes setting up small banks with geographical limitations for catering to the rural and unorganised segments. In July 2014, the Reserve Bank of India issued draft guidelines on licensing of small banks and payments banks as differentiated banks. These banks would have a minimum capital requirement of Rs. 1.0 billion, and would be limited in their product offering and geographical area of operation. On the presence of foreign banks in India, the preferred mode of presence considered is the subsidiary route. The Reserve Bank of India, in its second quarter monetary policy review announced in October 2013 has also proposed near national treatment for foreign banks, based on the principles of reciprocity and subsidiary mode of presence.

Report on Governance of Boards of Banks in India

In May 2014, the Committee to Review the Governance of Boards of Banks in India submitted its report. The committee recommends a new governance structure for public sector banks and a reduction in the government's stake in banks to less than 50.0%. It has proposed bringing public sector banks under the purview of the Companies Act and repealing other statutes that govern public sector banks. It has also envisaged creation of a Bank Investment Company which would be the de facto holding company of equity stake in banks on behalf of the government with the powers to govern the public sector banks. A phased transition towards empowering the boards of public sector banks is also proposed which eventually should lead to government only acting as an investor rather than exercising ownership functions. With regard to governance in private sector banks, the committee has proposed allowing certain types of investors to take larger stakes and permit creation of Authorised Bank Investors comprising of funds that would be permitted to hold a 20.0% equity stake without regulatory approval or 15.0% if the Bank has a seat on the bank's board. Further, other financial investors should be permitted to hold an equity stake of up to 10% from the current limit of 5.0% stake.

Credit Policy Measures

The Reserve Bank of India issues an annual policy statement setting out its monetary policy stance and announcing various regulatory measures. The Reserve Bank of India issues a review of the annual policy statement on a quarterly basis as well as four mid-quarter reviews. From January 2014, the Reserve Bank of India has been issuing bi-monthly monetary policy statements.

Credit Policy During Fiscal 2013

During fiscal 2013, the Reserve Bank of India undertook calibrated easing of policy rates in line with growth and inflationary trends. The repo rate was reduced by 100 basis points from 8.5% to 7.5% with a 50 basis points cut in April 2012 followed by a 25 basis points reduction each in January 2013 and March 2013. During fiscal 2013, the cash reserve ratio was reduced by 75 basis points from 4.75% to 4.0%, with a 25 basis point cut each effective in September 2012, November 2012 and February 2013. In August 2012, the statutory liquidity ratio was reduced by 100 basis points from 24.0% to 23.0%.

Credit Policy During Fiscal 2014

During fiscal 2014, the Reserve Bank of India had to continuously adjust monetary policy to evolving economic conditions. During the initial part of the year, in the annual policy statement for fiscal 2014 announced on May 3, 2013, the Reserve Bank of India reduced the repo rate by 25 basis points from 7.5% to 7.25%. Accordingly, the reverse repo rate was adjusted to 6.25% and the marginal standing facility rate was adjusted to 8.25%. The cash reserve ratio was unchanged at 4.0%. In July 2013, following the volatility in global markets in response to likely tapering of quantitative easing by the U.S. Federal Reserve, India's high current account deficit and the consequent sharp depreciation in the exchange rate, the Reserve Bank of India announced measures to stabilise the exchange rate. The measures included an increase in the marginal standing facility rate from 8.25% to 10.25% while the repo rate was kept unchanged at 7.25%. Also, banks' borrowing under the liquidity adjustment facility of the Reserve Bank of India was limited to 1.0% of net demand and time liabilities with effect from July 17, 2013, which was further revised to 0.5% of net demand and time liabilities with effect from July 24, 2013. Further, the minimum daily cash reserve requirement of banks was increased to 99.0% of the fortnightly requirement from 70.0% of the fortnightly requirement.

In August 2013, considering the impact of measures announced to stabilise exchange rates, the Reserve Bank of India allowed certain prudential adjustments to the investment portfolio of banks. The measures announced on August 23, 2013 were as follows:

- the total government securities forming part of statutory liquidity ratio in the held-to-maturity category were allowed to be retained at 24.5% of net demand and time liabilities as against the earlier requirement of bringing it down to 24.0% during the quarter ended September 30, 2013;
- a one-time transfer of statutory liquidity ratio securities from the available-for-sale and held-for-trading categories to the held-to-maturity category up to the limit of 24.5% of net demand and time liabilities was permitted. The transfer had to be made before September 30, 2013 with the option to value it at July 15, 2013 rates;
- net depreciation on the available-for-sale and held-for-trading portfolio was allowed to be amortised over the remaining period of fiscal 2014.

Following an improvement in the currency market, the Reserve Bank of India gradually reduced the marginal standing facility during September and October 2014. The marginal standing facility rate was reduced by 75 basis points from 10.25% to 9.5% on September 20, 2013, by 50 basis points to 9.0% from October 7, 2013 and by a further 25 basis points to 8.75% on October 29, 2013. Correspondingly, the repo rate was increased by 25 basis points each effective September 20, 2013 and October 29, 2013 from 7.25% to 7.75% reflecting high inflation. With these changes, monetary operations were normalised and the 100 basis points gap between the marginal standing facility and repo rate was re-instated by end-October 2013. The minimum daily cash reserve requirement was reduced to 95.0% of the fortnightly requirement from 99.0% of the fortnightly requirement. Further, the repo rate was increased by another 25 basis points to 8.0% effective January 28, 2014. Accordingly, the reverse repo rate was adjusted to 7.0% and the marginal standing facility rate was adjusted to 9.0%. The cash reserve ratio was unchanged at 4.0%.

In October 2013, the Reserve Bank of India had introduced weekly variable rate term repo of 7-day and 14-day tenors equal to 0.25% of net demand and time liabilities as an additional liquidity enhancing measure. This was increased to 0.5% of demand and time liabilities in the second quarter review of monetary policy.

Banking regulation also underwent several changes during fiscal 2014. In the second quarter monetary policy review announced on October 29, 2013, the Reserve Bank of India outlined five areas that would be the focus for developmental measures to be announced in the short to medium term. These include the following:

- strengthening and clarifying the monetary policy framework. In this regard, the recommendations of the Urjit Patel Committee to Revise and Strengthen Monetary Policy Framework were considered and implementation was initiated during fiscal 2014. Key proposals include adopting the consumer price index as the key inflation measure for monetary policy action, keeping the economy on a disinflationary glide path with a target of 8.0% consumer price index inflation by January 2015 and 6.0% by January 2016, transition to a bi-monthly monetary policy cycle, and progressive reduction in banking system's access to overnight liquidity under the liquidity adjustment facility and corresponding increase in access to liquidity through term repos;

- strengthening the banking structure through entry of new banks, branch expansion, encouraging new varieties of banks, and clarifying an organizational framework for foreign banks. In this regard, on April 2, 2014, two new banks were given in-principle licenses. The Reserve Bank of India further indicated that going forward it would issue licenses on an ongoing basis and would also create categories of differentiated bank licenses;

- broadening and deepening financial markets and increasing their liquidity and resilience;

- expanding access to finance to small and medium enterprises, the unorganized sector, the poor and the remote underserved areas. The Reserve Bank of India appointed a Committee on Comprehensive Financial Services for Small Businesses and Low-Income Households which submitted its recommendations in March 2014 and has proposed, among other things, allowing setting up of specialized payments and wholesale banks, and a new framework for priority sector lending. In July 2014, the Reserve Bank of India issued draft guidelines for licensing small banks and payments banks;

- strengthening real and financial restructuring and debt recovery from corporates and improving the system's ability to deal with distress. In January 2014, the Reserve Bank of India issued a "Framework for Revitalising Distressed Assets in the Economy". The framework outlines an action plan for early identification of problem cases, timely restructuring of accounts which are considered to be viable and prompt steps for recovery or sale of unviable accounts. Accounts have to be categorized into 'special mention accounts' based on certain criteria. Joint lenders' forums are required to be formed to formulate corrective action plans, and in case the forum fails to agree on an action plan, it would result in an accelerated provisioning requirement. An independent evaluation of large value restructuring with a focus on viability and fair sharing of gains and losses between promoters and creditors has been mandated. The framework is effective from April 1, 2014.

Credit Policy During Fiscal 2015

In the first bi-monthly monetary policy statement for fiscal 2015 announced on April 1, 2014, the Reserve Bank of India kept the repo rate unchanged at 8.0%. The liquidity provided under the seven day and 14 day term repos was increased from 0.5% of demand and time liabilities to 0.75%. In the second bi-monthly monetary policy statement announced on June 3, 2014, the Reserve Bank of India reduced the statutory liquidity ratio by 50 basis points from 23.0% to 22.5% of demand and time liabilities while keeping the repo rate and cash reserve ratio unchanged at 8.0% and 4.0% respectively. In the third bi-monthly monetary policy statement announced on August 5, 2014, the Reserve Bank of India further reduced the statutory liquidity ratio by 50 basis points to 22.0% of demand and time liabilities and kept the repo rate and cash reserve ratio unchanged. Also, the holding of total government securities forming part of statutory liquidity ratio in the held-to-maturity category were reduced from 24.5% of net demand and time liabilities to 24.0% with effect from August 9, 2014.

SUPERVISION AND REGULATION

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to the Bank. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice or a detailed review of the relevant laws and regulations.

The main legislation governing commercial banks in India is the Banking Regulation Act. The provisions of the Banking Regulation Act are in addition to and not, save as expressly provided in the Banking Regulation Act, in derogation of the Companies Act and any other law currently in force. Other important laws include the Reserve Bank of India Act, the Negotiable Instruments Act, the Foreign Exchange Management Act and the Banker's Books Evidence Act. Additionally, the Reserve Bank of India, from time to time, issues guidelines to be followed by banks. Compliance with all regulatory requirements is evaluated with respect to financial statements under Indian GAAP. Banking companies in India are also subject to the purview of the Companies Act (to the extent in force) and the Companies Act, 2013 as amended or replaced from time to time (the "**New Companies Act**"), as may be applicable and if such companies are listed on a stock exchange in India, then various regulations of the Securities and Exchange Board of India would additionally apply to such companies.

Reserve Bank of India Regulations

Commercial banks in India are required under the Banking Regulation Act to obtain a license from the Reserve Bank of India to carry on banking business in India. This license is subject to such conditions as the Reserve Bank of India may choose to impose. Before granting the license, the Reserve Bank of India must be satisfied that certain conditions are complied with, including, but not limited to (i) that the bank has the ability to pay its present and future depositors in full as their claims accrue; (ii) that the affairs of the bank will not be or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) that the bank has adequate capital and earnings prospects; and (iv) that the public interest will be served if such license is granted to the bank. The Reserve Bank of India can cancel the license if the bank, at any point, fails to meet the above conditions or if the bank ceases to carry on banking operations in India.

ICICI Bank, because it is licensed as a banking company, is regulated and supervised by the Reserve Bank of India. The Reserve Bank of India requires us to furnish statements and information relating to our business. It has issued, among others, guidelines for commercial banks on recognition of income, classification of assets, exposure norms on concentration risk, valuation of investments, maintenance of capital adequacy and provisioning for non-performing assets. The Reserve Bank of India has set up a Board for Financial Supervision, under the chairmanship of the Governor of the Reserve Bank of India. The appointment of the auditors of banks is subject to the approval of the Reserve Bank of India. The Reserve Bank of India can direct a special audit in the interest of the depositors or in the public interest.

Regulations Relating to the Opening of Branches and Automated Teller Machines

Opening of branches and shifting of existing branches are governed by the provisions of Section 23 of the Banking Regulation Act. The Reserve Bank of India may cancel a branch license for violations of the conditions under which the branch license is granted.

The Reserve Bank of India has in recent years substantially liberalised the branch authorisation policy, with the most recent liberalisation being notified by the Reserve Bank of India in September 2013. The current branch authorisation policy is based on the classification of centers into six tiers based on the population size according to the 2001 census. Banks are permitted to open branches in all centers without the prior approval of the Reserve Bank of India, subject to certain requirements. The term "branch" for this purpose includes a full-fledged branch, specialised branches, satellite offices, mobile branches, extension counter, off-site automated teller machines, administrative office and back offices. However, banks are required to report the opening of such branches or administrative offices to the Reserve Bank of India. Banks are mandated to allocate 25.0% of the total number of new branches opened during a year to unbanked rural areas, which are in tier 5 and tier 6 centers. Also, the total number of branches opened in tier 1 centers during a year cannot exceed the total number of branches opened in tier 2 to tier 6 centers during a year. However, banks can exceed the stipulated number of branches in tier 1 centers to the extent of the number of branches opened in tier 2 to tier 6 centers in underbanked districts of underbanked states. The Reserve Bank of India can withhold the general permission granted with respect to branch opening and impose penal measures on banks that fail to meet the requirements.

Capital Adequacy Requirements

We are required to comply with the Reserve Bank of India's capital adequacy guidelines. The Reserve Bank of India has implemented the Basel III framework in India effective April 1, 2013. The implementation of the Basel III framework will be phased in over several years.

Under the Reserve Bank of India's Basel II guidelines, banks had to maintain a minimum total risk-based capital ratio of 9.0% and a minimum Tier 1 risk-based capital ratio of 6.0%. Investments above 30.0% in the paid-up equity of financial subsidiaries and associates (including insurance companies) that were not consolidated for regulatory capital purposes and investments in other instruments eligible for regulatory capital status in those entities were required to be deducted to the extent of 50.0% from Tier 1 capital and 50.0% from Tier 2 capital. The total capital of a bank is classified into Tier 1 and Tier 2 capital. Under the Basel II guidelines, Tier 1 capital comprised paid-up equity capital, reserves consisting of any statutory reserves, other disclosed free reserves, capital reserves representing surplus arising out of sale proceeds of assets, innovative perpetual debt instruments, perpetual non-cumulative preference shares and any other type of instrument generally notified by the Reserve Bank of India from time to time for inclusion in Tier 1 capital. Tier 2 capital included undisclosed reserves, revaluation reserves, general provisions and loss reserves, subordinated debt capital instruments classified into upper Tier 2 and lower Tier 2, and any other type of instrument generally notified by the Reserve Bank of India from time to time for inclusion in Tier 2 capital. In January 2011, the Reserve Bank of India directed banks not to issue Tier 1 or Tier 2 capital instruments with step-up options as such instruments would not qualify as regulatory capital under the Basel III capital framework agreed upon by the Basel Committee on Banking Supervision.

The Basel III guidelines, among other things, establish Common Equity Tier 1 as a new tier of capital; impose a minimum Common Equity Tier 1 risk-based capital ratio of 5.5% and a minimum Tier 1 risk-based capital ratio of 7.0% while retaining the minimum total risk-based capital ratio of 9.0%; require banks to maintain a Common Equity Tier 1 capital conservation buffer of 2.5% of risk-weighted assets above the minimum requirements to avoid restrictions on capital distributions and discretionary bonus payments; establish new eligibility criteria for capital instruments in each tier of regulatory capital; require more stringent adjustments to and deductions from regulatory capital; provide for more limited recognition of minority interests in the regulatory capital of a consolidated banking group and impose a 4.5% Basel III leverage ratio of Tier 1 capital to exposure measure The capital conservation buffer would be introduced from March 31, 2016, while the implementation of the Basel III guidelines which began from April 1, 2013 would be fully phased in by March 31, 2019. Credit value adjustment risk capital charge for over the counter derivatives is effective from April 1, 2014. The Basel III guidelines stipulate that Additional Tier 1 and Tier 2 capital instruments must have loss absorbency characteristics, which require them to be written down or be converted into Common Equity at a pre-specified trigger event. The guidelines prescribe two trigger points: a Common Equity Tier 1 ratio of 5.5% of risk-weighted assets applicable for instruments issued before March 31, 2019; and a Common Equity Tier I ratio of 6.125% of risk-weighted assets for instruments issued on or after March 31, 2019. Capital instruments that no longer qualify as Additional Tier 1 or Tier 2 capital will be phased out beginning April 1, 2013, with their recognition capped at 90.0% of the outstanding at December 31, 2012 from April 1, 2013 and reduced by 10 percentage points in each subsequent year. Further, as per guidelines issued in September 2014, the Reserve Bank of India re-introduced temporary write-down features for non-equity capital instruments, revised from the earlier requirement of eliminating temporary write-down features. The guidelines also permit call option on perpetual debt instruments and non-cumulative preference shares after five years. Also banks can issue Tier 2 capital instruments with a minimum maturity of five years. Additionally, banks are allowed to issue additional Tier 1 and Tier 2 capital instruments to retail investors subject to approval of the Board and adherence to investor protection requirements.

In March 2013, the Reserve Bank of India issued guidelines on capital disclosure requirements in addition to the existing Pillar 3 guidance. These disclosure requirements were scheduled to become effective on September 30, 2013. The guidelines prescribe reconciliation of all regulatory capital elements with the published financial statements and other disclosure requirements.

In July 2014, the Reserve Bank of India released the framework for domestic systemically important banks. Banks identified as systemically important based on their size, complexity and inter-connectedness in the financial sector would be required to maintain additional Common Equity Tier 1 capital ranging from 0.2% to 0.8% of risk-weighted assets. The implementation of this higher capital requirement for domestic systemically important banks would be in a phased manner from April 2016 to April 2019. The Reserve Bank of India also released working group report on the introduction of countercyclical capital buffer for Indian banks in July 2014. The counter-cyclical capital buffer would range from 0% to 2.5% of risk-weighted assets of a bank, based on the variation in the credit-to-GDP ratio from its long-term trend as a key parameter. The Reserve Bank of India would pre-announce the buffer with at least four quarters prior to implementation. The Reserve Bank of India will also announce guidance regarding the treatment of the surplus capital when the countercyclical capital buffer returns to zero.

See also "*Operating and Financial Review and Prospects—Capital Resources— Regulatory capital*".

See also "*Risk Factors—Risks Relating to Our Business—We are subject to capital adequacy and liquidity requirements stipulated by the Reserve Bank of India, including Basel III, and any inability to maintain adequate capital or liquidity due to changes in regulations, a lack of access to capital markets, or otherwise may impact our ability to grow and support our businesses*".

With respect to computation of risk-weighted assets for capital adequacy purposes, the Bank follows the standardised approach for the measurement of credit and market risks and the basic indicator approach for the measurement of operational risk. In the measurement of risk-weighted assets on account of credit risk, degrees of credit risk expressed as a percentage weighting have been assigned to various balance sheet asset items and off-balance sheet items. The credit equivalent value of off-balance sheet items is determined by applying conversion factors to the notional amount of the off-balance sheet items. The value of each item is multiplied by the relevant risk weight (and conversion factor for off-balance sheet items) to produce risk-adjusted values of assets and off-balance sheet items. Consumer credit exposures have a risk weight of 125.0% and exposures meeting the qualifying criteria of regulatory retail, defined by the Reserve Bank of India, have a risk weight of 75.0%. Loans secured by residential property have differential risk weights ranging from 50.0% to 75.0% based on the size of the loan and the loan-to-value ratio. Till fiscal 2013, residential loans of Rs. 7.5 million and above had a risk weight of 125.0%, irrespective of the loan-to-value ratio. This was revised in June 2013 with the risk weight lowered to 75.0% up to a loan-to-value ratio of 75.0%. Further, a new sub-sector for residential housing was formed within the commercial real estate category in June 2013 called commercial real estate — residential housing. This segment has a risk weight of 75.0%. Credit exposures to commercial real estate, excluding residential housing, are risk-weighted at 100.0%. Further, restructured housing loans have an additional risk weight of 25.0%. Credit exposures to rated corporations other than specified categories such as commercial real estate, non-deposit taking systemically important non-banking financial companies, venture funds and capital markets are risk-weighted based on the external credit ratings at a facility level, with the risk weight ranging from 20% to 150% and unrated corporate exposures being risk-weighted at 100%. Credit exposures to non-deposit taking systemically important non-banking finance companies are risk-weighted at 100.0%, exposures to capital markets are risk-weighted at 125% and exposures to venture capital funds are risk-weighted at 150.0%. Capital requirements for market risk are applicable to the trading book exposure (including derivatives) and securities included in the available-for-sale category. Capital requirements for operational risk are computed based on a 15% of average of gross income for the previous three financial years.

In July 2013, the Reserve Bank of India introduced capital requirements for banks' exposure to central counterparties. These guidelines were effective from January 1, 2014 and are based on the framework formulated by the Basel Committee. According to the guidelines, central counterparties would be treated as financial institutions for the purpose of capital adequacy. Capital requirements are defined based on the nature of the central counterparty, and a bank may consider holding capital in excess of the minimum requirement if the exposures are more risky or there is no clarity on the nature of the central counterparty.

The Reserve Bank of India has issued a timetable for the migration of Indian banks to the advanced approaches under the Basel II framework. Banks intending to migrate to the internal models approach for market risk and the standardized approach for operational risk are required to apply to the Reserve Bank of India after April 1, 2010. Banks intending to migrate to the advanced measurement approach for operational risk and internal ratings-based approaches for credit risk are required to apply to the Reserve Bank of India after April 1, 2012. In addition, in December 2011, the Reserve Bank of India issued guidelines on the internal ratings-based approach for calculating capital charges for credit risk. These guidelines prescribe the minimum loss given default levels to be considered for capital adequacy computation and treat restructured assets as non-performing assets for capital adequacy purposes. ICICI Bank is in the process of implementing various projects for migrating to the advanced approaches.

Under Pillar 2 of the Basel framework, banks are required to develop and put in place, with the approval of their boards, an Internal Capital Adequacy Assessment Process commensurate with their size, level of complexity, risk profile and scope of operations. The Reserve Bank of India has also issued guidelines on stress testing to advise banks to put in place appropriate stress testing policies and frameworks, including "sensitivity tests" and "scenario tests", for the various risk factors, the details and results of which are included in the Internal Capital Adequacy Assessment Process. The Reserve Bank of India issued updated guidelines on stress testing in December 2013. According to the guidelines, banks would have to carry out stress tests for credit risk and market risk to assess their ability to withstand shocks. Banks would be classified into three categories based on size of risk-weighted assets. Complex and severe stress testing would be carried out by banks with risk-weighted assets of more than Rs. 2,000.0 billion.

Loan Loss Provisions and Non-Performing Assets

The Reserve Bank of India issued consolidated instructions and guidelines until June 30, 2014 relating to income recognition, asset classification and provisioning standards in the Master Circular —"Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances" dated July 1, 2014. These guidelines are revised from time to time. Similarly, the Reserve Bank of India consolidated all instructions and guidelines until June 30, 2014 relating to valuation of investments in Master Circular —"Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks" dated July 1, 2014. These guidelines are also revised from time to time.

The principal features of the Reserve Bank of India guidelines, which have been implemented with respect to our loans, debentures, lease assets, hire purchases and bills in our Indian GAAP financial statements, are set forth below.

Asset Classification

A non-performing asset is an asset in respect of which any amount of interest or principal is overdue for more than 90 days. In particular, an advance is a non-performing asset where:

- interest and/or installment of principal remains overdue for a period of more than 90 days in respect of a term loan;
- the account remains "out-of-order" (as defined below) for a period of more than 90 days in respect of an overdraft or cash credit;
- the bill remains overdue for a period of more than 90 days in case of bills purchased and discounted;
- installment of principal or interest remains overdue for two crop seasons for short duration crops or for one crop season for long duration crops;
- the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in accordance with the Reserve Bank of India guidelines on securitization issued on February 1, 2006;
- in respect of derivative transactions, the overdue receivables related to positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment; or
- in respect of credit card transactions, if the minimum amount due, as mentioned in the statement, remains overdue for a period of more than 90 days from the next statement date.

An account is treated as "out-of-order" if the outstanding balance remains continuously in excess of the approved drawing limit. In circumstances where the outstanding balance in the principal operating account is less than the approved drawing limit, but (i) there are no credits continuously for a period of 90 days as of the date of the balance sheet of the bank or (ii) the credits are not sufficient to cover the interest debited during the same period, these accounts are treated as "out-of-order".

Interest in respect of non-performing assets is not recognized or credited to the income account unless collected.

Non-performing assets are classified as described below.

Sub-Standard Assets: Assets that are non-performing assets for a period not exceeding 12 months. In such cases, the current net worth of the borrower/guarantor or the current market value of the security charged is not enough to ensure recovery of dues to the banks in full. Such an asset has well-defined credit weaknesses that jeopardize the liquidation of the debt and are characterized by the distinct possibility that the bank will sustain some loss, if deficiencies are not corrected.

Doubtful Assets: Assets that are non-performing assets for more than 12 months. A loan classified as doubtful has all the weaknesses inherent in assets that are classified as sub-standard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.

Loss Assets: Assets on which losses have been identified by the bank or internal or external auditors or the Reserve Bank of India inspection but the amount has not been written off fully.

There are separate guidelines for classification of loans for projects under implementation which are based on the date of commencement of commercial production and date of completion of the project as originally envisaged at the time of financial closure.

Restructured Loans

The Reserve Bank of India has separate guidelines for restructured loans. A fully secured standard loan can be restructured by rescheduling the principal repayment and/or the interest element, but must be separately disclosed as a restructured loan. The amount of diminution, if any, in the fair value of the loan, measured in present value terms, is either written off or provided for to the extent of the diminution involved. There are some categories of advances that are not eligible for classification as a standard asset upon restructuring. These include consumer and personal loans, advances classified as capital market exposures and commercial real estate exposures. Similar guidelines are applicable to sub-standard and doubtful assets. The Reserve Bank of India has specific sections concerning debt-restructuring mechanisms for small and medium enterprises in its guidelines on restructuring of loans by banks issued on August 27, 2008. In fiscal 2009, due to the extraordinary economic circumstances, modifications to guidelines on restructuring of loans covering all categories of loans were issued. The modified guidelines applied until June 30, 2009 and included measures such as allowing second restructurings of loan exposures, permitting restructuring of commercial real estate exposures, and disclosing in the annual report restructuring proposals received, implemented and under consideration during the year.

In March 2010, the Reserve Bank of India issued standards for the restructuring of advances for infrastructure and non-infrastructure projects classified as projects under implementation. With respect to infrastructure projects, a loan would be classified as non-performing if it failed to commence commercial operations within two years from the documented date of commencement, unless it is restructured during the period. With respect to non-infrastructure projects, a loan would be classified as non-performing if the projects fail to commence commercial operations within 12 months from the documented date of commencement, unless it has been restructured during the period. Any extension of the date of commencement of commercial operations beyond the prescribed period (i.e. two years for infrastructure projects and one year for non-infrastructure projects) would also be treated as a restructuring of the account.

Further in May 2013, the Reserve Bank of India issued guidelines on restructuring of advances which prescribe that with effect from April 1, 2015, loans that are restructured (other than due to delay up to a specified period in the infrastructure sector and non-infrastructure sector) from April 1, 2015 onwards would be classified as non-performing. The guidelines also prescribe measures with respect to the terms of restructuring that may be approved for borrowers. Non-performing accounts on restructuring can be upgraded only when all the outstanding loans or facilities in the account perform satisfactorily for a period of at least one year from the commencement of the first payment of interest or principal, whichever is later, on the credit facility with the longest period of moratorium.

Following the Reserve Bank of India's focus on strengthening debt recovery from corporates and improving the banking system's ability to deal with distress, in January 2014, the Reserve Bank of India issued a "Framework for Revitalising Distressed Assets in the Economy". The framework outlines an action plan for early identification of problem cases, timely restructuring of accounts which are considered to be viable, and taking prompt steps by banks for recovery or sale of unviable accounts. Accounts have to be categorised into 'special mention accounts' based on specified criteria. Joint lenders' forums are required to be formed to formulate corrective action plans, and in case the forum fails to agree on an action plan, it would result in accelerated provisioning. An independent evaluation of large value restructuring with a focus on viability and fair sharing of gains and losses between promoters and creditors has been mandated. The framework is effective from April 1, 2014.

In August, 2014, the Reserve Bank of India has issued directions providing that in cases where banks have specifically sanctioned a 'standby facility' at the time of initial financial closure to fund cost overruns, they may fund cost overruns as per the agreed terms and conditions. Further, banks have been allowed to fund cost overruns which may arise on account of extension of the date of commencement of commercial operations within the time limits prescribed without treating the loans as 'restructured asset' subject to certain conditions imposed by the Reserve Bank of India.

Since fiscal 2014, banks have been mandated to disclose further details on accounts restructured in their annual reports. This includes disclosing accounts restructured on a cumulative basis excluding the standard restructured accounts which cease to attract higher provision and/or higher risk weight, the provisions made on restructured accounts under various categories and details of movement of restructured accounts.

To put in place an institutional mechanism for the restructuring of corporate debt, the Reserve Bank of India has devised a corporate debt restructuring system. See "*Overview of the Indian Financial Sector—Recent Structural Reforms—Corporate Debt Restructuring Forum*".

Provisioning and Write-Offs

Provisions under Indian GAAP are based on guidelines specific to the classification of the assets. The following guidelines apply to the various asset classifications:

- *Standard Assets*: The allowances on the performing portfolios are based on guidelines issued by the Reserve Bank of India. The provisioning requirement is a uniform rate of 0.4% for all standard assets except —
  - direct advances to agricultural and the small and micro enterprise sectors, which attract a provisioning requirement of 0.25%,
  - advances to commercial real estate residential and non-residential sectors which attract a provisioning requirement of 0.75% and 1.0% respectively,
  - housing loans, where such loans are made at comparatively lower interest rates for the first years of the loan after which the rates are reset at higher rates, which attract a provisioning requirement of 2.0%.

In May 2011, the Reserve Bank of India increased the standard asset provisioning on restructured loans to 2.0% in the first two years from the date of restructuring. Loans restructured with a moratorium on payment of interest and principal attracted a standard asset provision of 2.0% for the period covering the moratorium and two years thereafter. Restructured accounts classified as non-performing advances when upgraded to the standard category carry a provision of 2.0% in the first year from the date of upgrading. In November 2012, the Reserve Bank of India increased the standard asset provision on restructured loans from 2.00% to 2.75%.

Standard asset provisions on accounts restructured from June 1, 2013 have been increased to 5.0%. The standard asset provision required on accounts restructured before June 1, 2013 has been increased to 3.5% from March 31, 2014, and would be further increased to 4.25% from March 31, 2015 and 5.0% from March 31, 2016.

- *Sub-Standard Assets*: With effect from May 2011, a provision of 15.0% is required for all sub-standard assets as compared to the previous requirement of 10.0%. An additional provision of 10.0% is required for accounts that are unsecured. Unsecured infrastructure loan accounts are classified as sub-standard require provisioning of 20.0%.
- *Doubtful Assets*: A 100.0% provision/write-off is required against the unsecured portion of a doubtful asset and is charged against income. With effect from fiscal 2012, for the secured portion of assets classified as doubtful, a 25.0% provision is required for assets that have been classified as doubtful for a year (compared to 20.0% through fiscal 2011), a 40.0% provision is required for assets that have been classified as doubtful for one to three years (compared to a 30.0% provision required through fiscal 2011) and a 100.0% provision is required for assets classified as doubtful for more than three years. The value assigned to the collateral securing a loan is the amount reflected on the borrower's books or the realizable value determined by third party appraisers.
- *Loss Assets*: The entire asset is required to be written off or provided for.

Restructured Loans: The provision on restructured loans is required to be equal to the difference between the fair value of the loan before and after 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 under the loan's restructured terms and the principal. Both sets of cash flows are discounted at the Bank's base 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 May 2011, the Reserve Bank of India announced that the general provisioning on restructured accounts classified as standard advances would attract a provision of 2.0%. This was further increased to 2.75% in November 2012. Further, in May 2013, the Reserve Bank of India issued guidelines on restructuring of advances. As per the guidelines, loans that are restructured (other than due to delay up to a specified period in the infrastructure sector and non-infrastructure sector) from April 1, 2015 onwards would be classified as non-performing. The general provision required on restructured standard accounts has been increased to 3.5% from March 31, 2014, and would be further increased to 4.25% from March 31, 2015 and 5.0% from March 31, 2016. General provisions on standard accounts restructured from June 1, 2013 is 5.0%. The guidelines also prescribe measures with respect to the terms of restructuring that may be approved for borrowers.

The Reserve Bank of India has issued prudential norms on creation and utilization of floating provisions (i.e., provisions which are not made in respect of specific non-performing assets or are made in excess of regulatory requirements for provisions for standard assets). The norms state that floating provisions can be used only for contingencies under extraordinary circumstances for making specific provisions against non-performing accounts after obtaining approval from the Board of Directors and with the prior permission of the Reserve Bank of India. Floating provisions for advances and investments must be held separately and cannot be reversed by credit to the profit and loss account. Until utilization of such provisions, they can be netted off from gross non-performing assets to compute the net non-performing assets. Alternatively, floating provisions could be treated as part of tier II capital within the overall ceiling of 1.25% of total risk-weighted assets for inclusion of general provisions and loss reserves in tier II capital. Floating provisions do not include specific voluntary provisions made by banks for advances which are higher than the minimum provision stipulated by the Reserve Bank of India guidelines. The banks have a choice between deducting their existing floating provisions from gross non-performing assets to arrive at net non-performing assets or reckon it as part of tier II capital subject to the overall ceiling of 1.25% of total risk-weighted assets.

In October 2009, the Reserve Bank of India advised Indian banks to increase their total provisioning coverage ratio, including floating provisions and prudential/technical write-offs, to 70% by September 30, 2010. The Reserve Bank of India allowed the banks to include prudential/technical write-off in both the gross non-performing assets and the provisions held in the calculation of provisioning coverage ratio. The Reserve Bank of India permitted us to achieve the stipulated level of provisioning coverage of 70% in a phased manner by March 31, 2011. We reached the required 70% in December 2010. In April 2011, the Reserve Bank of India stipulated that banks would be required to maintain their provisioning coverage ratios with reference to their gross non-performing assets position at September 30, 2010 and not on an ongoing basis. The Reserve Bank of India further clarified that any surplus provisioning should not be written back but should be segregated into a "countercyclical provisioning buffer" and that banks will be allowed to use this buffer to make specific provisions for non-performing assets during a system-wide downturn. For instance, considering the slowdown in economic growth and rising asset quality concerns during fiscal 2014, as a countercyclical measure, the Reserve Bank of India allowed banks to utilise up to 33.0% of the countercyclical provisioning buffer or floating provisions held as on March 31, 2013, for making accelerated or additional provisions towards non-performing assets during fiscal 2014. See also "*Risk Factors—Risks Relating to Our Business— Further deterioration of our non-performing asset portfolio combined with an increase in Reserve Bank of India requirements on provisioning could adversely affect our business and profitability*".

To limit the volatility of loan loss provisioning over the course of an economic cycle, the Reserve Bank of India released a discussion paper on a dynamic loan loss provisioning framework in March 2012. The framework proposes to replace the existing general provisioning standards and recommends that banks make provisions on their loan book every year based on historical loss experience in various categories of loans. In those years where the bank's actual provisions are higher than the computed dynamic provisions requirement, the bank can draw down from existing dynamic provisions to the extent of the difference, subject to the retention of a specified minimum level of dynamic provisions. The final guidelines on the dynamic provisioning framework and its implementation has not been issued. The Reserve Bank of India indicated in early 2014 that the framework would be implemented as economic conditions improve along with an improvement in the banking system. In the meantime, banks are expected to develop necessary capabilities to compute their long term average annual expected loss for different asset classes in a step towards switching to the dynamic provisioning framework.

In order to address the risks on account of unhedged forex exposure of corporates, the Reserve Bank of India decided to introduce capital and provisioning requirement on banks' exposures to corporates on account of the corporates' unhedged forex exposure positions. The Reserve Bank of India issued the final guidelines in January 2014 pursuant to which the provisioning and capital requirements on corporate exposures are linked to likely losses arising due to movement in the exchange rate during the last ten years as a proportion of the company's annual earnings before interest and depreciation. Provisioning requirements vary between 20 to 80 basis points of the loan amount depending on the extent of likely losses, and in the event of likely losses exceeding 75.0% of earnings before interest and depreciation, an additional risk weight of 25.0% has been proposed. All fund based exposures including rupee denominated loans attract provisioning requirements. The guideline is effective from April 1, 2014.

Guidelines on Sale and Purchase of Non-performing Assets

In order to provide banks with option to resolve their non-performing assets, the Reserve Bank of India issued guidelines on the sale and purchase of non-performing assets among banks, financial institutions and non-bank finance companies. As per these guidelines, the Board of Directors of the bank must establish a policy for the purchase and sale of non-performing assets. Purchases and sales of non-performing assets must be without recourse to the seller and on a cash basis, with the entire consideration being paid upfront. The purchasing bank must hold the non-performing asset on its books for at least 12 months before it can sell the asset to another bank. The asset cannot be sold back to the original seller.

In October 2007, the Reserve Bank of India issued guidelines regarding valuation of non-performing assets being put up for sale. Banks have been instructed to calculate the net present value of the estimated cash flows associated with the realizable value of the available asset net of the cost of realization. The sale price should not be lower than the net present value. The Reserve Bank of India has instructed banks to follow the same procedure in case where a settlement is reached with the party that had defaulted on the non-performing asset.

Guidelines Relating to Use of Recovery Agents by Banks

In April 2008, the Reserve Bank of India issued guidelines for those banks which are engaging recovery agents. The Reserve Bank of India has asked banks to put in place a due diligence process for the engagement of recovery agents, structured to cover individuals involved in the recovery process. Banks are expected to communicate details of recovery agents to borrowers and have in place a grievance redressal mechanism pertaining to the recovery process. The Reserve Bank of India has advised banks to initiate a training course for current and prospective recovery agents to ensure prudent recovery practices. In case of persistent complaints received by the Reserve Bank of India regarding violation of guidelines, the Reserve Bank of India may consider imposing a ban on the bank from engaging recovery agents.

Regulations Relating to Sale of Assets to Asset Reconstruction Companies

The Securitization Act, also known as the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), provides for the sale of financial assets by banks and financial institutions to asset reconstruction companies. The Reserve Bank of India has issued guidelines to banks on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank may sell financial assets to an asset reconstruction company provided the asset is a non-performing asset. These assets are to be sold on a 'without recourse' basis, only. A bank may sell a standard asset only if the borrower has a consortium or multiple banking arrangements, at least 75.0% by value of the total loans to the borrower are classified as non-performing and at least 75.0% by value of the banks and financial institutions in the consortium or multiple banking arrangements agree to the sale. The banks selling financial assets should ensure that there is no known liability devolving on them and that they do not assume any operational, legal or any other type of risks relating to the financial assets sold. Further, banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realization. However, banks may sell specific financial assets with an agreement to share in any surplus realized by the asset reconstruction company in the future. While each bank is required to make its own assessment of the value offered in the sale before accepting or rejecting an offer for purchase of financial assets by an asset reconstruction company, in consortium or multiple banking arrangements where more than 75.0% by value of the banks or financial institutions accept the offer, the remaining banks or financial institutions are obliged to accept the offer. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass-through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets. Banks can also invest in security receipts or pass-through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets. In

April 2010, amendments were made to the Securitization Companies and Reconstruction Companies (the Reserve Bank) Guidelines, 2003, wherein the period for realization of assets acquired by securitization and reconstruction companies was extended from five years to eight years. Securitization and reconstruction companies must invest and hold a minimum 5.0% stake of the outstanding amount of security receipts issued under each scheme until redemption. In August 2014, the Reserve Bank of India issued revised guidelines amending the Securitisation Companies and Reconstruction Companies (the Reserve Bank) Guidelines, 2003. The guidelines provide that the minimum investment by securitisation and reconstruction companies in security receipts issued to acquire assets are to be increased to minimum of 15.0% of the security receipts from the earlier requirement of 5.0%. The period for formulating a plan for recovery of non-performing assets was reduced to six months from the earlier 12 months. Also, the period for initial valuation of security receipts was reduced from one year to six months from the date of acquiring the underlying asset. The guidelines have also revised the calculation of management fees which would be computed as a percentage of net asset value provided that the net asset value is not more than the acquisition value. Prior to this revision, management fees were calculated on the outstanding value of security receipts. The securitisation and reconstruction companies have to disclose details regarding the value of financial assets acquired, basis of their valuation and assets written off or realised during a year in the balance sheet. They also have to disclose on their website the list of wilful defaulters on a quarterly basis.

In accordance with the Reserve Bank of India's framework for revitalising distressed assets which is applicable from April 1, 2014, banks are allowed to sell standard assets that have defaulted in payments but have not yet become a non-performing asset to asset reconstruction companies. Banks have been allowed to spread the loss on sale of loans over two years provided the loss is fully disclosed. Banks have also been allowed to reverse the excess provision in case a non-performing asset is sold to asset reconstruction companies at a value which is higher than the net book value subject to realization in cash and necessary disclosures. Further, securitisation companies and asset reconstruction companies are henceforth not permitted to acquire any non-performing financial assets from their sponsor banks on a bilateral basis. However, they may participate in auctions of non-performing assets by their sponsor banks.

Pursuant to the powers conferred upon the Government under section 20 of the SARFAESI Act, the Ministry of Finance established the central electronic registry, which became operational from March 31, 2011. Henceforth, all transactions relating to securitisation, reconstruction of financial assets and the transactions relating to mortgage by deposit of title deeds to secure any loan or advances granted by banks and financial institutions are to be registered in the central electronic registry within 30 days of such transaction.

The records will be available for search by any lender or any other person interested in dealing with the property and are designed to prevent frauds involving multiple lending against the same security as well as to prevent fraudulent sale of property without disclosing any existing security interest over such property. See also "*Overview of the Indian Financial Sector—Recent Structural Reforms—Legislative Framework for Recovery of Debts Due to Banks*".

Regulations Relating to Making Loans

The provisions of the Banking Regulation Act govern the making of loans by banks in India. The Reserve Bank of India also issues directions covering the loan activities of banks. These directions and guidelines issued by the Reserve Bank of India have been consolidated annually in Master Circular —Loans and Advances —Statutory and Other Restrictions dated July 1, 2014. These guidelines and directions are revised from time to time by the Reserve Bank of India. Some of the major guidelines of the Reserve Bank of India pertain to loan exposure norms, bank loans to non-bank finance companies and to priority sectors, in addition to banks' lending rates, base rates and loans against shares.

Banks are free to determine their own lending rates but each bank must disclose its base rate. The base rate, which takes into consideration all elements of lending rates that are common across borrowers, replaced the benchmark prime lending rate as the standard on July 1, 2010. The base rate is also applicable for loans renewed from July 1, 2010. The base rate is the minimum rate for all loans; banks are not permitted to lend below the base rate except for Differential Rate of Interest advances, loans to banks' own employees and loans to banks' depositors against their own deposits. Accordingly, the earlier stipulation of the benchmark prime lending rate as the ceiling rate for loans of up to Rs. 200,000 has been withdrawn. Banks are permitted to arrive at the base rate for a specific tenor that would be needed to be disclosed transparently. Further, banks are permitted to determine their final lending rates on loans and advances with reference to the base rate and by including such other customer specific charges as they consider appropriate. Until such time that loans linked to the benchmark prime lending rate exists, banks must announce both the benchmark prime lending rate and the base rate. In April 2014, the Reserve Bank of India's Working Group on Pricing of Credit submitted its report proposing to increase transparency and fairness in credit pricing. The committee has recommended that banks should compute the base rate on the basis of marginal cost of funds and there should be a board approved policy delineating the various components that determine the spread that is charged to a customer. It is further recommended that the spread charged to a customer cannot be increased except when the credit risk profile of the customer deteriorates. Also, the periodicity of the interest rate reset should be notified in advance at the time of making the loan, and any change in interest rates can be made only on pre-specified dates irrespective of the changes made in the base rate. Banks should be able to demonstrate to the Reserve Bank of India the rationale of the pricing policy.

Under Section 20(1) of the Banking Regulation Act, a bank cannot grant any loans and advances against the security of its own shares and a banking company is prohibited from entering into any commitment for granting any loans or advances to or on behalf of any of its directors, or any firm in which any of its directors is interested as partner, manager, employee or guarantor, or any company (not being a subsidiary of the banking company or a company registered under Section 25 of the Companies Act, 1956, or a government company) of which, or the subsidiary or the holding company of which any of the directors of the bank is a Director, managing agent, manager, employee or guarantor or in which he holds substantial interest, or any individual in respect of whom any of its directors is a partner or guarantor. There are certain exemptions in this regard as the explanation to the section provides that 'loans or advances' shall not include any transaction which the Reserve Bank of India may specify by general or special order as not being a loan or advance for the purpose of such section.

There are guidelines on loans against equity shares in respect of amount, margin requirement and purpose.

The Reserve Bank of India has issued guidelines requiring banks to put in place a policy for exposure to real estate with the approval of their boards. The policy should include exposure limits, collaterals to be considered, collateral cover and margins and credit authorization. The Reserve Bank of India has also permitted banks to extend financial assistance to Indian companies for acquisition of equity in overseas joint ventures or wholly owned subsidiaries or in other overseas companies, new or existing, as strategic investment. Banks are not permitted to finance acquisitions by companies in India. With regard to mortgages, the Reserve Bank of India has imposed a ceiling of 75.0% on the loan-to-value ratio in respect of housing loans exceeding Rs. 7.5 million. However, small value loans of less than Rs. 2.0 million are permitted to have a loan-to-value ratio not exceeding 90.0% and loans from Rs. 2.0 million to Rs 7.5 million can have a loan-to-value ratio of 80%. In November 2012, the Reserve Bank of India released a draft report to assess the feasibility of introducing long-term fixed interest rate loan products by banks. The report recommended that banks could explore the possibility of raising long-term bonds to extend long-term fixed rate loan products.

Further, in November 2012, the Reserve Bank of India issued instructions regarding sharing of information relating to credit, derivatives and unhedged foreign currency exposures among banks and to put in place an effective mechanism for information sharing. Also, from January 1, 2013, sanction of fresh loans and renewal of loans to new and existing borrowers should be done only after obtaining/sharing necessary information. In September 2013, the Reserve Bank of India announced the creation of a central repository of large common exposures across banks, to be based on submissions made by banks to the Reserve Bank of India on exposures of more than Rs. 100.0 million to individuals and entities.

In order to ensure adequate credit flow to infrastructure projects, the Reserve Bank of India allowed banks to issue long-term bonds for financing infrastructure projects and low-cost housing in July 2014. These bonds would have a minimum maturity of seven years and would be exempted from reserve requirements, such as cash reserve ratio, statutory liquidity ratio and would also be eligible for exemption from adjusted net bank credit for the purpose of priority sector lending targets. The Reserve Bank of India has also issued guidelines in July 2014 permitting flexible structuring of long-term project loans to infrastructure and other core industries. According to the guidelines, banks are permitted to structure long-term project loans with the intent of refinancing these loans at periodic intervals without such refinancing being considered as restructuring. Such loans could have tenors linked to the economic life of the project and can extend up to 25 years. The amortisation schedule of the loans can be modified once during the course of the loan without classifying them as restructured loans provided they meet certain specific requirements, such as being a standard asset with no loss on the net present value and the debt amortisation is scheduled within 85.0% of the economic life of the project. This guideline is applicable only for long-term project loans provided after July 15, 2014. Further, in August 2014, the Reserve Bank of India issued guidelines with regard to refinancing of existing project loans. According to the guidelines, banks are permitted to refinance such loans by way of full or partial take-out financing, even without a pre-determined agreement with other banks, without such refinancing being considered as restructuring. In case of partial take-out financing, a minimum 25.0% of the outstanding loan value must be taken over by the new set of lenders as against the earlier requirement of 50.0%. Also, the total exposure of all institutional lenders to such projects must be minimum of Rs. 10.0 billion. This facility would be available only once during the life of the existing project loan.

Directed Lending

Priority Sector Lending

The lending to priority sector guidelines require commercial banks to lend a certain percentage of their adjusted net bank credit to specific sectors (the priority sectors), such as agriculture, micro and small enterprises, micro-credit, education and housing finance. The target for total priority sector advances is set at 40.0% of adjusted net bank credit (which is net bank credit plus those investments made by banks in non-statutory liquidity bonds that are included in the held-to-maturity category minus recapitalization bonds floated by the government) or of the credit equivalent amount of off-balance sheet exposure, whichever is higher as of March 31 of the previous fiscal year. Of the total priority sector advances, agricultural advances are required to be 18.0% of adjusted net bank credit. The advances to weaker sectors are required to be at 10.0% of the adjusted net bank credit. Advances to the agricultural sector are further divided into "direct lending," with a target of 13.5% of adjusted net bank credit and "indirect lending," with a target of 4.5% of adjusted net bank credit.

In July 2012, the Reserve Bank of India issued revised guidelines on priority sector lending. The guidelines maintained the priority sector lending targets including an overall target of 40% of adjusted net bank credit and sub-target of 18% towards agriculture lending. With a view to increase direct bank lending to farmers, self-help groups and joint liability groups, loans to corporations engaged in agriculture and allied activities were classified under indirect agriculture lending. Lending to a small or micro enterprise in the services sector was capped at Rs. 10 million. However, this was later revised and loans of up to Rs. 20.0 million to corporates or cooperatives directly engaged in agriculture and related activities were allowed to be classified as direct finance to agriculture under priority sector lending. The guidelines also stipulate that investments by banks in securitised assets, outright purchases of loans and assignments would be eligible for classification under priority sector if the underlying assets themselves qualified for such treatment. The interest rates charged to ultimate borrowers by the originating entities in such transactions were capped for such transactions to be classified as priority sector. Further, the priority sector target for foreign banks with 20 or more branches in India were brought on par with domestic banks with their target increasing from 32% of adjusted net bank credit to 40%.

In October 2012, advances to housing finance companies for on-lending towards house purchase of up to Rs. 1.0 million per borrower were included under priority sector. Further, in May 2013, the Reserve Bank of India enhanced the loan limit on certain categories of priority sector lending. The categories included micro and small enterprises in the services sector where the loan limit was enhanced from Rs. 20.0 million to Rs. 50.0 million, bank loans to dealers/sellers of fertilizers, pesticides, seeds, cattle feed, poultry feed, agricultural implements and other inputs where the loan limit was enhanced from Rs. 10.0 million to Rs. 50.0 million and pledge loans to individual farmers and corporates engaged in agricultural activities from Rs. 2.5 million to Rs. 5.0 million.

Fresh loans to non-banking finance companies for on-lending to individuals are no longer included in priority sector effective from April 1, 2011. Loans to microfinance institutions, including non-banking finance companies operating as microfinance companies prior to April 1, 2011, for on-lending to individuals continue to be eligible for classification under the priority sector category. However, banks have to ensure that microfinance companies comply with the restrictions prescribed by the Reserve Bank of India on margins and interest rates charged on individual loans. Further, loans sanctioned to non-banking finance companies which are then lent onwards to individuals and entities with gold jewellery as collateral are excluded from classification as direct agriculture lending under priority sector requirements since February 2011. Similarly, investments made by banks in securitised assets originated by non-banking finance companies, where the underlying assets were loans against gold jewellery, and the purchase/assignment of a gold loan portfolio from non-banking finance companies were also made ineligible for classification under agriculture sector lending.

Banks falling short of their priority sector lending targets are required to contribute amounts equivalent to the shortfall to specific government funds like the Rural Infrastructure Development Fund, established by the National Bank for Agriculture and Rural Development, or funds with other financial institutions. The allocation of amounts among the banks is decided by the Reserve Bank of India. The contribution is made by subscribing to bonds issued with a maturity of up to seven years. The interest rates on these contributions are below market rates and are generally set depending on the bank rate as set by the Reserve Bank of India. In May 2014, the Reserve Bank of India issued guidelines allowing banks to include the outstanding mandated investments in these government funds at March 31 of the fiscal year to be treated as part of indirect agriculture and count towards overall priority sector target achievement. Investments at March 31 of the preceding year would also be included in the adjusted net bank credit which forms the base for computation of the priority sector and sub-segment lending requirements.

Considering the volatility in the currency market, as a one-time measure in fiscal 2014, the Reserve Bank of India allowed incremental foreign currency non-resident bank deposits and non-resident (external) rupee deposits with a maturity of three years and above to be exempted from maintenance of reserve requirements including cash reserve ratio and statutory liquidity ratio. This benefit was available on deposits received between July 26, 2013 and March 7, 2014. Advances extended against such incremental foreign currency deposits were allowed to be excluded from the computation of adjusted net bank credit for priority sector lending targets. These advances would be eligible for exclusion from adjusted net bank credit till their repayment.

The Reserve Bank of India is also focused on promoting financial inclusion, and has envisaged a number of steps in this direction. The Committee on Comprehensive Financial Services for Small Businesses and Low-income Households, in its report released in January 2014, has proposed a differentiated banking system with creation of new payments and wholesale banks. These banks would have lower capital requirements and limited area of operations. The committee has further recommended giving certain non-bank entities direct access to the settlement systems and allowing non-deposit taking non-bank finance companies to act as business correspondents. The committee has also proposed a new framework for priority sector lending along with a new method for computation of priority sector targets based on district or sector wise credit penetration. Guidelines regarding setting up of small banks and payments banks were released in July 2014.

With a view to ensure adequate flow of credit to the micro and small enterprises, in April 2014 the Reserve Bank of India advised banks to provide differential interest rates for such borrowers. While pricing the loan, banks have to take into account incentives made available to micro and small enterprises in the form of credit guarantee cover and the zero risk weight applicable to such guaranteed loans for capital adequacy purposes. However, such differential rate of interest cannot be below the base rate of the bank.

Export Credit

The Reserve Bank of India also requires commercial banks to make loans to exporters at concessional rates of interest. This enables exporters to have access to an internationally competitive financing option. Pursuant to existing guidelines, 12.0% of a bank's adjusted net bank credit is required to be in the form of export credit. This target is in addition to the priority sector lending mandate of 40.0% of adjusted net bank credit. We provide export credit for pre-shipment and post-shipment requirements of exporter borrowers in rupees and foreign currencies. In May 2014, the Reserve Bank of India allowed exporters with a satisfactory track record of at least three years to receive long term export advance at concessional rates for execution of long term supply contracts up to a maximum period of 10 years.

Credit Exposure Limits

As a prudential measure aimed at better risk management and avoidance of concentration of credit risks, the Reserve Bank of India has prescribed credit exposure limits for banks and long-term lending institutions in respect of their lending to individual borrowers and to all companies in a single group (or sponsor group). These measures are consolidated in the Reserve Bank of India's Master Circular on exposure norms dated July 1, 2014. The limits currently set by the Reserve Bank of India are as follows:

- The exposure ceiling for a single borrower is 15.0% of capital funds and group exposure limit is 40.0% of capital funds. In case of financing for infrastructure projects, the exposure limit to a single borrower may be extended by another 5.0% (i.e., up to 20.0% of capital funds) and the group exposure limit may be extended by another 10.0% (i.e., up to 50.0% of capital funds). Effective May 29, 2008. The exposure limit in respect of single borrower was raised to 25.0% of capital funds for oil companies that were issued oil bonds. Banks may, in exceptional circumstances, with the approval of their board of directors, consider enhancement of the exposure to a borrower up to a maximum of further 5.0% of capital funds, subject to the borrower consenting to the banks making appropriate disclosures in their annual reports.

- Exposures to public sector undertakings are exempted from group exposure limits.

- Capital funds are the total capital as defined under capital adequacy norms (tier I and tier II capital).
- Exposure shall include credit exposure (funded and non-funded credit limits) and investment exposure (including underwriting and similar commitments). Non-fund based exposures are calculated at 100.0% and in addition, banks include exposure on account of forward contracts in foreign exchange and other derivative products, like currency swaps and options, computed in accordance with the current exposure method at their replacement cost value in determining individual or group borrower exposure ceilings, effective April 1, 2003.

To ensure that exposures are evenly spread, the Reserve Bank of India requires banks to fix internal limits of exposure to specific sectors. These limits are subject to periodical review by the banks. We have fixed a ceiling of 15.0% on our exposure to any one industry (other than retail loans) and monitor our exposures accordingly.

As an interim measure to promote a central clearing of standardized over-the-counter derivative products through a central counterparty, in January 2014, the Reserve Bank of India issued guidelines allowing a bank's clearing exposure to qualifying central counterparties to be outside of the ceiling of 15.0% of its capital funds. Other exposures to qualifying central counterparties such as loans, credit lines, investments in the capital of central counterparty, liquidity facilities, etc. would continue to be within the existing ceiling of 15.0% of capital funds to a single counterparty. However, all exposures of a bank to a non-qualifying central counterparty should be within the exposure ceiling of 15.0%.

Limits on Exposure to Non-banking Finance Companies

The guidelines restrict each bank's exposure to non-banking finance companies, excluding asset financing and infrastructure financing companies, to 10.0% of the bank's capital funds as per the last audited balance sheet. Exposure to non-banking asset finance companies/infrastructure finance companies has been restricted to 15.0% of bank's capital funds and to non-banking gold loan companies to 7.5% of bank's capital funds. The limit may be increased to 12.5% for Non-Banking Finance Company-Gold Loan companies and 20.0% respectively for non-banking asset financing companies, provided that the excess exposure is on account of funds lent to infrastructure sectors.

Limits on intra-group transaction and exposures

In February 2014, the Reserve Bank of India issued guidelines on management of intra-group transaction and exposures for financial conglomerates. The guidelines prescribe quantitative limits for intra-group financial transactions and prudential measures for non-financial transactions. The Reserve Bank of India has prescribed a single group entity exposure limit of 5.0% of paid-up capital and reserves for non-financial companies and unregulated financial services companies and 10.0% in case of regulated financial entities. The aggregate group exposure cannot exceed 20.0% of paid up capital and reserves in case of all group entities (financial and non-financial) taken together and 10% in case of all non-financial companies and unregulated financial services companies taken together. Banks' exposures to other banks/financial institutions in the group in form of equity and other capital instruments are exempted from above limits. In case a bank's current intra-group exposure is more than the limits stipulated in the guidelines, it should bring down the exposure within the limits before March 31, 2016. If the exposure exceeds the permissible limits after March 31, 2016, the excess amount would be deducted from Common Equity Tier 1 capital of the bank. These guidelines are effective from October 1, 2014.

Regulations Relating to Investments and Capital Market Exposure Limits

In terms of Section 19(2) of the Banking Regulation Act, banks should not hold shares in any company except as provided in sub-section (1) of that Act, whether as pledgee, mortgagee or absolute owner, of an amount exceeding 30.0% of the paid-up share capital of that company or 30.0% of its own paid-up share capital and reserves, whichever is less. Further, in terms of Section 19(3) of the Banking Regulation Act, banks should not hold shares, whether as pledgee, mortgagee or absolute owner, in any company in the management of which any managing director or manager of the bank is in any manner concerned or interested.

The Reserve Bank of India guidelines on capital market exposures stipulate that a bank's exposure to capital markets in all forms (both fund based and non-fund based) by way of investments in shares, convertible bonds/debentures, units of equity oriented mutual funds, loans against shares, and secured and unsecured advances to stock brokers, should not exceed 40% of its net worth on both a stand-alone and consolidated basis as of March 31 of the previous year. Within this overall limit, direct investments in shares, convertible bonds/debentures, and units of equity oriented mutual funds and all exposures to venture capital funds have been restricted to 20.0% of their net worth on both a stand-alone and consolidated basis. Further, in July 2011, the Reserve Bank of India stipulated that a bank's investments in liquid schemes of debt oriented mutual funds are subject to a prudential cap of 10.0% of the bank's net worth as of March 31 of the previous year. The above guidelines are also applicable at a consolidated level.

Investment by banks in specified instruments which are issued by other banks or financial institutions and are eligible for capital status for the investee bank/financial institution should not exceed 10% of the investing bank's capital funds. Further, the banks/financial institutions should not acquire any fresh stake in a bank's equity shares, if by such acquisition, the investing bank's or financial institution's holding exceeds 5% of the investee bank's equity capital. The guideline requires banks to obtain prior approval of the Reserve Bank of India for equity investment in a company engaged in the financials sector and such investments are held under the held-for-trading category.

The Reserve Bank of India has issued detailed guidelines on investments by banks in non-statutory liquidity ratio securities. These guidelines apply to primary market subscriptions and secondary market purchases. Pursuant to these guidelines, banks are prohibited from investing in non-statutory liquidity ratio securities with an original maturity of less than one year, other than commercial paper, certificates of deposits and certain non-convertible debentures issued by corporates and non-banking finance companies. Banks are also prohibited from investing in unrated securities. A bank's investment in unlisted non-statutory liquidity ratio securities may not exceed 10.0% of its total investment in non-statutory liquidity ratio securities at the end of the preceding fiscal year. However, the bank's investments in unlisted non-statutory liquidity ratio securities may exceed the 10.0% limit by an additional 10.0%, provided the investment is in securitization papers issued for infrastructure projects and bonds/debentures issued by securitization companies and reconstruction companies set up under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and registered with the Reserve Bank of India. In December 2007, the Reserve Bank of India permitted banks to invest in unrated bonds of corporations engaged in infrastructure activities within the ceiling of 10.0% for unlisted non-statutory liquidity ratio securities in order to encourage flow of credit to the infrastructure sector.

The Reserve Bank of India has also issued guidelines on investments in subsidiaries and other companies, including investments in non-financial services companies. According to the guidelines, equity investments by a bank in a subsidiary company or other financial services company cannot exceed 10.0% of the bank's paid-up share capital and reserves. Equity investment by banks in non-financial services companies is capped at 10.0% (as opposed to an earlier cap of 30.0%) of the investee company's paid-up share capital. Equity investments in non-financial services companies at the group level, including investments by the bank's subsidiaries, cannot exceed 20% of the investee company's paid-up share capital. Also, overall equity investments by a bank, including investments in its subsidiaries and other companies, cannot exceed 20.0% of the bank's paid-up share capital and reserves.

Further, the total investment by banks in liquid or short-term debt schemes of mutual funds with weighted average maturity of portfolio of not more than one year will be subject to a prudential cap of 10% of their net worth as on March 31 of the previous year. A 125.0% risk weight is assigned to all capital market exposures.

Banks' Investment Classification and Valuation Norms

The key features of the Reserve Bank of India guidelines on categorization and valuation of banks' investment portfolio are given below.

- The entire investment portfolio is required to be classified under three categories: (a) held to maturity, (b) held for trading and (c) available-for-sale. Held to maturity includes securities so classified in accordance with the Reserve Bank of India guidelines; held for trading includes securities acquired with the intention of being traded to take advantage of the short-term price/interest rate movements; and available-for-sale includes securities not included in held to maturity and held for trading. Banks should decide the category of investment at the time of acquisition.

The held to maturity category can include statutory liquidity ratio securities up to a specified percentage of the demand and time liabilities and certain non-statutory liquidity ratio securities, including fresh recapitalization bonds received from the government of India towards recapitalization requirement and held in the investment portfolio, fresh investment in the equity of subsidiaries and joint ventures, Rural Infrastructure Development Fund/Small Industries Development Board of India/Rural Housing Development Fund deposits and investment in long-term bonds (with a minimum residual maturity of seven years) issued by companies engaged in infrastructure activities. In May 2013, the Reserve Bank of India announced that the level of government securities portfolio permitted to be included in the held-to-maturity category in excess of the overall limit of 25.0% of the investment portfolio permitted to be classified as held-to-maturity, was reduced from 25.0% of demand and time liabilities to 23.0% of demand and time liabilities, in line with the then existing statutory liquidity ratio requirement, with the reduction to be implemented in a phased manner with 50 basis points being reduced every quarter beginning from the quarter ended June 30, 2013.

However, following the sharp increase in long-term yields in August 2013 caused by monetary tightening measures announced by the Reserve Bank of India on July 15, 2013 and July 23, 2013, the Reserve Bank of India allowed certain adjustments in the investment portfolio classification and valuation of banks as a temporary measure. Banks were allowed to retain the level of government securities portfolio in the held-to-maturity category at 24.5% of demand and time liabilities, as compared to the earlier requirement of 24.0% during the three months ended September 30, 2013. However, from August 2014, the Reserve Bank of India resumed the reduction in the level of government securities portfolio in the held-to-maturity category and was reduced to 24.0% of demand and time liabilities effective from August 9, 2014.

- Profit or loss on the sale of investments in both held for trading and available-for-sale categories are taken in the income statement. Profit on the sale of investments in the held to maturity category, net of tax and statutory reserve, is appropriated to the capital reserve account after being taken in the income statement. Loss on any sale is recognized in the income statement.

- The market price of the security available from the stock exchange, the price of securities in subsidiary general ledger transactions, the Reserve Bank of India price list or prices declared by Primary Dealers Association of India jointly with the Fixed Income Money Market and Derivatives Association of India serves as the “market value” for investments in available-for-sale and held for trading securities.

- 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.

- Investments may be shifted from or to held-to-maturity with the approval of the board of directors once a year, normally at the beginning of the accounting year; shifting of investments from available-for-sale to held for trading may be done with the approval of the board of directors, the Asset Liability Management Committee or the Investment Committee; shifting from held for trading to available-for-sale is generally not permitted. Since August 2010, the Reserve Bank of India has mandated that, with regard to sales and transfers of securities from or to the held-to maturity category, if the value of sales exceeds 5.0% of the book value of the investment held in the held-to-maturity category at the beginning of the year, the market value of the investment will have to be disclosed in the notes to the financial accounts in the annual report along with the excess book value over market value for which a provision was not made. In August 2013, following the sharp movement in bond yields, the Reserve Bank of India permitted banks to transfer the government securities portfolio from the held-for-trading and available-for-sale categories to the held-to-maturity category up to 24.5% of demand and time liabilities as a one time measure. This transfer was excluded from the 5.0% limit prescribed for value of sale or transfer to the held-to-maturity category. The transfer had to be done before September 30, 2013 and banks had the option to value the transferred portfolio at July 15, 2013 prices.

Held-to-maturity securities need not be marked to market and are carried at acquisition cost, unless it is more than the face value, in which case the premium should be amortized over the period remaining to maturity.

Investments under available-for-sale category are marked to market at quarterly intervals and held for trading securities valued at market at monthly intervals. Depreciation or appreciation for each basket within the available-for-sale and held for trading categories is aggregated. Net appreciation in each basket, if any, which is not realized, is ignored, while net depreciation is provided for. In August 2013, as part of the special measures announced by the Reserve Bank of India following the sharp movement in market rates, banks were allowed to amortise the net depreciation in the available-for-sale and held for trading book in equal instalments over the remaining part of fiscal 2014.

Investments in security receipts or pass through certificates issued by asset reconstruction companies or trusts set up by asset reconstruction companies should be valued at the lower of: (a) the redemption value of the security receipts or pass through certificates; and (b) the net book value of the financial asset. However, if the instrument issued by securitization/asset reconstruction companies is limited to the actual realization of the financial asset assigned to the instrument, the net asset value should be obtained from the securitization/asset reconstruction companies for valuation of the investments.

In June 2008, the Reserve Bank of India issued revised guidelines for the valuation of non-statutory liquidity ratio securities, requiring banks to value securities issued by the government of India at a spread of 25 basis points above the corresponding yield on government of India securities from an earlier spread of 50 basis points above the corresponding yield on government of India securities.

On December 19, 2013, the Reserve Bank of India issued guidelines permitting banks to participate in interest rate futures for the dual purpose of hedging the risk in the underlying investment portfolio and to take a trading position. However, banks are not allowed to undertake transactions in interest rate futures on behalf of their clients.

Limit on Transactions through Individual Brokers

Guidelines issued by the Reserve Bank of India require banks to appoint brokers for transactions in securities. These guidelines also require that a disproportionate part of the bank's business should not be transacted only through one broker or a few brokers. If for any reason this limit is breached, the Reserve Bank of India has stipulated that the board of directors of the bank should be informed on a half yearly basis of such occurrence and ratify such action.

Prohibition on Short-Selling

The Reserve Bank of India permits scheduled commercial banks and primary dealers to undertake short sale of central government dated securities, subject to the short position being covered within a maximum period of three months. The short positions shall have to be covered only by outright purchase of an equivalent amount of the same security. The Reserve Bank of India has permitted banks to sell Government securities already contracted for purchase, provided that the purchase contract is confirmed and the contract is guaranteed by Clearing Corporation of India Limited, or the security is contracted for purchase from the Reserve Bank of India. Each security is deliverable or receivable on a net basis for a particular settlement cycle. The Reserve Bank of India has also permitted a "when issued" market in government securities in order to further strengthen the debt management framework.

Introduction of Credit Default Swaps for Corporate Bonds

In fiscal 2012, the Reserve Bank of India introduced credit default swaps on corporate bonds. Banks are allowed to undertake such transactions, both as market makers as well as users. Commercial banks will be eligible to act as market makers provided they fulfill the criteria of a minimum 11.0% capital adequacy ratio with a tier I ratio of at least 7%, and a net non-performing assets ratio of less than 3.0%. Banks' net credit exposures on account of credit default swaps cannot exceed 10.0% of the investment portfolio of unlisted/unrated bonds. Credit default swaps were earlier allowed only on listed corporate bonds and unlisted but rated bonds of infrastructure companies. In January 2013, this was expanded to include unlisted but rated corporate bonds. Further, credit default swaps were permitted on securities with original maturities of up to one year such as commercial papers, certificates of deposit, and non-convertible debentures with original maturities of less than one year.

Subsidiaries and Other Financial and Non-Financial Sector Investments

We need prior permission of the Reserve Bank of India to incorporate a subsidiary. We are required to maintain an "arms' length" relationship with our subsidiaries and with mutual funds sponsored by us in regard to business parameters such as not taking undue advantage in borrowing/lending funds, transferring/selling/buying of securities at rates other than market rates, giving special consideration for securities transactions, in supporting/financing the subsidiary or financing our clients through them when we are not able or not permitted to do so ourselves. We have to observe the prudential norms stipulated by the Reserve Bank of India, from time to time, in respect of our underwriting commitments. Pursuant to such prudential norms, our underwriting or the underwriting commitment of our subsidiaries under any single obligation shall not exceed 15.0% of an issue. We also need the prior specific approval of the Reserve Bank of India to participate in the equity of financial services ventures including stock exchanges and depositories notwithstanding the fact that such investments may be within the ceiling (the lower of 30.0% of the paid-up capital of the investee company or 30.0% of the investing bank's own paid-up capital and reserves) prescribed under Section 19(2) of the Banking Regulation Act.

Under the Reserve Bank of India guidelines, a bank's equity investments by a bank in a subsidiary company, or a financial services company (including a financial institution, a stock or other exchange or a depository) which is not a subsidiary, should not exceed 10% of the bank's paid-up share capital and reserves and the total investments made in all subsidiaries and all non-subsidiary financial services companies should not exceed 20% of the bank's paid-up share capital and reserves. However, the cap of 20% does not apply, nor is the prior approval of the Reserve Bank of India required, if investments in financial services companies are held under the "held for trading" category, and are not held beyond 90 days.

Under the Reserve Bank of India regulation, a bank's equity investments in companies engaged in non-financial services activities are subject to a limit of 10% of the investee company's paid-up share capital or 10% of the bank's paid-up share capital and reserves, whichever is less. For the purpose of this limit, equity investments held under the "held for trading" category are included. Equity investments in any non-financial services company held by a bank, or entities which are bank's subsidiaries, associates or joint ventures, and mutual funds managed by asset management companies controlled by the bank should in the aggregate not exceed 20% of the investee company's paid-up share capital. Any investment by a bank in excess of 10% of the investee company's paid-up share capital, but not exceeding 30%, requires the approval of the Reserve Bank of India.

A bank holding may hold equity in excess of 10% of a non-financial services investee company's paid-up capital without the prior approval of the Reserve Bank of India if the additional acquisition is made through a restructuring or corporate debt restructuring, or is acquired by the bank in order to protect its interest on loans/investments made in a company. However, banks have to submit to the Reserve Bank of India a time bound action plan for disposal of such shares within a specified period.

Further, a bank's equity investments in subsidiaries and other entities that are engaged in financial services activities, together with equity investments in entities engaged in non-financial services activities, should not exceed 20% of the bank's paid-up share capital and reserves. The cap of 20% would not apply for investments classified under the "held for trading" category and which are not held beyond 90 days. The Reserve Bank of India has clarified that investment in overseas banking subsidiaries can be excluded from the above 20% limit. In August 2006, the Reserve Bank of India issued guidelines that included banks' investments in venture capital funds in this limit.

Regulations Relating to Securitization of Loans

With a view to developing an orderly and healthy securitization market, and ensuring alignment of originators and investors' interests, the Reserve Bank of India issued guidelines on securitization in May 2012. Under the guidelines, all on-balance sheet standard assets are eligible for securitization, except for revolving credit facilities, mortgage backed securities and asset backed securities. Loans must also meet a minimum holding period requirement, based on the maturity and repayment frequency of the loan, in order to be eligible for securitization. A minimum retention requirement is prescribed to ensure that the originating banks have a continuing stake in the performance of the securitised assets. The total exposure of banks to the securitised loans cannot exceed 20% of the total securitised instruments, and any exposure in excess of this limit must be risk-weighted at 1111%.

Regulations Relating to Deposits

The Reserve Bank of India has permitted banks to independently determine interest rates offered on term deposits. However, banks cannot pay interest on current account deposits. Interest rates payable on savings deposits were regulated until October 2011. In May 2011, the Reserve Bank of India increased the interest rate on savings deposits from 3.5% to 4.0%. In October 2011, the Reserve Bank of India deregulated the savings account interest rate, allowing a uniform interest rate to be paid on deposits up to Rs. 100,000 and permitting differential rates for deposits of over Rs. 100,000, depending on the amount in the account.

The Reserve Bank of India guidelines require that payment of interest be calculated on saving bank account deposits on a daily product basis since April 1, 2010.

Domestic time deposits and rupee-denominated non-resident ordinary and non-resident rupee accounts have a minimum maturity of seven days. Time deposits from non-resident Indians denominated in foreign currency have a minimum maturity of one year and a maximum maturity of five years.

Banks have the flexibility to offer varying rates of interests on domestic deposits of the same maturity subject to the following conditions:

- time deposits are of Rs. 10.0 million and above; and
- interest on deposits is paid in accordance with the schedule of interest rates disclosed in advance by the bank and not pursuant to negotiation between the depositor and the bank.

Interest rates on non-resident foreign currency term deposits of one to three years and three to five years are linked to the LIBOR/SWAP rates for the U.S. dollar of corresponding maturity. The rate is periodically prescribed by the Reserve Bank of India. In the last notification issued in August 2013, interest rate on deposits of one to three years was fixed at LIBOR/SWAP plus 200 basis points, and interest rate on deposits of three to five years was increased from LIBOR/SWAP plus 300 basis points to LIBOR/SWAP plus 400 basis points. Interest rates on non-resident rupee savings deposits are set at the rate applicable to domestic savings deposits. In fiscal 2012, the Reserve Bank of India deregulated interest rates on non-resident (external) rupee deposits and ordinary non-resident accounts, allowing banks to determine the interest rates on savings and term deposits with maturities of one year and above. However, the interest rates cannot exceed the rate offered by the bank on comparable domestic rupee deposits. In September 2013, the Reserve Bank of India removed the ceiling on interest rates for non-resident (external) rupee deposits of three years and above till February 28, 2014. Effective March 1, 2014, the interest rates offered on FCNR (B) deposits of tenor three to five years was reinstated to the ceiling of LIBOR/SWAP plus 300 basis points as against the exceptional rate of LIBOR/SWAP plus 400 basis points permitted between August 2013 to February 2014. Also, interest rates of non-resident (external) rupee deposits was capped to comparable domestic rupee deposits as compared to the earlier deregulation of interest rates permitted from August 2013 to February 2014. The ceiling on ordinary non-resident accounts however continued.

In September 2013, the Reserve Bank of India introduced a swap facility for incremental foreign currency deposits. This was set up with the intent to increase the flow of foreign currency funds into the country considering the sharp depreciation in the rupee. This facility was only for deposits in foreign currency non-resident (bank) deposit accounts, and was available only in U.S. dollars. The tenor of the swap was fixed at three years and above. A bank could avail the swap facility only once a week, with the maximum amount of U.S. dollars eligible for swap equal to the foreign currency deposits mobilised in the preceding week. The swap facility was made available only for a fixed period from September 10, 2013 to November 30, 2013. In another step taken by the Reserve Bank of India, effective from July 26, 2013, incremental foreign currency non-resident deposits and non-resident rupee deposits having a maturity of three years and above were exempted from cash reserve ratio and statutory liquidity ratio requirements. This benefit was withdrawn for deposits received from March 8, 2014 onwards.

With a view to increasing the availability of financial services across regions and population segments, the Reserve Bank of India has advised banks to make available a basic savings bank deposit account without having the requirement of any minimum balance.

Regulations Relating to Customer Service & Customer Protection

Enhancing customer service and customer protection is a focus area for the Reserve Bank of India which has regularly emphasized on offering efficient, fair and speedy customer service. In this regard, a committee was set up in fiscal 2010 to consider improvements in customer service in banks. Following the recommendations made by the committee, the Reserve Bank of India has issued several guidelines. In July 2013, banks were mandated to have a uniform pricing policy for all customers across all branches, irrespective of the branch in which the account was opened. Further, draft guidelines on wealth management and marketing services offered by banks were issued. According to the guidelines, wealth management services can be offered only through a subsidiary or a separately identifiable department or division in the bank in order to avoid conflict of interest. Also, banks need to take the prior approval of the Reserve Bank of India to offer wealth management services. In May 2014, the Reserve Bank of India issued guidelines instructing banks to not charge foreclosure charges or pre-payment penalties on floating rate term loans sanctioned to individual borrowers. Further, banks are also not permitted to levy penal charges for non-maintenance of minimum balance in any in-operative accounts. In August 2014, the Reserve Bank of India released a draft charter of customer rights which comprises of five basic rights including fair treatment, transparency and grievance redressal and also encapsulates the responsibilities of financial service providers.

Deposit Insurance

Demand and time deposits of up to Rs. 100,000 that are accepted by Indian banks have to be insured with the Deposit Insurance and Credit Guarantee Corporation, a wholly-owned subsidiary of the Reserve Bank of India. Banks are required to pay the insurance premium for the eligible amount to the Deposit Insurance and Credit Guarantee Corporation on a semi-annual basis. The cost of the insurance premium cannot be passed on to the customer. Earlier, deposit insurance was not required under the Companies Act. However, the New Companies Act makes it compulsory to provide for domestic insurance.

The Depositor Education and Awareness Fund (DEAF) Scheme, 2014 — section 26A of Banking Regulation Act, 1949

The Reserve Bank of India has advised that banks shall calculate the cumulative balances in all eligible accounts which are unclaimed for more than 10 years along with interest accrued, as on the day prior to May 23, 2014, and such amounts due should be transferred to the Fund on June 30, 2014 (before the close of banking hours). Subsequently, the amount due in each calendar month shall be transferred on the last working day of the subsequent month.

Regulations Relating to Knowing the Customer and Anti-Money Laundering

The Prevention of Money Laundering Act, 2002, which came into effect beginning July 2005, seeks to prevent and criminalise money laundering and terrorist financing. It also provides for the freezing and confiscation of assets concerned in money laundering / terrorism offences, and the formation of the Financial Intelligence Unit. This Act lays down the obligations on designated entities (including banks and financial institutions) for maintaining records of prescribed transactions and for reporting such transactions to the Financial Intelligence Unit. It also lists out the predicate offences that come under the purview of the Act. Prevention of Money-Laundering Rules have also been framed under such Act. This Act and such Rules have since been amended from time to time.

The Reserve Bank of India has prescribed comprehensive guidelines to be observed by Banks/Financial Institutions under its jurisdiction with regard to Know Your Customer, Anti-Money Laundering and Combating Financing of Terrorism procedures in line with the provisions of the Prevention of Money Laundering Act and Rules notified there under. This is in line with the recommendations made by the Financial Action Task Force on Anti-Money Laundering standards and on Combating Financing of Terrorism. These guidelines are revised from time to time, and consolidated guidelines are issued in the Reserve Bank of India's master circulars. The objective of these guidelines is to prevent banks from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. The guidelines cover key aspects including customer acceptance policy, customer identification procedures, monitoring of transactions and risk management. The guidelines also cover enhanced due diligence measures, appointment of principal officers, training and audit.

The Reserve Bank of India guidelines also provide for simplified Know Your Customers procedures for persons intending to open small deposit accounts (balances not exceeding Rs. 50,000 in all their accounts taken together in which the total credit in all accounts taken together does not exceed Rs. 100,000 in a year). These provisions are intended to promote financial inclusion and to ensure that the implementation of the Know Your Customers guidelines do not result in the denial of banking services to financially or socially disadvantaged sections of society. The Reserve Bank of India simplified the requirement for submission of proof of address at the time of opening a bank account. Customers can now submit any one address proof, either the permanent address or current address. In case of a customer who has migrated and has not furnished the local address, the bank can receive a declaration of the local address from the customer which can be later verified by the bank through visits or indirect confirmation by way of delivery of mails.

In an amendment to the Prevention of Money Laundering Act, 2002, banks have been advised to nominate a director on their boards to ensure compliance with such act.

Regulations on Asset Liability Management

The Reserve Bank of India's regulations for asset liability management require banks to draw up asset liability gap statements separately for rupee and foreign currencies for the domestic and overseas operations of the bank. These gap statements are prepared by scheduling all assets and liabilities according to the stated and anticipated repricing date, or maturity date. The statements are submitted to the Reserve Bank of India on a periodic basis. The Reserve Bank of India has advised banks to actively monitor the difference in the amount of assets and liabilities maturing or being repriced in a particular period and to place internal prudential limits on the gaps in each time period, as a risk control mechanism.

In March 2007, the Reserve Bank of India issued guidelines regarding prudential limits for inter-bank liabilities. Inter-bank liabilities of a bank cannot exceed 200.0% of its net worth as on the last day of the previous fiscal year. Individual banks have been permitted, with the approval of their boards of directors, to fix a lower limit for their inter-bank liabilities, keeping in view their business model. However, banks whose capital to risk assets ratio is at least 25% more than the minimum capital to risk assets ratio (currently 9%), i.e., 11.25% as on the last day of the previous fiscal year, are allowed a higher limit with respect to inter-bank liability of up to 300.0% of their net worth. It may be noted that the limits prescribed above would include only fund-based inter-bank liabilities within India (including inter-bank liabilities in foreign currency to banks operating within India), and inter-bank liabilities outside India are excluded. The Reserve Bank of India guidelines also stipulate that existing limits on call-money borrowing shall form a sub-limit of the above-mentioned limit. At present, on a fortnightly average basis, call/notice money borrowings should not exceed 100% of bank's capital funds. However, banks are allowed to borrow a maximum of 125% of their capital funds on any day during a fortnight.

In October 2007, the Reserve Bank of India issued amendments to guidelines on asset liability management to improve management of liquidity by banks and to provide a stimulus for development of the term-money market. The Reserve Bank of India has advised banks to adopt a more detailed approach to the measurement of liquidity risk effective January 1, 2008 by splitting the first time period (1-14 days earlier) in the statement of structural liquidity into three time periods—next day, 2-7 days and 8-14 days. The net cumulative negative liquidity mismatches during the next day, 2-7 days, 8-14 days and 15-28 days periods should not exceed 5%, 10%, 15% and 20% of the cumulative cash outflows in the respective time periods in order to recognize the cumulative impact on liquidity. Banks have also been advised to undertake dynamic liquidity management and are required to prepare the structural liquidity statement on a daily basis. Further, since April 1, 2008, banks are required to report their liquidity gap statements on a fortnightly basis.

In November 2010, the Reserve Bank of India issued guidelines on the introduction of duration gap analysis for interest rate risk management. The guidelines are aimed at providing an indication of the interest rate risk to which the bank is exposed. The report on interest rate sensitivity as per duration gap analysis is required to be submitted on a quarterly basis with effect from June 30, 2011 and on a monthly basis with effect from April 30, 2012.

In November 2012, the Reserve Bank of India issued revised guidelines consolidating the various instructions and guidelines on liquidity risk management issued from time to time in the past. Instructions and guidelines were enhanced in line with the Basel Committee on Banking Supervision Principles for Sound Liquidity Risk Management and Supervision. The guidelines includes enhanced guidance on liquidity risk governance, measurement, monitoring and the reporting to the Reserve Bank of India on liquidity positions.

In June 2014, the Reserve Bank of India released guidelines on Basel III Framework on Liquidity Standards — Liquidity Coverage Ratio, Liquidity Risk Monitoring Tools and Liquidity Coverage Ratio Disclosure Standards. According to the guidelines, banks have to maintain a minimum liquidity coverage ratio which is a ratio of the stock of high quality liquid assets and total net cash outflows over the next 30 calendar days. It is designed to ensure that a bank maintains an adequate level of unencumbered high quality liquid assets to meet any acute liquidity requirements over a period of one month. These guidelines are applicable from January 1, 2015 starting with a minimum liquidity coverage ratio of 60.0% and increasing gradually to 100.0% from January 1, 2019. The Reserve Bank of India has also defined categories of assets qualifying as high quality liquid assets. The Reserve Bank of India had earlier also proposed a Basel III net stable funding ratio designed to ensure a minimum amount of funding that is expected to be stable over a one-year time horizon, guidelines for which are awaited.

Further, in July 2014, the Reserve Bank of India issued guidelines permitting banks to issue long-term bonds for financing infrastructure projects and affordable housing. These bonds have been exempt from regulatory pre-emptions such as the cash reserve ratio, statutory liquidity ratio and priority sector lending. The guidelines are intended to benefit banks in their asset-liability management in extending long-term financing to infrastructure projects.

Foreign Currency Dealership

The Reserve Bank of India has granted us a full-fledged authorized dealers' license to deal in foreign exchange through our designated branches. Under this license, we have been granted permission to:

- engage in foreign exchange transactions in all currencies;
- open and maintain foreign currency accounts abroad;
- raise foreign currency and rupee denominated deposits from non-resident Indians;
- grant foreign currency loans to on-shore and off-shore corporations;
- open documentary credits;
- grant import and export loans;
- handle collection of bills, funds transfer services;
- issue guarantees; and
- enter into derivative transactions and risk management activities that are incidental to our normal functions authorized under our organizational documents and as permitted under the provisions of the Banking Regulation Act.

Further, we have been permitted to hedge foreign currency loan exposures of Indian corporations in the form of interest rate swaps, currency swaps and forward rate agreements, subject to certain conditions. Banks in the authorized dealer category may become trading or clearing members of the currency derivatives segment to be set up by stock exchanges recognized by the Securities and Exchange Board of India, subject to their fulfilling the requirements of (i) minimum net worth of Rs. 5.0 billion, (ii) minimum capital adequacy ratio of 10%, (iii) net non-performing assets not exceeding 3% and (iv) net profit for the previous three years.

Our foreign exchange operations are subject to the guidelines specified by the Reserve Bank of India in the exchange control manual. As an authorized dealer, we are required to enroll as a member of the Foreign Exchange Dealers Association of India, which prescribes the rules relating to foreign exchange business in India. We are also among banks that submit data to government authorities for the setting of financial benchmarks. In April 2014, the Reserve Bank of India issued guidelines recommending measures to strengthen the quality, methodology and the governance framework with respect to financial benchmarks. This was based on recommendations submitted by the committee on financial benchmarks. According to the guidelines, banks submitting data would have to implement an internal board approved policy on governance of the benchmark submission process and periodically submit a confirmation on compliance with the guidelines.

Authorised dealers, like us, are required to determine our limits on open positions and maturity gaps in accordance with the Reserve Bank of India guidelines and these limits are approved by the Reserve Bank of India.

In July 2010, the Reserve Bank of India permitted persons resident in India to enter into currency futures on stock exchanges.

Statutes Governing Foreign Exchange and Cross-Border Business Transactions

Foreign exchange and cross-border transactions undertaken by banks are subject to the provisions of the Foreign Exchange Management Act. Banks are required to monitor transactions of customers based on pre-defined rules using a risk-based approach. The transaction monitoring system envisages identification of unusual transactions, undertaking due diligence on such transactions and, if confirmed as suspicious, reporting to the financial intelligence unit of the respective jurisdiction. Our transaction monitoring system is periodically reviewed and is being supplemented with appropriate anti-money laundering software technology solutions.

The Reserve Bank of India issues guidelines on external commercial borrowings from time to time. Consolidated guidelines relating to external commercial borrowings until June 30, 2014 are covered by the Reserve Bank of India in Master Circular —"Master Circular on External Commercial Borrowings and Trade

Credit" dated July 1, 2014. The guidelines do not permit financial intermediaries, including banks, to raise such borrowings or provide guarantees in favor of overseas lenders for such borrowings. Eligible borrowers, which are largely corporations, may raise such borrowings for investments such as the import of capital goods, in new and expansion projects, and also to meet foreign exchange needs of the infrastructure sector. The external commercial borrowing proceeds can also be utilized for overseas direct investment in joint ventures and wholly owned subsidiaries subject to the existing guidelines on Indian Direct Investment in joint ventures and wholly owned subsidiaries abroad. Utilization of external commercial borrowing proceeds is not permitted for lending, capital market investments or acquisitions in India or real estate investments (including integrated townships). From November 2011, the all-in-cost ceiling for external commercial borrowings was fixed at LIBOR plus 350 basis points for borrowings with an average maturity period of three to five years from the earlier 300 basis points over LIBOR. For borrowings with an average maturity of over five years, the all-in-cost ceiling remains at 500 basis points over LIBOR. The limit on external commercial borrowings was enhanced in September 2011 to US$ 750 million, from the earlier limit of US$ 500 million. Corporations in the services sector were permitted to avail of external commercial borrowing of up to US$ 200 million as against the earlier limit of US$ 100 million. In July 2012, the Reserve Bank of India permitted companies in the manufacturing and infrastructure sector to raise external commercial borrowings for the repayment of rupee loans availed from domestic banks, subject to their satisfying certain conditions. However, overseas branches/subsidiaries of Indian banks are not permitted to provide external commercial borrowings for repayment of rupee loans of domestic banks.

Borrowers are permitted to raise external commercial borrowings for the purpose of refinancing an existing external commercial borrowing. The fresh borrowing can be at a lower or higher all-in-cost compared to the original borrowing. The higher all-in cost however, cannot exceed the ceiling prescribed by the Reserve Bank of India from time to time. In fiscal 2014, the facility for raising fresh borrowings for refinancing an existing external commercial borrowing at a higher all-in cost was discontinued.

Non-banking finance companies categorized as infrastructure finance companies were allowed to raise borrowings through external commercial borrowing in March 2010 and were permitted to borrow up to 50% of their owned funds under the automatic approval route in May 2010. The external commercial borrowing limit was enhanced to 75% of their owned funds under the automatic route in January 2013. Companies that want to exceed the limit of 75% of owned funds will require to take approval of the Reserve Bank of India. The Reserve Bank of India has also permitted non-banking financial services categorized as asset finance companies to raise external commercial borrowings for financing the import of infrastructure equipment for leasing to infrastructure projects up to 75% of their owned funds (external commercial borrowing including all outstanding external commercial borrowings) subject to a maximum of US$ 200 million or its equivalent per financial year with a minimum maturity of 5 years and subject to hedging the currency risk exposure in full. Since September 2011, a number of measures were announced to ease availability of funding to infrastructure projects through external commercial borrowing, including, without limitation to:

- Companies in the infrastructure sector were permitted to utilize 25.0% of fresh external commercial borrowing towards refinancing existing rupee loans as against the earlier guideline which did not allow repayment of outstanding rupee loans through external commercial borrowing.
- Companies in the infrastructure sector were allowed to import capital goods by availing short-term credit in the nature of a bridge finance with prior approval of the Reserve Bank of India. The bridge finance can later be replaced with long-term external commercial borrowing.
- "Interest during construction" was accepted as an eligible end-use for availing external commercial borrowing.
- Eligible non-resident entities (including multilateral institutions and foreign equity holders have been allowed to provide credit enhancement to Indian companies under the automatic route without the prior approval of the Reserve Bank of India.

In July 2010, the Reserve Bank of India permitted take-out financing arrangements through external commercial borrowing, under the approval route, for refinancing rupee loans provided for new infrastructure projects, including sea ports, airports, roads, bridges and the power sector. Further, in January 2013, the currency hedging requirement for non-banking finance companies categorized as infrastructure finance companies was reduced from 100% of their exposure to 75%.

In fiscal 2012, following the sharp depreciation in the Rupee, the Reserve Bank of India issued several guidelines to provide support to the currency. With regard to export earners foreign currency accounts, the Reserve Bank of India required that 50% of the balances in such accounts be converted immediately into Rupee balances and credited to the Rupee accounts. Also, only 50% of all future foreign exchange earnings could be retained in the export earners foreign currency account and access to foreign exchange markets was allowed only after utilizing the available balances in these accounts. Further, the net overnight open position limit of authorized dealers in the exchanges for trading currency futures and options was set at US$ 100 million or 15% of the outstanding open interest, whichever is lower.

Foreign Currency Borrowings by Banks in India

The Reserve Bank of India has allowed banks to borrow funds from their overseas branches and correspondent banks (including borrowings for financing export credit, external commercial borrowings and overdrafts from their head office/nostro account) up to a limit of 50% of unimpaired tier I capital or US$ 10 million, whichever is higher. However, short-term borrowings up to a period of one year or less should not exceed 20% of unimpaired tier I capital within the overall limit of 50%. In October 2013, the Reserve Bank of India issued a notification enhancing the borrowing limit from 50% to 100% of unimpaired tier I capital or US$ 10 million, whichever is higher. The enhanced limit was made available for a limited period of up to November 30, 2013 as a measure to improve foreign currency inflows in the economy. These borrowings were also eligible for the U.S. dollar—Rupee swap facility provided by the Reserve Bank of India at a fixed rate of 3.5% per annum from September 10, 2013 till November 30, 2013.

All the regulations and guidelines issued by the Reserve Bank of India, as amended from time to time, in connection with foreign currency borrowings by banks in India have been consolidated in the master circular on Risk Management and Inter-Bank Dealings dated July 1, 2014. The aforesaid limit applies to the aggregate amount availed of by all the offices and branches in India from all their branches or correspondents abroad and also includes overseas borrowings in gold for funding domestic gold loans. Capital funds raised by issue of innovative perpetual debt instruments and other overseas borrowings with the specific approval of the Reserve Bank of India will continue to be outside the limit of 50% of unimpaired tier I capital.

Legal Reserve Requirements

Cash Reserve Ratio

A bank is required to maintain a specified percentage of its net demand and time liabilities, excluding inter-bank deposits, by way of cash reserve with itself and by way of balance in current account with the Reserve Bank of India. Following the enactment of the Reserve Bank of India (Amendment) Bill 2006, the floor and ceiling rates (earlier 3.0% and 20.0% respectively) on the cash reserve ratio were removed. The following liabilities are excluded from the calculation of the demand and time liabilities to determine the cash reserve ratio:

- inter-bank liabilities;
- liabilities to primary dealers;
- refinancing from the Reserve Bank of India and other institutions permitted to offer refinancing to banks; and
- perpetual debt qualifying for lower tier I capital treatment.

The cash reserve ratio was revised to 4% of a bank's demand and time liabilities adjusted for the exemptions which include (but are not limited to) (i) the paid up capital, reserves and credit balance of the bank; (ii) net income tax provision; (iii) amount received from Deposit Insurance and Credit Guarantee Corporation towards claims and held by banks pending adjustments; (iv) provision not being a specific liability arising from contracting additional liability and created from profit and loss account; and (v) demand and time liabilities in respect of their offshore banking units, effective from the fortnight beginning February 9, 2013. Effective April 13, 2007 the Reserve Bank of India does not pay any interest on cash reserve ratio balances.

The cash reserve ratio has to be maintained on an average basis for a fortnightly period. In July 2013, the Reserve Bank of India increased the daily cash reserve requirement from a minimum of 70.0% of the required cash reserve ratio on any day of the fortnight to 99%, as part of measures to stabilize the movement in exchange rates. In September 2013, following stabilisation in the movement in exchange rates, the daily minimum cash reserve requirement was reduced to 95%.

Statutory Liquidity Ratio

In addition to the cash reserve ratio, a bank is required to maintain a specified percentage of its net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by the Reserve Bank of India from time to time, and must be a minimum of 22.0% (with effect from August 9, 2014) and a maximum of 40.0% pursuant to section 24 of the Banking Regulation Act. See also "*Overview of the Indian Financial Sector—Recent Structural Reforms—Amendments to the Banking Regulation Act*". With effect from August 9, 2014, the Reserve Bank of India reduced the statutory liquidity ratio from 22.5% to 22.0%.

Ownership Restrictions

The government of India regulates foreign ownership in Indian banks. The total foreign ownership in a private sector bank, like us, cannot exceed 74% of the paid-up capital, and shares held by foreign institutional investors under portfolio investment schemes through stock exchanges cannot exceed 49% of the paid-up capital.

The Reserve Bank of India's acknowledgement is required for the acquisition or transfer of a bank's shares which will take the aggregate holding (direct and indirect, beneficial or otherwise) of an individual or a group to the equivalent of 5% or more of the bank's total paid-up capital. The Reserve Bank of India, while granting acknowledgement, may take into account all matters that it considers relevant to the application, including ensuring that shareholders whose aggregate holdings are above specified thresholds meet fitness and propriety tests. In determining whether the acquirer or transferee is fit and proper to be a shareholder, the Reserve Bank of India may take into account various factors including, but not limited to, the acquirer or transferee's integrity, reputation and track record in financial matters and compliance with tax laws, proceedings of a serious disciplinary or criminal nature against the acquirer or transferee and the source of funds for the investment.

The Reserve Bank of India issued guidelines on ownership and governance in private sector banks in February 2005. The key provisions of the guidelines on ownership are:

- No single entity or group of related entities would be permitted to directly or indirectly hold or control more than 10.0% of the paid up equity capital of a private sector bank and any higher level of acquisition would require the Reserve Bank of India's prior approval;
- In respect of corporate shareholders, the objective will be to ensure that no entity or group of related entities has a shareholding in excess of 10.0% in the corporate shareholder. In the case of shareholders that are financial entities, the objective will be to ensure that it is widely held, publicly listed and well regulated;
- The Reserve Bank of India may permit a higher level of shareholding in the case of the restructuring of problem banks or weak banks or in the interest of consolidation in the banking industry;
- No single non-resident Indian can invest in excess of 5.0% of the paid-up capital of a private sector bank. The aggregate limit for investments by non-resident Indians is restricted to 10.0% of a private sector bank's paid-up capital and can be increased to 24.0% of the bank's paid-up capital by approval of its Board of Directors;
- Banks would be responsible for compliance with the "fit and proper" criteria for shareholders on an ongoing basis; and
- Banks where shareholders holdings are in excess of the prescribed limit would have to indicate a plan for compliance.

A legislation to amend the Banking Regulation Act making the prior approval of the Reserve Bank of India mandatory for the acquisition of more than 5.0% of a banking company's paid-up capital or voting rights by any individual or firm or group passed by Parliament and notified in fiscal 2013. See also, *"Overview of Indian Financial Sector — Recent Structural Reforms — Report on Governance of Boards of Banks in India"*.

In February 2009, the government of India issued guidelines for calculation of total foreign investment, both direct and indirect, in Indian companies. Pursuant to this guideline, the foreign shareholding in an Indian company which is not majority-owned and controlled by Indian shareholders will be taken into account in computing the foreign shareholding in investee companies of such Indian company (other than investee companies in the insurance sector, for which there are separate specific regulations). Since foreign ownership up to 74.0% is permitted in Indian private sector banks, such as us, this would impact investments made by Indian private sector banks, including us, and their subsidiaries, in other companies. This would also require assessment of whether any of the Indian shareholders are to be reckoned for purposes of adherence to the foreign ownership limit of 74.0%. This does not, however, impact our investments in our subsidiaries.

Holding Companies

In the annual policy review for fiscal 2011, the Reserve Bank of India announced the formation of a working group, with representatives from the government, various regulatory authorities and banks, to draw a road map for the introduction of a holding company structure. The report of the working group was released in May 2011 with key recommendations favoring a financial holding company structure for the financial sector, particularly large financial groups, with a separate regulatory framework for these holding companies. The Reserve Bank of India, in its guidelines for new private sector banking licenses, has mandated all new banks pursuant to the issuance of such licenses, to be set up under a financial holding company structure. See also *"Overview of the Indian Financial Sector—Recent Structural Reforms—Discussion Paper on Banking Structure"*.

Restrictions on Payment of Dividends

The Banking Regulation Act requires banks to completely write off capitalized expenses and transfer 20.0% of the disclosed yearly profit to a reserve account before declaring a dividend.

Banks have to comply with the following prudential requirements to be eligible to declare dividends:

- The capital adequacy ratio is at least 9.0% for the preceding two completed years and the accounting year for which the bank proposes to declare a dividend.
- The net non-performing asset ratio is less than 7.0%.
- The Bank is in compliance with the prevailing regulations and guidelines issued by the Reserve Bank of India, including the creation of adequate provision for the impairment of assets, staff retirement benefits, transfer of profits to statutory reserves, etc.
- The proposed dividend will be paid out of the current year's profit.
- Under the Reserve Bank of India's Basel III guidelines, banks are subject to higher minimum capital requirements and must maintain a capital conservation buffer above the minimum requirements to avoid restrictions on capital distribution. The capital conservation buffer would be implemented in a phased manner beginning from March 31, 2016 and fully implemented by March 31, 2019 as prescribed by the Reserve Bank of India. The Reserve Bank of India has clarified that dividend payment by banks would be governed by the application of the above guidelines, once the capital conservation framework is in effect.

In case a bank does not meet the capital adequacy norms for two consecutive years, but has a capital adequacy ratio of at least 9.0% for the accounting year for which it proposes to declare a dividend, it would be eligible to do so if its net non-performing asset ratio is less than 5.0%.

Banks that are eligible to declare dividends under the above rules can do so subject to the following:

- The dividend payout ratio (calculated as a percentage of dividend payable in a year to net profit during the year) must not exceed 40.0%. The maximum permissible dividend payout ratio would vary from bank to bank, depending on the capital adequacy ratio in each of the last three years and the net non-performing asset ratio.
- In case the profit for the relevant period includes any extraordinary income, the payout ratio must be calculated after excluding that income for compliance with the prudential payout ratio.
- The financial statements pertaining to the financial year for which the bank is declaring a dividend should be free of any qualification by the statutory auditors, which might have an adverse effect on the profit during that year. In case there are any such qualifications, the net profit should be suitably adjusted while computing the dividend payout ratio.

Moratorium, Reconstruction and Amalgamation of Banks

The Reserve Bank of India can apply to the government of India for suspension of business by a banking company. The government of India, after considering the application of the Reserve Bank of India, may order a moratorium staying commencement of action or proceedings against such company for a maximum period of six months. During such period of moratorium, the Reserve Bank of India may: (a) in the public interest; (b) in the interest of the depositors; (c) in order to secure the proper management of the bank; or (d) in the interests of the banking system of the country as a whole, prepare a scheme for the reconstruction of the bank or merger of the bank with any other bank. In circumstances entailing reconstruction of the bank or merger of the bank with another bank, the Reserve Bank of India invites suggestions and objections on the draft scheme prior to placing the scheme before the government of India for its approval. The central government may approve the scheme with or without modifications. The law does not require consent of the shareholders or creditors of such banks.

Regulations on Mergers between Private Sector Banks and between Banks and Non-banking Finance Companies

In May 2005, the Reserve Bank of India issued guidelines on mergers between private sector banks and between banks and non-banking finance companies. The guidelines particularly emphasize the examination of the rationale for mergers, the systemic benefits arising from it and the advantages accruing to the merged entity. With respect to a merger between two private sector banks, the guidelines require the draft scheme of merger to be approved by the shareholders of both banks with a two-thirds majority after approval by the boards of directors of the two banks concerned. The draft scheme should also consider the impact of the merger on the valuation, profitability and capital adequacy ratio of the amalgamating bank and verify that the reconstituted board conforms to the Reserve Bank of India norms. The approved scheme needs to be submitted to the Reserve Bank of India for valuation and approval in accordance with the Banking Regulation Act, along with other documentation such as the draft document of proposed merger, copies of all relevant notices and certificates, swap ratio, share prices, etc. With respect to a merger of a bank and a non-banking company, the guidelines specify that the non-banking financial company has to comply with Know Your Customer norms for all accounts and all relevant norms issued by the Reserve Bank of India and the Securities and Exchange Board of India. The non-banking finance company should also conform to insider trading norms issued by the Securities and Exchange Board of India, whether it is listed or not, in order to regulate the promoter's trading of shares before and after the merger discussion period. See also "*—Other Statutes—Competition Act*".

Credit Information Bureaus

The Parliament of India has enacted the Credit Information Companies (Regulation) Act, 2005, pursuant to which every credit institution, including a bank, has to become a member of a credit information bureau and furnish to it such credit information as may be required of the credit institution by the credit information bureau about persons who enjoy a credit relationship with it. Other credit institutions, credit information bureaus and such other persons as the Reserve Bank of India specifies may access such disclosed credit information. The Reserve Bank of India is also seeking to strengthen the coverage and use of credit information and had set up a committee in this regard. The committee submitted its recommendations in March 2014 and recommendations included consistent data formats, common classification of credit scores and best practices to be followed by credit information companies. In June 2014, some of the recommendations were accepted by the Reserve Bank of India and guidelines were issued in this respect.

Financial Stability and Development Council and Financial Sector Legislative Reforms Commission

The Indian government set up an apex-level body called the Financial Stability and Development Council in fiscal 2011. This is an independent body that oversees regulation and strengthens mechanisms for maintaining financial stability. The institution monitors macro-prudential supervision of the economy and the functioning of large financial conglomerates addresses inter-regulatory coordination issues and focuses on financial literacy and financial inclusion activities. The government has also set up a Financial Sector Legislative Reforms Commission to review the financial sector laws and to bring them in line with the requirements of the sector. The commission submitted its report in March 2013 and has proposed an Indian Financial Code that consolidates different laws governing the financial sector. The framework incorporates components like consumer protection, regulation, capital controls, systemic risk and resolution. The Code also proposed to transition to a regulatory system where the Reserve Bank of India regulates the banking and payments system and a Unified Financial Agency subsuming all other existing financial sector regulators like the Insurance Regulatory Development Authority and the Securities Exchange Board of India.

In August 2010, the parliament passed the Securities and Insurance Laws (Amendment and Validation) Bill, 2010, which provides a mechanism to settle disputes between regulators. A committee chaired by the Finance Minister, with the governor of the Reserve Bank of India as vice chairperson and chairpersons of the Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Pension Fund Regulatory of India and Development Authority and secretaries of the Department of Economic Affairs and Department of Financial Services would make the final decision on such disputes.

Resolution Regime for Financial Institutions

The Financial Stability and Development Council constituted a high level working group to consider the strengthening of the resolution regime for financial institutions. The working group submitted its report in May 2014. Some key recommendations of the group include setting up of an independent Financial Resolution Authority which would be responsible for implementation of the resolution framework in coordination with respective financial sector regulators. The financial resolution framework should be legally enforceable and extend to all financial institutions including banks, non-banks and financial conglomerates. The framework identifies a set of tools like liquidation, purchase and assumption, bail-in which involves converting existing creditors into shareholders, temporary public ownership, etc. The resolution framework should avoid use of taxpayers money and ensure imposition of losses to shareholders and unsecured creditors. In case of financial institutions under distress and deemed to be systemically important, the government taking control of the financial institution can be a last option for resolution when all other options fail.

Microfinance Institutions

A sub-committee of the Central Board of the Reserve Bank of India was established to study issues and concerns in the Indian microfinance industry and submitted its report in January 2011. The recommendations of the committee include, among others, margin and rate caps on loans by such institutions and transparency in interest charges. The Reserve Bank of India has accepted the broad framework recommended by the committee. In July 2011, the government released the draft Micro Financial Sector (Development and Regulation) Bill, 2011, seeking to bring all microfinance institutions under the regulation of the Reserve Bank of India. In the second quarter monetary policy review for fiscal 2012, the Reserve Bank of India accepted the recommendations of the Malegam committee report and decided to introduce a new category of non-banking financial company—microfinance institutions. These microfinance non-banking finance companies would require a minimum net worth of Rs. 50 million and a minimum capital adequacy of 15.0% of risk-weighted assets, with interest on individual loans capped at either the cost of funds plus margin or the average base rate of the five largest commercial banks by assets multiplied by 2.75 per annum, whichever is lower. Further, with effect from April 1, 2014, the margin cap cannot exceed 10.0% for microfinance institutions having loan portfolio exceeding Rs. 1.0 billion and 12.0% for others.

Regulations Governing Use of Business Correspondents

To increase the outreach of banking and ensure greater financial inclusion, in January 2006 the Reserve Bank of India issued guidelines for the engagement of Business Correspondents by banks providing banking and financial services. Business Correspondents are agents engaged by banks to provide banking services at locations other than a bank branch. Business Correspondents offer a limited range of banking services at low cost, as setting up a brick and mortar branch may not be viable in all areas. Banks are required to take full responsibility for the acts of omission and commission of the Business Correspondents that they engage and to conduct due diligence for minimizing agency risks. When the Business Correspondent model was introduced in January 2006, the entities permitted to act as Business Correspondents included individuals such as retired bank employees, retired teachers, individual owners of kirana (small, independent grocery stores), medical and fair price shops and certain other individuals. The non-individual entities included Non-Government Organizations or Micro Finance Institutions set up under Societies/Trust Acts, societies registered under Mutually Aided Cooperative Societies Acts or the Cooperative Societies Acts of States, Section 25 companies and post offices. This list was eventually expanded to include Section 25 companies, provided the companies are stand-alone entities or Section 25 companies in which non-banking finance companies, banks, telecom companies and other corporate entities or their holding companies do not have holdings in excess of 10%. Also, from September 2010, banks are allowed to engage for-profit companies registered under the Indian Companies Act, 1956, excluding non-banking financial companies, as Business

Correspondents in addition to the individuals/entities permitted earlier. In June 2014, the Reserve Bank of India also permitted non-deposit taking non-banking financial companies to be appointed as business correspondents. Further, with a view to scale up the business correspondent channel, the Reserve Bank of India has issued guidelines in April 2014 requiring the Board of banks to review the operations and payment of remuneration to business correspondents at least once every six months. The Reserve Bank of India has prescribed that the pre-funding requirement of corporate business correspondents and business correspondent agents should progressively taper down with passage of time.

Requirements of the Banking Regulation Act

Prohibited Business

The Banking Regulation Act specifies the business activities in which a bank may engage. Banks are prohibited from engaging in business activities other than the specified activities.

Reserve Fund

Any bank incorporated in India is required to create a reserve fund to which it must transfer not less than 25.0% of the profits of each year before dividends. If there is an appropriation from this account, the bank is required to report the same to the Reserve Bank of India within 21 days, explaining the circumstances leading to such appropriation. The government of India may, on the recommendation of the Reserve Bank of India, exempt a bank from requirements relating to its reserve fund.

Restriction on Share Capital and Voting Rights

Banks can issue only ordinary shares. The Banking Regulation Act currently specifies that no shareholder in a banking company can exercise voting rights on poll in excess of 10.0% of total voting rights of all the shareholders of the banking company.

In 2006, the Indian Parliament amended the laws governing India's public sector banks permitting these banks to issue preference shares and make preferential allotments or private placements of equity. According to current provisions private sector banks in India are not permitted to issue preference shares. Legislation has been introduced in the Parliament to amend the Banking Regulation Act to allow all banks to issue redeemable and non-redeemable preference shares. Prior to the merger, ICICI had preference share capital of Rs. 3.5 billion redeemable in 2018. The government of India, on the recommendation of the Reserve Bank of India, had granted us an exemption which allowed the inclusion of preference capital in our capital structure until the maturity of these shares. However, the Reserve Bank of India, in March 2010, issued a guideline requiring all commercial banks to treat preference shares as borrowings.

An amendment to the Banking Regulation Act in fiscal 2013 has increased the voting rights cap from 10.0% to 26.0%. However, this is pending notification by the Reserve Bank of India. See also "*Overview of the Indian Financial Sector—Recent Structural Reforms—Amendments to the Banking Regulation Act*".

Restrictions on Investments in a Single Company

No bank may hold shares, as a pledgee, mortgagee or absolute owner in any company other than a subsidiary, exceeding 30.0% of the paid up share capital of that company or 30.0% of its own paid up share capital and reserves, whichever is less. In December 2011, the Reserve Bank of India issued guidelines on banks' investments in non-financial services companies, under which equity investment by a bank in companies engaged in non-financial services activities was limited to 10% of the investee company's paid up share capital.

Regulatory Reporting and Examination Procedures

The Reserve Bank of India is responsible for supervising the Indian banking system under various provisions of the Banking Regulation Act, 1949 and the Reserve Bank of India Act, 1934. This responsibility is discharged by the Reserve Bank of India's Department of Banking Supervision for all scheduled commercial banks excluding regional rural banks. The supervision framework is evolving over a period of time and the Reserve Bank of India has been progressively moving in line with Basel 'Core Principles for Effective Banking Supervision'. The existing supervisory framework has been modified towards establishing a risk based supervision framework.

This framework is intended to make the supervisory process for banks more efficient and effective, with the Reserve Bank of India applying differentiated supervision to each bank based on its risk profile. A detailed qualitative and quantitative assessment of the bank's risk is conducted by the supervisor on an on-going basis and a Risk Assessment Report is issued by the Reserve Bank of India. The Reserve Bank of India has designated a senior supervisory manager for the banks under this framework who will be the single point of contact for a designated bank.

We have been subject to supervision under this framework since fiscal 2013. The risk assessment report, along with the report on actions taken by us, has to be placed before our Board of Directors. On approval by our Board of Directors, we are required to submit the report on actions taken by us to the Reserve Bank of India. The Reserve Bank of India also discusses the report with our management team, including the Managing Director and CEO.

Appointment and Remuneration of the Chairman, Managing Director and Other Directors

We are required to obtain prior approval of the Reserve Bank of India before we appoint our chairman, managing director and any other executive directors and fix their remuneration. The Reserve Bank of India is authorized to remove an appointee from the posts of chairman, managing director and other executive directors on the grounds of public interest, interest of depositors or to ensure our proper management. Further, the Reserve Bank of India may order meetings of our Board of Directors to discuss any matter in relation to us, appoint observers to such meetings and in general may make such changes to the management as it may deem necessary and may also order the convening of a general meeting of our shareholders to elect new directors. We cannot appoint as a director any person who is a director of another banking company. The Reserve Bank of India has issued guidelines on "fit and proper" criteria for directors of banks. Our directors must satisfy the requirements of these guidelines.

On January 13, 2012, the Reserve Bank of India issued guidelines on the compensation of whole-time directors/chief executive officers/risk takers and control function staff of private sector and foreign banks operating in India. The guidelines include principles for effective governance of compensation, alignment of compensation with risk taking and effective supervisory oversight and engagement by stakeholders.

Penalties

The Reserve Bank of India may impose penalties on banks and its employees in case of infringement of regulations under the Banking Regulation Act. The penalty may be a fixed amount or may be related to the amount involved in any contravention of the regulations. The penalty may also include imprisonment. A press release has been issued by the Reserve Bank of India giving details of the circumstances under which the penalty is imposed on the bank along with the communication on the imposition of the penalty in public domain. The banks are also required to disclose the penalty in their annual report. In April 2008, the Reserve Bank of India issued guidelines for banks engaging recovery agents. Under these guidelines, the Reserve Bank of India may ban banks from engaging recovery agents in a particular area, either jurisdictional or functional, for a limited period, in case of complaints received by the regulator regarding violation of the above guidelines and adoption of abusive practices followed by banks' recovery agents. In case of persistent breach of the above guidelines, the Reserve Bank of India may consider extending the period of ban or the area of ban. Similar supervisory action could be attracted when the High Courts or the Supreme Court pass strictures or impose penalties against any bank or its directors/officers/agents with regard to policy, practice and procedure related to the recovery process.

Assets to be Maintained in India

Every bank is required to ensure that its assets in India (including import-export bills drawn in India and the Reserve Bank of India approved securities, even if the bills and the securities are held outside India) are not less than 75.0% of its demand and time liabilities in India.

Restriction on Creation of Floating Charge

Prior approval of the Reserve Bank of India is required for creating floating charge on our undertaking or property. Currently, all of our borrowings, including bonds, are unsecured.

Maintenance of Records

We are required to maintain books, records and registers. The Banking Regulation Act specifically requires banks to maintain books and records in a particular manner and file the same with the Registrar of Companies on a periodic basis. The provisions for production of documents and availability of records for inspection by shareholders as stipulated under the New Companies Act and the rules thereunder would apply to us as in the case of any company. The Know Your Customer Guidelines framed by the Reserve Bank of India also provide for certain records to be updated at regular intervals. As per the Prevention of Money Laundering Act, records of a transaction are to be preserved for five years (changed from ten years to five years in February 2013) from the date of the transaction between a customer and the bank. The Know-Your-Customer records are required to be preserved for a period of five years from the date of cessation of relationship with the customer. The Banking Companies (Period of Preservation of Records) Rules, 1985 requires such records to be preserved for eight years. The Banking Companies (Period of Preservation of Records) Rules, 1985 requires a bank's records of books, accounts and other documents relating to stock and share registers to be maintained for a period of three years.

Other Statutes

Companies Act

Companies in India, including banks, in addition to the sector-specific statutes and the regulations and guidelines prescribed by the sectoral regulators, are required to comply with relevant provisions of the Companies Act 1956. In 2013, the Indian Parliament enacted the new Companies Act, 2013, including, among other things, provisions to make independent directors more accountable, improve corporate governance practices and make corporate social responsibility mandatory for companies above a certain size and require them to spend a minimum of 2% of the average net profits of the preceding three years for corporate social responsibility initiatives. Any shortfall in this regard is required to be explained in the annual report. The new Companies Act, 2013 has been made only partly effective, and various provisions of the Companies Act, 2013 will become effective as and when they are notified. Further, several provisions require rule-making by the government. A substantial part of the rules for implementation of the Companies Act, 2013 have been notified and are effective from April 1, 2014.

Competition Act

The Competition Act 2002 established the Competition Commission of India with the objective of promoting competition, preventing unfair trade practices and protecting the interest of consumers. The Competition Act prohibits anti-competitive agreements and abuse of market dominance, and requires the approval of the Competition Commission for mergers and acquisitions involving companies above a certain size. The Competition (Amendment) Bill 2012, introduced in the lower house of Parliament in December 2012, seeks to widen the scope from the enterprise level to the group level in identifying abuse of dominance, give the government of India the flexibility to specify thresholds for mergers to be regulated under such Act, and make it mandatory for sector-specific regulators to take the views of the Competition Commission of India on mergers and acquisitions in their respective sectors.

Secrecy Obligations

Our obligations relating to maintaining secrecy arise out of common law principles governing our relationship with our customers. We cannot disclose any information to third parties except under clearly defined circumstances. The following are the exceptions to this general rule:

- where disclosure is required to be made under any law;
- where there is an obligation to disclose to the public;
- where we need to disclose information in its interest; and
- where disclosure is made with the express or implied consent of the customer.

We are also required to disclose information if ordered to do so by a court. The Reserve Bank of India may, in the public interest, publish the information obtained from the bank. Under the provisions of the Banker's Books Evidence Act, a copy of any entry in a bankers' book, such as ledgers, day books, cash books and account books certified by an officer of the bank may be treated as prima facie evidence of the transaction in any legal proceeding.

Regulations Governing Offshore Banking Units

The government and the Reserve Bank of India have permitted banks to set up offshore banking units in Special Economic Zones, which are specially delineated duty-free enclaves deemed to be foreign territory for the purpose of trade operations, duties and tariffs. We have an offshore banking unit located in the Santacruz Electronic Exports Promotion Zone, Mumbai. The key regulations applicable to offshore banking units include, but are not limited to, the following:

- No separate assigned capital is required. However, the parent bank is required to provide a minimum of US$ 10 million to its offshore banking unit.
- Offshore banking units are exempt from cash reserve ratio requirements.
- The Reserve Bank of India may exempt a bank's offshore banking unit from statutory liquidity ratio requirements on specific application by the bank.
- An offshore banking unit may not enter into any transactions in foreign exchange with residents in India, unless such a person is eligible to enter into or undertake such transactions under the Foreign Exchange Management Act.
- All prudential norms applicable to overseas branches of Indian banks apply to offshore banking units.
- Offshore banking units are required to adopt liquidity and interest rate risk management policies prescribed by the Reserve Bank of India in respect of overseas branches of Indian banks as well as within the overall risk management and asset and liability management framework of the bank subject to monitoring by the bank's board of directors at prescribed intervals. Further, the bank's board would be required to set comprehensive overnight limits for each currency for these branches, which would be separate from the open position limit of the parent bank.
- Offshore banking units may raise funds in convertible foreign currency as deposits and borrowings from non-residents including non-resident Indians but excluding overseas corporate bodies.
- Offshore banking units may operate and maintain balance sheets only in foreign currency.
- The loans and advances of offshore banking units would not be reckoned as net bank credit for computing priority sector lending obligations.
- Offshore banking units must follow the Know Your Customer guidelines and must be able to establish the identity and address of the participants in a transaction, the legal capacity of the participants and the identity of the beneficial owner of the funds.
- The Special Economic Zone Act, 2005 permitted offshore banking units to additionally undertake the following activities:
    - lend outside India and take part in international syndications/consortiums on par with foreign offices;
    - invest in foreign currency denominated debt of Indian units; and
    - extend facilities to subsidiaries/units of Indian entities, located outside India.

Consolidated Supervision Guidelines

In fiscal 2003, the Reserve Bank of India issued guidelines for consolidated accounting and consolidated supervision for banks. These guidelines became effective April 1, 2003. The principal features of these guidelines are:

Consolidated Financial Statements: Banks are required to prepare consolidated financial statements intended for public disclosure.

Consolidated Prudential Returns: Banks are required to submit to the Reserve Bank of India consolidated prudential returns reporting their compliance with various prudential norms on a consolidated basis, excluding insurance subsidiaries and group companies engaged in businesses not pertaining to financial services. Compliance on a consolidated basis is required in respect of the following main prudential norms:

- single borrower exposure limit of 15.0% of capital funds (20.0% of capital funds, provided that the additional exposure of up to 5.0% is for the purpose of financing infrastructure projects);

- borrower group exposure limit of 40.0% of capital funds (50.0% of capital funds, provided that the additional exposure of up to 10.0% is for the purpose of financing infrastructure projects);
- deduction from tier I capital of the bank of any shortfall in capital adequacy of a subsidiary for which capital adequacy norms are specified; and
- consolidated capital market exposure limit of 40.0% of consolidated net worth with a direct investment limit of 20.0% of consolidated net worth.

See also "*Description of ICICI Bank—Loan Portfolio—Loan Concentration*".

In June 2004, the Reserve Bank of India published the report of a working group on the monitoring of financial conglomerates, which proposed the following framework:

- identification of financial conglomerates that would be subjected to focused regulatory oversight;
- monitoring intra-group transactions and exposures and large exposures of the group to outside counter parties;
- identifying a designated entity within each group that would collate data in respect of all other group entities and furnish the same to its regulator; and
- formalizing a mechanism for inter-regulatory exchange of information.

The framework covers entities under the jurisdiction of the Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority and the National Housing Bank and would in due course be extended to entities regulated by the proposed Pension Fund Regulatory and Development Authority. The Reserve Bank of India has identified us and our related entities as a financial conglomerate with ICICI Bank as the designated entity responsible for reporting to the Reserve Bank of India.

In March 2013, financial sector regulators the Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority and the Pension Fund Regulatory and Development Authority, signed a memorandum of understanding to cooperate in the field of consolidated supervision and monitoring of financial conglomerates.

Regulations and Guidelines of the Securities and Exchange Board of India

The Securities and Exchange Board of India was established to protect the interests of public investors in securities and to promote the development of and to regulate the Indian securities market. We and our subsidiaries and affiliates are subject to the Securities and Exchange Board of India regulations for public capital issuances, as well as underwriting, custodial, depositary participant, investment banking, brokering, asset management and debenture trusteeship activities. These regulations provide for our registration with the Securities and Exchange Board of India for each of these activities, functions and responsibilities. We and our subsidiaries are required to adhere to codes of conduct applicable for these activities.

Special Status of Banks in India

The special status of banks is recognized under various statutes including the Sick Industrial Companies Act, 1985, Recovery of Debts Due to Banks and Financial Institutions Act, 1993, and the SARFAESI Act. As a bank, we are entitled to certain benefits under various statutes including the following:

- The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 provides for establishment of Debt Recovery Tribunals for expeditious adjudication and recovery of debts due to any bank or Public Financial Institution or to a consortium of banks and Public Financial Institutions. Under this Act, the procedures for recoveries of debt have been simplified and time frames have been fixed for speedy disposal of cases. Upon establishment of the Debt Recovery Tribunal, no court or other authority can exercise jurisdiction in relation to matters covered by this Act, except the higher courts in India in certain circumstances.
- The Sick Industrial Companies Act, 1985, ("SICA"), provides for referral of sick industrial companies to the Board for Industrial and Financial Reconstruction. Under this Act, other than the Board of Directors of a company, a scheduled bank (where it has an interest in the sick industrial company by any financial assistance or obligation, rendered by it or undertaken by it) may refer the company to the Board of Industrial and Financial Reconstruction ("BIFR"). The SICA has been repealed by the Sick Industrial Companies (Special Provisions) Repeal Act, 2004 ("SICA Repeal Act"). However, the SICA Repeal Act, which is due to come into force on a date to be notified by

the central Government in the official gazette, has not yet been notified. On the repeal becoming effective, the provisions of the Companies Act will apply in relation to "sick" companies, under which the reference must be made to the National Company Law Tribunal, in place of the BIFR.

- The SARFAESI Act focuses on improving the rights of banks and financial institutions and other specified secured creditors as well as asset reconstruction companies by providing that such secured creditors can take over management control of a borrower company upon default and/or sell assets without the intervention of courts, in accordance with the provisions of the SARFAESI Act.

Taxation

The Government has proposed three major reforms in Indian tax laws, namely the Goods and Services Tax, the Direct Taxes Code and the provisions relating to GAAR. While the implementation of Goods and Services Tax and the Direct Taxes Code are awaited, the implementation of GAAR has been deferred to fiscal 2017. Under the Goods and Services Tax reforms, it has been proposed to introduce unified goods and services tax structures to expand the tax base, rationalize the input tax credit and harmonize the current multiple taxation laws in India. The Goods and Services Tax would replace the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, surcharge and excise currently being collected by the central and state governments. In the Union Budget for fiscal 2015, announced on July 10, 2014, the government has indicated that it is committed to a smooth transition to Goods and Services Tax and will endeavour to resolve all issues during the year to enable its introduction. The Direct Taxes Code aims to reduce distortions in the tax structure, introduce moderate levels of taxation and expand the tax base. It also aims to provide greater tax clarity and stability to investors who invest in Indian projects and companies. It proposes to consolidate and amend laws relating to all direct taxes like income tax, dividend distribution tax, fringe benefit tax and wealth tax and facilitates voluntary compliance. The Direct Taxes Code Bill 2010 has lapsed, and a revised code was issued for public comment in March 2014.

The GAAR provisions would apply to arrangements declared as "impermissible avoidance arrangements", which is defined to mean an arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bonafide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty.

Income Tax Benefits

As a banking company, the Bank is entitled to certain tax benefits under the Indian Income-tax Act including the following:

- We are allowed a deduction of up to 20% of the profits derived from the business of providing long-term finance (defined as loans and advances extended for a period of not less than five years) computed in the manner specified under the Indian Income-tax Act and carried to a Special Reserve account. The deduction is allowed subject to the aggregate of the amounts transferred to the Special Reserve Account for this purpose from time to time not exceeding twice our paid-up share capital and general reserves. The amount withdrawn from such a Special Reserve Account would be chargeable to income tax in the year of withdrawal, in accordance with the provisions of the Income-tax Act. In accordance with the guidelines issued by the Reserve Bank of India in December 2013, banks are required to create deferred tax liability on the special reserve on a prudent basis. The deferred tax liability up to March 31, 2013 was permitted to be directly adjusted through reserves and from fiscal year ended March 31, 2014 onwards to be charged through the profit and loss account.

Regulations Governing Insurance Companies

ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company, our subsidiaries offering life insurance and non-life insurance, respectively, are subject to the provisions of the Insurance Act, 1938 and the various regulations prescribed by the Insurance Regulatory and Development Authority. These regulations regulate and govern, among other things, registration as an insurance company, investment, solvency margin requirements, licensing of insurance agents, advertising, sale and distribution of insurance products and services and protection of policyholders' interests.

In May 2002, the Indian Parliament approved the Insurance (Amendment) Act 2002, which facilitates the appointment of corporate agents by insurance companies and prohibits intermediaries and brokers from operating as surrogate insurance agents. The Indian government has proposed an increase in the limit on foreign equity participation in private sector insurance companies from 26.0% to 49.0%, which is awaiting Parliament's approval. The current policy requires the Indian promoter to reduce its stake to 26.0% after completion of 10 years of operations in a manner that would be prescribed by the regulator. The new Insurance Amendment Bill 2008 introduced in Parliament proposes to remove this restriction on divestment by Indian promoters. In the Union Budget for fiscal 2015, the new government announced an increase in the composite foreign shareholding cap in the insurance sector to 49.0% from 26.0%, through the Foreign Investment Promotion Board route. It has also proposed to implement the pending Insurance Laws (Amendment) Bill in Parliament.

The Insurance Regulatory and Development Authority periodically issues guidelines pertaining to life insurance business. The Insurance Regulatory and Development Authority issued guidelines effective September 2010 introducing a cap on charges levied on customers investing in equity linked life insurance policies and unit-linked insurance products. For unit-linked insurance products, the difference between gross and net yields was capped at 300 basis points for products with a tenor of less than ten years and 225 basis points for products with a tenor more than ten years. The fund management charges within these charges were capped at 150 basis points and 125 basis points for products with tenors of less than ten years and more than ten years respectively. Mortality and morbidity charges are not a part of the cap. Policy surrender charges from the fifth policy year onwards for unit-linked products have been removed. The changes included a cap on surrender charges, an increase in the minimum premium paying term and minimum guaranteed positive returns on pension products. The life insurance industry had to incorporate specific changes in its product offerings to comply with these guidelines. The minimum guaranteed return of 4.5% on pension products was applicable up to year-end fiscal 2011, and was withdrawn beginning fiscal 2012. Further, the Insurance Regulatory and Development Authority issued guidelines on non-linked life insurance products to be effective in a phased manner on October 1, 2013 and January 1, 2014, which included limits on the commission rates payable by insurance companies, introduction of minimum guaranteed surrender value and minimum death benefits. The new guidelines would require life insurance companies to modify existing non-linked products which do not comply with the revised guidelines.

The Insurance Regulatory and Development Authority released draft guidelines on bancassurance (i.e., the practice of banks selling insurance products in a marketing arrangement with insurance companies) in November 2011, under which banks cannot align with more than one life, one non-life and one standalone health insurance company in any of the zones in the country, as defined by the regulator. Correspondingly, no insurer can tie up with a bancassurance agent in more than a specified number of zones. Final guidelines on bancassurance are awaited.

In December 2011, the Insurance Regulatory and Development Authority issued regulations on the issue of capital by life insurance companies and disclosure requirements. As per the guidelines, an insurance company can raise share capital through a public issue after completion of 10 years from the date of commencement of operations, having maintained the prescribed regulatory solvency margin for at least the preceding six quarters, and an embedded value of at least twice the paid-up equity capital.

In fiscal 2007, the general insurance industry in India was de-tariffed and insurance premiums were freed from price controls. Further, in accordance with the Insurance Regulatory and Development Authority's order dated March 12, 2011, all general insurance companies in India were required to provide for losses on the third party motor pool (a multilateral arrangement for insurance in respect of third party claims against commercial vehicles, the results of which are shared by all general insurance companies in proportion to their overall market share) at a provisional rate of 153.0% from fiscal 2008 to fiscal 2011, as compared to the earlier loss rate of 122.0% to 127.0%. This upward revision of the loss rates for the previous years impacted the profitability of the general insurance companies for fiscal 2012. In fiscal 2012, the Insurance Regulatory and Development Authority ordered the dismantling of the motor pool and advised that motor pool liabilities be recognized as per the loss rates estimated by the General Actuaries Department of the United Kingdom, for all underwriting years from fiscal 2008 to fiscal 2012. Further, a Declined Risk Pool was created under which insurers would cede only those policies to the pool that they would not consider underwriting themselves. Insurers have been mandated to underwrite motor pool policies to the extent of the sum of 50.0% of their share in total gross premium and 50% share in total motor premium. Any shortfall against this requirement will be allocated to the insurers from the Declined Risk Pool. Additionally, only specific third party insurance premiums is pooled as against the earlier approach of ceding all third party premiums. Accordingly, under this approach, the size of the pool is expected to decline substantially and the allocation of losses to individual insurers will be based on their ability to meet the mandated targets. Further, the Insurance Regulatory and

Development Authority relaxed the solvency requirement for insurers to 1.3 at March 2012 and 1.4 at March 2013. The solvency margin required at March 2014 and at all times thereafter is 1.5. See also "*Risk Factors—Risks Relating to Our Business—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment*".

In December 2011, the Insurance Regulatory and Development Authority issued regulations on the issue of capital by life insurance companies and disclosure requirements. As per the guidelines, an insurance company can raise share capital through a public issue after completion of 10 years from the date of commencement of operations, having maintained the prescribed regulatory solvency margin for at least the preceding six quarters, and an embedded value of at least twice the paid up equity capital.

Draft Guidelines on permitting banks to enter the insurance broking business

The Insurance Regulatory Development Authority permitted banks to act as brokers and sell insurance products of more than one insurer in August 2013. The guidelines restrict sales of insurance policies of any single insurer to 50.0% of total sales, and 25.0% if the insurer is part of the same promoter group as the bank. As per the guidelines, banks had the option to continue as corporate agents or become insurance brokers with the prior approval of the Reserve Bank of India. In this regard, in November 2013, the Reserve Bank of India issued draft guidelines on permitting banks to enter the insurance broking business. As per the draft guidelines, only those banks fulfilling certain specified minimum criteria including a networth of Rs. 5.0 billion, a minimum capital adequacy ratio of 10.0%, minimum of three years of profitable growth and a net non-performing asset ratio of less than 3.0% would be eligible to enter the business. Banks in insurance broking business would not be allowed to enter into agreements for corporate agency or for referral arrangements for insurance. Banks would also have to disclose details of earnings from the insurance broking business in their annual report.

Regulations Governing Mutual Funds

ICICI Prudential Asset Management Company, our asset management subsidiary, is subject to provisions of the Securities and Exchange Board of India (Mutual Fund) Regulations 1996, as amended from time to time. These regulations regulate and govern, among other things, registration as a mutual fund, restrictions on business activities of an asset management company, process for launching of mutual fund schemes, investment objectives and valuation policies and pricing. In June 2009, the Securities and Exchange Board of India issued guidelines stating that mutual funds could not charge any entry load to investors investing in mutual fund schemes. In August 2009, the Securities and Exchange Board of India issued guidelines directing mutual funds to ensure parity of exit loads charged across various unit holder groups.

In February 2010, the Securities and Exchange Board of India introduced guidelines for the valuation of money market and debt securities with a view to ensuring that the value of money market and debt securities in the portfolio of mutual fund schemes reflects the current market scenario. The valuation guidelines have been effective from August 1, 2010.

In the Union Budget for fiscal 2014 announced on February 28, 2013, it was proposed that mutual fund distributors would be allowed to become members in the mutual fund segment of stock exchanges to improve their reach and distribution. Further, the Union Budget for fiscal 2015 announced on July 10, 2014, proposed to increase the tax on long-term capital gains from 10.0% to 20.0% on transfer of units held for more than a year. The period for defining long-term was also revised from 12 months to 36 months.

Regulations Governing International Operations

Our international operations are governed by regulations in the countries in which we have a presence. Further, the Reserve Bank of India has notified that foreign branches or subsidiaries of Indian banks can offer structured financial and derivative products, which are not permitted in the domestic market, only at established financial centers outside India, such as New York, London and Singapore. At other centers, the branches and subsidiaries of Indian banks can only offer those products permissible in the domestic market. For undertaking activities not permitted in the domestic market at these centers, banks will have to obtain approval from the Reserve Bank of India.

Overseas Banking Subsidiaries

Our wholly owned subsidiary in the United Kingdom, ICICI Bank UK PLC, is authorized and regulated by the Financial Services Authority, which granted its application for authorization under Part IV of the Financial Services and Markets Act, 2000. The UK subsidiary has established a branch in Antwerp, Belgium under the European Union Passporting arrangements and also opened a branch in Frankfurt, Germany. The UK subsidiary adopted the Basel II capital framework effective January 1, 2008.

Our wholly owned subsidiary in Canada, ICICI Bank Canada (a Schedule II Bank in Canada), is regulated by the Office of the Superintendent of Financial Institutions, which provided it with an order to commence and carry on business on November 25, 2003. ICICI Bank Canada's wholly owned subsidiary, ICICI Wealth Management Inc., is regulated by Ontario Securities Commission, which licensed it as a Limited Market Dealer, on March 2, 2007. As required by the Office of the Superintendent of Financial Institutions, the Canadian subsidiary adopted the Basel II capital framework effective January 1, 2008.

Our wholly owned subsidiary in Russia, ICICI Bank Eurasia Limited Liability Company, is regulated by the Central Bank of the Russian Federation. The capital requirements prescribed by the Central Bank of Russia, which are based on Basel I, are applicable for ICICI Bank Eurasia Limited Liability Company.

Offshore Branches

The Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, as amended, and rules issued thereunder, permit a branch located outside India of a bank incorporated or constituted in India to borrow in foreign currency in the normal course of its banking business outside India, subject to the directions or guidelines issued by the Reserve Bank of India from time to time and the Regulatory Authority of the country where the branch is located.

Our Singapore branch is currently engaged in corporate and institutional banking, private banking and treasury-related activities. In April 2010, the Monetary Authority of Singapore granted the Singapore branch Qualified Full Banking privileges which entitled us to take retail deposits. In Bahrain, we have a retail branch, regulated by the Central Bank of Bahrain. The Bahrain branch is permitted to transact banking business with approved financial institutions within Bahrain, individuals or institutions outside Bahrain. It is also permitted to offer banking services to non-resident Indians in Bahrain. Our branch in Hong Kong is regulated by the Hong Kong Monetary Authority and is permitted to undertake banking business with certain restrictions. Our branch in Sri Lanka is regulated by the Central Bank of Sri Lanka. Our branch in the Dubai International Financial Centre is regulated by the Dubai Financial Services Authority and is licensed to engage with professional clients in or from the Dubai International Financial Centre (DIFC). The Qatar Financial Centre Regulatory Authority regulates our branch in Qatar Financial Centre (QFC). Our branch in New York is regulated by the Federal Reserve Board and the Office of the Comptroller of the Currency. In addition, we also have an Offshore Banking Unit located in the Santacruz Electronic Exports Promotion Zone, Mumbai.

Representative Offices

Our representative offices in United Arab Emirates, China, South Africa, Bangladesh, Malaysia and Indonesia are regulated by the respective regulatory authorities.

Foreign Account Tax Compliance Act

The government of India has with effect from April 11, 2014 reached an agreement in substance on the terms of a Model 1 intergovernmental agreement with respect to FATCA with the United States. Following this, the Reserve Bank of India issued a circular dated June 27, 2014, advising all commercial banks in India that they have time up to December 31, 2014 to register with the U.S. authorities and obtain a Global Intermediary Identification Number. ICICI Bank intends to register with the Internal Revenue Service in the United States based on the Inter-Governmental Agreement and regulations applicable in India.

In addition, the United States has reached agreements in substance on the terms of Model 1 intergovernmental agreements with respect to FATCA with Singapore, the United Arab Emirates, Qatar and Bahrain, and has reached an agreement in substance on the terms of a Model 2 intergovernmental agreement with respect to FATCA with Hong Kong. ICICI Bank intends to comply with the terms of applicable intergovernmental agreements with respect to FATCA and any regulations issued thereunder.

DESCRIPTION OF CERTAIN DIFFERENCES BETWEEN INDIAN GAAP AND U.S. GAAP

The following is a general summary of certain differences between Indian GAAP and U.S. GAAP as applicable to us. The differences identified below are limited to those significant differences that are appropriate to our financial statements. However, they should not be construed as being exhaustive, and no attempt has been made to identify possible future differences between Indian GAAP and U.S. GAAP as a result of prescribed changes in accounting standards nor to identify future differences that may affect the financial statements as a result of transactions or events that may occur in the future.

Indian GAAP	U.S. GAAP
1. **Financial Statements Presentation and Disclosure**	
Two years' balance sheets, profit and loss account, accounting policies and notes and cash flow statements are required under Indian GAAP.	Companies filing U.S. GAAP financial statements with the SEC are required to present three years' statement of operations, statement of stockholders' equity and other comprehensive income and cash flow statements and two years' balance sheets. Pursuant to the option available under Form 20-F, we file consolidated financial statements under Indian GAAP including reconciliation of net income and stockholder's equity under Indian GAAP to net income and stockholder's equity under U.S. GAAP.
2. **Consolidation**	
We have presented our Indian GAAP financial statements on an unconsolidated basis where the financial position and results of operations of our controlled entities are not consolidated, but are reflected on the basis of cost subject to consideration of impairment. Under Indian GAAP, we also prepare consolidated financial statements as per Accounting Standard 21 on "Consolidated Financial Statements" where the investments in subsidiaries are fully consolidated on a line-by-line basis by adding together items of assets, liabilities, income and expenses. Investments in associates are accounted for as per the equity method of accounting as defined in Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" and in joint ventures as per the proportionate consolidation method as defined in Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures". The financial statements of companies which are jointly controlled entities by virtue of the contractual agreements but which are also subsidiaries as per Accounting Standard 21 on "Consolidated Financial Statements", are consolidated on a line-by-line basis as per Accounting Standard 21 on "Consolidated Financial Statements", consequent to the limited revision to Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures". Under Indian GAAP, we have not consolidated certain entities in which control is intended to be temporary and where entities operates under severe long-term restrictions that impair its ability to transfer funds to its investors.	U.S. GAAP requires consolidation and generally does not consider financial statements to be prepared under a "fundamental basis of accounting" if a consolidation accounting policy is not followed. U.S. GAAP also requires consolidation of variable interest entities, if the investing entity is a primary beneficiary as defined in FASB ASC Topic 810-10, "Consolidation—Overall". Under U.S. GAAP, the entries are considered for consolidation on a line-by-line basis in accordance with FASB ASC Topic 810, "Consolidation". In case of significant influence in the investee company, investments are accounted for as per the equity method of accounting in accordance with FASB ASC Topic 323, "Investments—equity method and joint venture"

Indian GAAP	U.S. GAAP
3. **Business Combination**	
Under Indian GAAP, for legal and accounting purposes, ICICI Bank acquired ICICI by issuing shares of ICICI Bank to the shareholders of ICICI. The business combination was accounted for in accordance with purchase method of accounting. The excess of fair value of the assets of ICICI over the paid up value of the shares issued by ICICI Bank was taken to general reserves.	In accordance with FASB ASC Topic 805, "Business Combinations", the amalgamation of ICICI with ICICI Bank qualifies as a reverse acquisition. For financial reporting purposes ICICI was the acquiring entity and hence the assets and liabilities of ICICI Bank were fair valued under the purchase method of accounting. The total purchase price was determined by taking into consideration the fair value of the common stock issued and stock options assumed and the direct acquisition costs. The total purchase price was allocated to the acquired assets and assumed liabilities based on management estimates and independent appraisals. The difference between the total purchase price and net tangible and intangible assets acquired was treated as goodwill. Under U.S. GAAP, goodwill has been accounted for in accordance with ASC Topic 805 and FASB ASC Topic 350, "Intangibles—Goodwill and others". Subsequent to the adoption of ASC Topic 350, goodwill and intangibles with infinite life are tested for impairment at least annually. Under U.S. GAAP definite lived intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period.
4. **Unrealized Gains/Losses on Investments**	
All investments are categorized into "Held to Maturity", "Available for Sale" and "Trading". "Held to Maturity" securities are carried at their acquisition cost or at amortized cost if acquired at a premium over the face value. "Available for Sale" and "Trading" securities are valued periodically as per the Reserve Bank of India's guidelines. Depreciation/appreciation for each basket within "Available for Sale" and "Trading" category is aggregated. Net appreciation in each basket if any, being unrealized, is ignored, while net depreciation is charged to the profit and loss account. The impact of movements in foreign exchange rates on debt securities denominated in foreign currencies is taken to profit and loss account. The unrealized gains or losses on investments of venture capital subsidiaries are taken to reserves.	Investments are classified into "Trading" or "Available for Sale" based on management's intent and ability. Currently, no investments are classified as "Held to Maturity". While "Trading" and "Available For Sale" securities are valued at fair value, "Held to Maturity" securities are valued at cost, adjusted for amortization of premiums and accretion of discount. The unrealized gains and losses on "Trading" securities are taken to the income statement, while those on "Available for Sale" securities are reported as a separate component of stockholders' equity, net of applicable taxes, until realized. We assess the available for sale securities for other than temporary impairment. In case an equity share is assessed to be other than temporarily impaired, the unrealized losses are recognized in income statement. In case of debt securities, which have not been identified for sale and it is not more likely than not that the Bank will be required to sell the securities before an anticipated recovery in value other than credit losses, the amount representing credit losses is recognized in earnings and the amount of loss related to other factors is recognized in other comprehensive income. In case debt securities are identified for sale or it is more likely than not that the Bank will be required to sell the securities, before an anticipated recovery in credit losses, unrealized losses are recognised in earnings. Under U.S. GAAP, the impact of movements in foreign exchange rates on non-hedged "available for sale" debt securities denominated in foreign currencies are taken to other comprehensive income.

Indian GAAP	U.S. GAAP
	Under U.S. GAAP, unrealized gains or losses on investments of venture capital subsidiaries are recognized in the profit and loss account.

5. **Amortization of Premium/Discount on Purchase of Investments**

Indian GAAP	U.S. GAAP
Under Indian GAAP, premium over the face value of fixed rate and floating rate securities under held to maturity category is amortized over the remaining period to maturity on an effective constant yield basis and straight line basis respectively. Any premium over the face value of fixed rate and floating rate investments in government securities classified under available for sale category is amortized over the remaining period to maturity on constant yield basis and straight line basis respectively.	Under U.S. GAAP, the income as per interest method is arrived at by amortization/accrual of premium/discount on the face value of debt securities over the remaining period to maturity.

6. **Retirement Benefits**

Indian GAAP	U.S. GAAP
The liability for defined benefit plans like gratuity and pension is determined using the projected unit credit actuarial method. The discount rate for obligations is based on market yields of government securities. The actuarial gains or losses are recognized immediately in the statement of income. Past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested.	The liability for defined benefit schemes is determined using the projected unit credit actuarial method. The discount rate for obligations is based on market yields of high quality corporate bonds. As a minimum, amortization of an unrecognized net gain or loss is included as a component of net pension cost for a year if, as of the beginning of the year, unrecognized net gain or loss exceeds 10% of the greater of the projected benefit obligation or the market-related value of plan assets. Gains and losses and prior service costs are recognized as a component of other comprehensive income to the extent they are not recognized as components of net periodic benefit cost. The balance, if any, is amortized over the average remaining service period of active employees expected to receive benefits under the plan.

7. **Accounting for Share Based Payments**

Indian GAAP	U.S. GAAP
We follow the intrinsic value method to account for our stock-based employees' compensation plans. Compensation cost is measured by the excess, if any, of the fair market price, of the underlying stock over the exercise price on the grant date.	Under U.S. GAAP, share based payments are accounted for under FASB ASC Topic 718, "Compensation—stock compensation", which requires such payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values.

8. **Revaluation of Property**

Indian GAAP	U.S. GAAP
Property is carried at historical cost or other amount substituted for historical cost less accumulated depreciation. An increase in net book value as a result of revaluation is taken directly to revaluation reserves while a decline is charged to profit and loss account.	Revaluation of property is not permitted in accounts under U.S. GAAP.

Indian GAAP	U.S. GAAP

9. **Allowance for Credit Losses**

Indian GAAP

All credit exposures, including overdues arising from crystallized derivative contracts, are classified as per the Reserve Bank of India guidelines, into performing and NPAs. Advances held at the overseas branches that are identified as impaired as per host country regulations but which are standard as per the extant RBI guidelines are identified as NPAs at borrower level. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India. In the case of corporate loans, provisions are made for sub-standard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and the unsecured portion of doubtful assets are provided for as per the extant Reserve Bank of India guidelines. Provisions on homogeneous retail loans, subject to minimum provisioning requirements of the Reserve Bank of India, are assessed at a borrower level on the basis of days past due. We hold specific provisions against non-performing loans and general provision against performing loans. The assessment of incremental specific provisions is made after taking into consideration existing specific provision. The specific provisions on retail loans held by us are higher than the minimum regulatory requirements. For loans held in overseas branches, which are standard as per the extant RBI guidelines but are classified as NPAs based on host country guidelines, provisions are made as per the host country guidelines. For loans held in overseas branches, which are NPAs both as per the extant RBI guidelines and as per host country guidelines, provisions are made at the higher of the provisions required under RBI guidelines and host country guidelines. Provision on assets restructured/rescheduled is made in accordance with the applicable Reserve Bank of India guidelines on restructuring of advances by banks under which the provision is calculated by discounting the original and restructured cash flows at the current lending rate. In respect of non-performing assets subjected to restructuring, the account is upgraded to standard 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 of the account during the period. In addition to the specific provision on NPAs, we maintain a general provision on performing loans. The general provision covers the requirements of the Reserve Bank of India guidelines.

U.S. GAAP

Under U.S. GAAP, the impaired loans portfolio is classified into restructured loans and other impaired loans. Restructured loans represent loans whose terms relating to interest and installment payments have been modified and qualify as troubled debt restructurings as defined in FASB ASC Subtopic 310-40, “Troubled Debt Restructurings by Creditors”. Other impaired loans represent loans other than restructured loans, which qualify for impairment as per FASB ASC Subtopic 310-10, “Receivables Overall”. Under U.S. GAAP, larger balance, non-homogenous exposures representing significant individual credit exposures (both funded and non-funded), are individually evaluated. The evaluation includes considerations of both qualitative and quantitative criteria, including but not limited to, the account conduct, future prospects, repayment history and financial performance. Loans are considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. In addition to the detailed review of significant individual credit exposures, the Bank also classifies its loans based on the overdue status of each account, based on which a loan is assessed for classification as impaired if principal or interest has remained overdue for more than 90 days. The Bank establishes specific allowances for each impaired larger balance, non-homogenous exposure based on either the present value of expected future cash flows or in case of a collateral dependent loan, the net realizable value of the collateral. Allowances recognized on account of reductions of future interest rates as a part of troubled debt restructurings are accreted as a credit to the provision for loan losses over the tenor of the restructured loan. Smaller balance homogenous loans, including consumer mortgage, installment, revolving credit and most other consumer loans are evaluated for impairment at an aggregate portfolio level for each loan type. The allowance for loan losses attributed to these loans is established through a process that includes an estimate of probable losses inherent in the portfolio, based upon statistical analysis that, among other factors, includes analysis of historical delinquency and credit loss experience. Under U.S. GAAP, the allowance for loan losses for restructured loans is created by discounting expected cash flows at originally contracted interest rates. Under U.S. GAAP, allowances for credit losses on the performing loans are made under FASB Topic 450, “Contingencies”. The Bank estimates the unallocated allowance on commercial loans based on the internal

Indian GAAP	U.S. GAAP
	credit slippage matrix and overall portfolio quality as determined by internal credit ratings. The internal credit slippage matrix reflects default rates historically observed by the Bank and the internal credit ratings of exposures reflect current economic conditions and relevant risk factors. The process of up-gradation under U.S. GAAP is not rule-based and the timing of up-gradation may differ across individual loans.
10. **Loan Origination Fees/Costs**	
Loan origination fees are accounted for up front except for certain fees which are received in lieu of sacrifice of future interest, which are amortized over the remaining period of the facility. Also under Indian GAAP, loan origination costs, including commissions paid to direct marketing agents, are expensed in the year in which they are incurred.	Loan origination fees and costs are amortized over the period of the loans as an adjustment to the yield on the loan.
11. **Derivatives Instruments and Hedging Activities**	
The impact of changes in fair value of the derivative instruments are correlated with the changes in fair value of the underlying assets and liabilities and accounted pursuant to the principles of hedge accounting. The related amount receivable from and payable to the swap counter parties is included in the other assets or liabilities in the balance sheet. When there is no correlation of movements between derivatives and the underlying asset or liability, or if the underlying asset or liability specifically related to the derivative instrument has matured or is sold or terminated, the derivative instrument is closed out or marked to market as an element of non interest income on an outgoing basis.	All derivatives, either assets or liabilities, are measured at fair value. Fair values of derivatives are based on quoted market prices, which take into account current market and contractual prices of the underlying instrument as well as time value underlying the positions. Derivatives that are not designated as part of a hedging relationship are accounted for in other assets and are adjusted to fair value through income. If the derivative qualifies as a hedge, depending on the nature of the hedge, the effective portion of the hedge's change in fair value is either offset against the change in fair value of the hedged asset, liability or firm commitment through income or held in equity until the hedged item is recognized as income. The ineffective portion of a hedge's change in fair value is immediately recognized in income.
12. **Deferred Taxes**	
Deferred taxation is provided on timing differences where it is considered probable that a benefit or a liability will crystallize. Deferred tax is not created on undistributed earnings of subsidiaries and affiliates.	Under FASB ASC Topic 740, "Income Taxes", asset/liability method is used such that deferred tax assets and liabilities are calculated for all temporary differences. A valuation allowance is created against a deferred tax asset where it is more likely than not that some portion of the deferred tax assets will not be realized. Deferred tax is created on undistributed earnings of subsidiaries and affiliates.
Under Indian GAAP, deferred tax assets or liabilities are created based on substantively enacted tax rates.	Under U.S. GAAP, deferred tax assets or liabilities are created based on enacted tax rates in force at the balance sheet date.
Under Indian GAAP, deferred tax assets on unabsorbed depreciation or carried forward losses are recognised only if there is virtual certainty of realization of such assets.	Under U.S. GAAP, deferred tax assets on unabsorbed depreciation or carried forward losses are recognised based on more-likely-than-not criteria.

Indian GAAP	U.S. GAAP
13. **Basis for Depreciation**	
Depreciation is charged over the estimated useful life of a fixed asset on a straight line basis at rates which are not lower than the rates prescribed in the Companies Act, 1956.	Depreciation is provided over the useful life of a fixed asset.
14. **Accounting Policies, Errors and Estimates**	
Under Indian GAAP, the cumulative amount of the change or correction is recognized and disclosed in the profit and loss account in the period of change.	Changes in accounting principle and estimate and correction of errors are required to be made through retrospective adjustment of prior periods. The cumulative effect of the change on periods prior to those presented is reflected in the opening balances. Changes in accounting estimate are accounted prospectively.
15. **Accounting for Securitization**	
Under Indian GAAP, with effect from February 1, 2006, profits/premium arising from securitization of loan assets are accounted for over the life of the securities issued or to be issued by the special purpose vehicle/special purpose entity to which the assets are sold. With effect from May 7, 2012, the profit/premium arising from securitization is amortised over the life of the transaction based on the method prescribed by Reserve Bank of India. The losses, if any, are charged off immediately. The float income is accrued as it is earned under Indian GAAP.	Under U.S. GAAP, the gain on sale of loans securitised (including float income) is accounted for at the time of sale in accordance with FASB ASC Topic 860, "Transfers and Servicing Financial Assets and Extinguishment". As per ASC Topic 860, any gain or loss on the sale of the financial asset is accounted for in the income statement at the time of the sale.
16. **Dividend**	
Under Indian GAAP, dividends on common stock and the related dividend tax are recognized in the year to which it relates to.	Under U.S. GAAP, dividends on common stock and the related dividend tax are recognized in the year of approval by the Board of Directors.

TAXATION

The information provided below does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase Notes. In particular, the information does not consider any specific facts or circumstances that may apply to a particular purchaser. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in the Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes, including the effect of any state or local taxes, under the tax laws of Bahrain, Dubai, India, Hong Kong, the United States and Singapore. Additionally, in view of the number of different jurisdictions where local laws may apply, this Offering Circular does not generally discuss the local tax consequences to a potential holder, purchaser or seller arising from the acquisition, holding or disposition of the Notes in their country of residence and in the countries of which they are citizens or countries in which they purchase, hold or dispose of the Notes. Prospective investors must, therefore, inform themselves as to any tax laws and regulations in force relating to the subscription, holding or disposition of the Notes in their country of residence and in the countries of which they are citizens or countries in which they purchase, hold or dispose of the Notes.

Bahrain Taxation

As per prevailing provisions in Bahrain, there are no direct or indirect tax consequences in Bahrain to holders, purchasers or sellers of the Notes issued through Issuer's Bahrain branch. This statement is only applicable to Notes issued by ICICI Bank through its Bahrain branch, is general in nature and is based on current provisions in force in Bahrain as at the date of this Offering Circular and is subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date. As per prevailing provisions in Bahrain, there are no direct or indirect tax consequences in Bahrain to holders of the Notes upon the issue of the Notes by Issuer's Bahrain branch.

There is currently no requirement to withhold taxes on interest payments made on the Notes by Issuer's Bahrain branch and no direct or indirect tax will apply on a sale or other disposition of Notes issued through Issuer's Bahrain branch in accordance with prevailing laws in force in Bahrain.

UAE Taxation

On the basis of current law and practice, the Notes will not be subject to any income or capital gains tax in the DIFC, Dubai or the United Arab Emirates. Prospective investors in the Notes should consult their own advisers as to the effect on their own particular tax circumstances of an investment in the Notes.

Indian Taxation

The following is a summary of the existing principal Indian tax consequences to investors who are non-residents of India ("Non-resident Investors") of purchasing Notes issued by the Bank and its branches. The summary is based on existing Indian taxation law and practice in force at the date of this Offering Circular and is subject to change, possibly with retroactive effect. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or disposition of the Notes. Prospective investors should, therefore, consult their own tax advisors regarding the Indian tax consequences, as well as the tax consequences under any other applicable taxing jurisdiction, of acquiring, owning and disposing of the Notes.

Payments through offshore branches of ICICI Bank

There is currently no requirement to withhold Indian tax on interest payments made on the Notes by ICICI Bank's offshore branches, if the amounts raised through these Notes are utilized outside India for the purposes of a business carried out by the Issuer outside India or for the purposes of making or earning income from any other source outside India. If and to the extent the amounts so raised are utilized in India, Indian tax consequences would be applicable as detailed under the paragraphs "*Withholding Tax*" and "*Taxation of Interest*" which are set out below.

Payments made from Indian head office

Withholding Tax

There may be a requirement to withhold tax at the rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess) on interest payments made on the Notes through India subject to and in accordance with the existing conditions contained in the Income Tax Act, 1961 and also subject to any lower rate of tax provided for by an applicable tax treaty. An applicable tax treaty may reduce such withholding tax liability to rates ranging from 0% to 20% (depending on the tax treaty), subject to fulfillment of the conditions prescribed therein and if the beneficial recipient has a Permanent Account Number issued by the Indian taxation authorities along with a tax residency certificate issued by the government of the jurisdiction of which the investor is a resident and self declaration in Form 10F. To illustrate, the tax treaty with the United States generally provides for a reduced withholding tax rate of 15%, subject to fulfillment of the conditions prescribed therein.

Pursuant to the Terms and Conditions of the Notes, all payments of, or in respect of, principal and interest on the Notes, will be made free and clear of and without withholding or deduction on account of any present or future taxes within India unless it is required by law, in which case pursuant to Condition 8, the Issuer will, subject to certain exceptions, pay additional amount as may be necessary in order that the net amount received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or the deduction, subject to certain exceptions.

Taxation of Interest

A Non-resident investor may be liable to pay income tax at a rate of 20% under Section 115A of the Income Tax Act, 1961 (plus applicable surcharge, education cess and secondary and higher education cess) on interest paid on the Notes through India subject to and in accordance with the existing conditions contained in the Income Tax Act, 1961. However, an applicable tax treaty may reduce such tax liability to rates ranging from 0% to 20% (depending on the tax treaty), subject to fulfillment of the conditions prescribed therein. A Non-resident Investor would be obligated to pay such income tax in an amount equal to, or would be entitled to a refund of, as the case may be, any difference between amounts withheld in respect of interest paid on the Notes through India and its ultimate Indian tax liability for such interest, subject to and in accordance with the provisions of the Income Tax Act, 1961.

Taxation of Gains Arising on Disposition

Any gains arising to a Non-resident Investor from disposition of the Notes held (or deemed to be held) as a capital asset will generally be subject to income tax in India if the Notes are regarded as property situated in India. A Non-resident Investor generally will not be subject to income tax in India from a disposition of the Notes held as a capital asset provided the Notes are regarded as being situated outside India. The issue as to where the Notes should properly be regarded as situated is not free from doubt. The ultimate decision, however, will depend on the view taken by Indian tax authorities on the position with respect to the situs of the rights being offered in respect of the Notes. There is a possibility that the Indian tax authorities may treat the Notes as being situated in India as the Bank is incorporated in and resident in India.

If the Notes are regarded as situated in India by the Indian tax authorities, upon disposition of a Note:

(a) a Non-resident Investor, who has held the Notes for a period of more than 36 months preceding the date of their dispositions, would be liable to pay capital gains tax at rates ranging up to 20.0% of the capital gains (plus applicable surcharge, education cess and secondary and higher education cess) and non-resident Indian investors in certain cases would be liable to pay a capital gains tax of 10% of the capital gains (plus applicable surcharge and educational cess and secondary and higher education cess) for a similar period, subject to and in accordance with the provisions of the Income Tax Act, 1961;

(b) a Non-resident Investor who has held the Notes for 36 months or less would be liable to pay capital gains tax at rates ranging up to 40.0% of the capital gains (plus applicable surcharge, education cess and secondary and higher education cess), depending on the legal status of the Non-resident Investor, and his taxable income in India; and

(c) any surplus realized by a Non-resident Investor from a disposition of the Notes held as stock-in-trade would be subject to income tax in India to the extent, if any, that the surplus is attributable to a "business connection in India" or, where a tax treaty applies, to a "permanent establishment" in India of the Non-resident Investor. A Non-resident Investor would be liable to pay Indian tax on the gains which are so attributable at a rate of tax ranging up to 40.0% (plus applicable surcharge, education cess and secondary and higher education cess), depending on the legal status of the Non-resident Investor and his taxable income in India, subject to any lower rate provided for by a tax treaty.

The taxation, if any, of capital gains would also depend upon the provisions/benefits available under the relevant tax treaty, subject to fulfillment of the conditions prescribed therein.

Non-resident Investors should consult their own tax advisors regarding the Indian tax consequences of disposing of the Notes.

Wealth Tax

No wealth tax is payable at present in relation to the Notes in India.

Estate Duty

No estate duty is payable at present in relation to the Notes in India. There are no inheritance taxes or succession duties currently imposed in respect of the Notes held outside India.

Gift Tax

No gift tax is payable at present in relation to the Notes in India.

Stamp Duty

A transfer of Notes outside India will not give rise to any Indian stamp duty liability unless the Notes are brought into India. In the event that Notes are brought into India for enforcement or for any other purpose, the same will attract stamp duty as payable in the relevant state. This stamp duty will have to be paid within a period of 3 months from the date the Notes are first received in India.

Singapore Taxation

The statements below are only applicable to Notes issued by ICICI Bank acting through its Singapore Branch, are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Monetary Authority of Singapore ("MAS") in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Holders and prospective holders of the Notes are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arrangers, the Dealers and any other person involved in the Global Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

In addition, the disclosure below is based on the assumption that the Inland Revenue Authority of Singapore ("IRAS") regards the Hybrid Tier I Notes as "debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore ("ITA") and that interest and other relevant income derived from the Hybrid Tier I Notes will be regarded as income payable on indebtedness and may enjoy the tax concessions and exemptions available to qualifying debt securities, provided that the other conditions for the qualifying debt securities scheme are satisfied.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 20%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities;

(b) discount income (not including discount income arising from secondary trading) from debt securities; and

(c) prepayment fee, redemption premium and break cost from debt securities,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Withholding Tax Exemption on Qualifying Payments by Specified Entities

Pursuant to Section 45I of the ITA, payments of income which are deemed under Section 12(6) of the ITA to be derived from Singapore and which are made by a specified entity shall be exempt from withholding tax if such payments are liable to be made by such specified entity for the purpose of its trade or business under a debt security which is issued within the period from February 17, 2012 to March 31, 2021. Notwithstanding the above, permanent establishments in Singapore of non-resident persons are required to declare such payments in their annual income tax returns and will be assessed to tax on such payments (unless specifically exempt from tax).

A specified entity includes a bank licensed under the Banking Act, Chapter 19 of Singapore or a merchant bank approved under the Monetary Authority of Singapore Act, Chapter 186 of Singapore.

Qualifying Debt Securities Scheme

From the time of establishment of the Medium Term Note Programme to January 11, 2011, each of Deutsche Bank AG, Singapore Branch and Merrill Lynch (Singapore) Pte Ltd. has been an arranger under the Medium Term Note Programme and throughout such time has been a Financial Sector Incentive (Bond Market) Company ("FSI-BM Company") (as defined in the ITA). Merrill Lynch (Singapore) Pte Ltd. has resigned as an arranger under such Medium Term Note Programme with effect from January 11, 2011, and Deutsche Bank AG, Singapore Branch remains an arranger under the Global Programme on and after such date. In addition, from January 17, 2011, Citigroup Global Markets Singapore Pte Ltd has been appointed as an arranger under the Global Programme and was also a FSI-BM Company.

On the basis that the Global Programme was arranged as a whole by FSI-BM Companies, any tranche of the Notes ("Relevant Notes") which are debt securities issued under the Global Programme during the period from the date of this Offering Circular to December 31, 2018 would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by the MAS on June 28, 2013 ("MAS Circular"), qualifying debt securities ("QDS") for the purposes of the ITA, to which the following treatment shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "Qualifying Income") from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(b) subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

    (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

    (ii) the furnishing to the MAS and such other relevant authorities as may be prescribed of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(i) if during the primary launch of any tranche of the Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and

(ii) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:-

(1) any related party of the Issuer; or

(2) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("QDS Plus Scheme") , subject to certain conditions having been fulfilled (including the submission of a return on debt securities in respect of the QDS in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the QDS as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

(a) are issued during the period from February 16, 2008 to December 31, 2018;

(b) have an original maturity of not less than 10 years;

(c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Notes derived by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, with effect from June 28, 2013, the QDS Plus Scheme is refined to allow QDS with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. The MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for debt securities that remain outstanding (if any), but holders thereof may still enjoy the tax benefits under the QDS Scheme if the QDS conditions continue to be met.

The MAS has stated that, notwithstanding the above, QDS with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within 10 years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard 39 ("FRS 39"), may, for Singapore income tax purposes, be required to recognize gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on *"Adoption of FRS 39 Treatment for Singapore Income Tax Purposes"*.

Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The IRAS has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 (3) Financial Instruments: Recognition & Measurement" (the "FRS 39 Circular"). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain "*opt-out*" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

Hong Kong Taxation

The statements below are only applicable to Notes issued by ICICI Bank acting through its Hong Kong branch, are general in nature and are based on certain aspects of current tax laws in Hong Kong and administrative guidelines issued by the Inland Revenue Department of Hong Kong in force as at the date of this Offering Circular and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis.

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profit Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue of the Notes.

No Hong Kong stamp duty will be chargeable on a transfer of the Notes if the Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong. If the Notes are denominated in the currency of Hong Kong, Hong Kong stamp duty may be chargeable on a transfer of such Notes in certain circumstances. In such case, the duty payable is 0.2% of the market value of the Notes at the time of issue.

EU Savings Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "EU Savings Directive"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) made by a person within its jurisdiction to, or for the benefit of, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the end of such transitional period being dependent on the conclusion of certain other agreements relating to information exchange with certain other countries). On April 10, 2013, Luxembourg Ministry of Finance announced that Luxembourg's transitional period will end with effect from January 1, 2015. A number of non-EU countries and territories (including Switzerland) have agreed to adopt similar measures (a withholding system in the case of Switzerland). On March 24, 2014, the Council of the European Union adopted a Directive amending the EU Savings Directive which, when implemented, will amend and broaden the scope of the requirements described above. The EU Member States will have until January 1, 2016 to adopt the national legislation necessary to comply with this amending Directive. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If the Issuer maintains a Paying Agent in a Member State of the European Union, the Issuer is required to maintain at least one Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to such Directive.

Certain U.S. Federal Income Tax Considerations — Notes Issued Through the Issuer's Head Office, Offshore Banking Unit, Singapore Branch, Hong Kong Branch, Bahrain Branch or Dubai Branch.

This discussion applies only to Notes in registered form.

Introduction

The following is a description of certain U.S. federal income tax consequences of the ownership and disposition of the Notes described below and, except as provided in "FATCA" below, applies to the U.S. Holders described below. Except as provided in "FATCA" below, this summary applies only to U.S. Holders that (i) purchase Notes in their offering at the "issue price," which will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes of a series is sold for money and (ii) hold the Notes as capital assets for U.S. federal income tax purposes.

This discussion does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including alternative minimum tax and Medicare contribution tax consequences and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons holding Notes as part of a straddle, wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to the Notes;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes; or
- tax-exempt entities.

If an entity that is classified as a partnership for U.S. federal income tax purposes owns Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning Notes and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of owning and disposing of the Notes.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions and Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

Persons considering the purchase of Notes of any series should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

The applicable Pricing Supplement may include a summary of additional or alternative U.S. federal income tax considerations that are not described herein and that may be relevant to a particular series of Notes. For example, the discussion below does not address the U.S. federal income tax treatment of Hybrid Tier 1 Notes, Index Linked Notes, Partly Paid Notes and Dual Currency Notes and the applicable Pricing Supplement may describe certain U.S. federal income tax consequences of owning and disposing of such Notes. Persons considering the purchase of Notes of any series should review the applicable Pricing Supplement in addition to the discussion below.

As used herein, a "U.S. Holder" is a person that is, for U.S. federal income tax purposes, a beneficial owner of a Note and is:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Payments of Stated Interest

Stated interest on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with a U.S. Holder's method of accounting for U.S. federal income tax purposes. The amount of interest taxable as ordinary income will include amounts withheld in respect of foreign taxes (if any). Interest income will constitute foreign-source income for U.S. federal income tax purposes, which may be relevant to a U.S. Holder in calculating the U.S. Holder's foreign tax credit limitation.

Special rules governing the treatment of interest paid with respect to Notes issued at a discount, short-term Notes, Floating Rate Notes and Notes denominated in foreign currency are described under "*Discount Notes*," "*Short-Term Notes*," "*Floating Rate Notes*" and "*Foreign Currency Notes*" below.

Foreign taxes (if any) withheld from interest payments (at the rate not exceeding any applicable rate under an applicable income tax treaty between the jurisdiction imposing the tax and the United States if the U.S. Holder is eligible for the benefits of the treaty) generally will be creditable against the U.S. Holder's U.S. federal income tax liability, subject to applicable limitations that vary depending upon the U.S. Holder's circumstances. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their tax advisers regarding the availability of foreign tax credits in their particular circumstances. Instead of claiming a credit, the U.S. Holder may, at its election, deduct foreign withholding taxes (if any) in computing its taxable income. An election to deduct foreign taxes instead of claiming foreign tax credits must apply to all applicable foreign taxes paid or accrued in the taxable year.

Discount Notes

General. If a Note's "issue price" (as described above) is less than its "stated redemption price at maturity," the Note will be considered to have been issued at an original discount for U.S. federal income tax purposes (and will be referred to herein as a "Discount Note") unless the Note satisfies a *de minimis* threshold, as described below. A Note's stated redemption price at maturity will equal the sum of all payments under the Note, other than payments of "qualified stated interest". Generally, qualified stated interest is stated interest unconditionally payable (other than in debt instruments of the issuer) at least annually during the entire term of the Note at a fixed rate. See "Floating Rate Notes" below for a discussion regarding the treatment of interest paid at certain variable rates as qualified stated interest.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a prescribed *de minimis* amount (generally 1/4 of one percent of the stated redemption price at maturity multiplied by the number of complete years to maturity), the Note will not be considered to have original issue discount and will therefore not be a "Discount Note". A U.S. Holder of Discount Notes will be required to include any qualified stated interest in income in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes, as described in "—*Payments of Stated Interest*" above. In addition, a U.S. Holder of Discount Notes will be required to include in income the sum of the daily portions of the original issue discount for each day on which the U.S. Holder held the Note. The U.S. Holder will be required to include such original issue discount as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received. Under this method, U.S. Holders of Discount Notes generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder may make an election to include in income all interest that accrues on a Note (including stated interest, original issue discount and *de minimis* original issue discount, as adjusted by any amortizable bond premium), in accordance with a constant yield method based on the compounding of interest.

Discount Notes Subject to Early Redemption. Discount Notes subject to one or more "call options" (*i.e*. ICICI's unconditional option to redeem the Note prior to its stated maturity date) or one or more "put options" (*i.e*. a holder's unconditional option to require redemption prior to maturity) may be subject to rules that differ from the general rules for purposes of determining the yield and maturity of the Note. Under applicable Treasury regulations, a call option will be presumed to be exercised if the exercise of the option will lower the yield on the Note. Conversely, a put option will be presumed to be exercised if the exercise of the option will increase the yield on the Note. In either case, if contrary to such presumption an option is not in fact exercised, the Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new Note were issued, on the presumed exercise date for an amount equal to the Note's "adjusted issue price". The adjusted issue price of a Discount Note is the sum of the issue price of the Note and the aggregate amount of previously accrued original issue discount, less any prior payments on the Note other than payments of qualified stated interest.

Short-Term Notes

A Note that matures (after taking into account the last possible date that the Note could be outstanding under its terms) one year or less from its date of issuance will be referred to herein as a "Short-Term Note".

Under the applicable U.S. Treasury regulations, a Short-Term Note will be treated as being issued at a discount, the amount of which will be equal to the excess of the sum of all payments on the Short-Term Note over its issue price. A U.S. Holder who uses the cash method of accounting for U.S. federal income tax purposes will not be required to include the discount in income as it accrues for U.S. federal income tax purposes unless the U.S. Holder elects to do so. A cash method U.S. Holder who does not make such election should include the discount (including any stated interest) on the Short-Term Notes as ordinary income when such amounts are received. A U.S. Holder who uses the accrual method of accounting for U.S. federal income tax purposes and a cash-method taxpayer who so elects will be required to include the discount in income as it accrues on a straight-line basis, unless the U.S. Holder makes an election to accrue the discount according to a constant yield method based on daily compounding.

A cash method U.S. Holder who does not make the election to include the discount in income on an accrual basis will be required to defer deductions for certain interest paid on indebtedness incurred to purchase or carry the Short-Term Notes until the discount on the Notes is included in income. Such a U.S. Holder should consult its tax advisers regarding these deferral rules. In addition, upon a sale, exchange, redemption or retirement of a Short-Term Note, such a U.S. Holder generally should recognize gain as ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding). Any loss recognized will be treated as a capital loss.

Floating Rate Notes

General. A Floating Rate Note generally will qualify as a "variable rate debt instrument" if:

- the issue price does not exceed the total noncontingent principal payments due under the Floating Rate Note by more than a specified *de minimis* amount;
- it provides for stated interest, paid or compounded at least annually, at current values of:
  - one or more qualified floating rates,
  - a single fixed rate and one or more qualified floating rates,
  - a single objective rate, or
  - a single fixed rate and a single objective rate that is a qualified inverse floating rate,

  each as defined in the applicable Treasury regulations; and
- certain other conditions, as set forth in the applicable Treasury regulations, are satisfied.

In general, a "qualified floating rate" is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Note is denominated. For example, the LIBOR rate will generally be treated as a qualified floating rate. In general, an "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula that is based on objective financial or economic information. A "qualified inverse floating rate" is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate.

Unless otherwise provided in the applicable Pricing Supplement, it is expected, and the discussion below assumes, that a Floating Rate Note will qualify as a "variable rate debt instrument". If a Floating Rate Note does not qualify as a "variable rate debt instrument," then the Floating Rate Note will be treated as a "contingent payment debt instrument" and the applicable Pricing Supplement will describe certain U.S. federal income tax consequences to U.S. Holders of owning and disposing of such Notes.

Floating Rate Notes that Provide for a Single Variable Rate. All stated interest on a Floating Rate Note will constitute qualified stated interest (as described under *"Discount Notes"* above) and will be taxable accordingly if:

- the Floating Rate Note provides for stated interest at a single variable rate throughout the term thereof; and
- the stated interest on the Floating Rate Note is unconditionally payable in cash or other property (other than debt instruments of the issuer) at least annually.

Thus, such a Floating Rate Note will generally not be treated as issued with original issue discount unless the Floating Rate Note is issued at an issue price below its stated principal amount and the difference between the issue price and the stated principal amount is equal to or in excess of the specified *de minimis* amount described in *"Discount Notes"*. For this purpose, and for purposes of the discussion below under "*—Floating Rate Notes that Provide for Multiple Rates*," if a Floating Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate and if the variable rate on the Floating Rate Note's issue date is intended to approximate the fixed rate (*e.g.*, the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 0.25%), then the fixed rate and the variable rate together will constitute a single variable rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Note (*e.g.*, two or more qualified floating rates with values within 0.25% of each other as determined on the issue date) will be treated as a single qualified floating rate.

If a Floating Rate Note that provides for stated interest at a single variable rate is issued with original issue discount, as discussed above, the amount of qualified stated interest and the amount of original issue discount that accrues during an accrual period on such a Floating Rate Note is determined under the rules applicable to fixed rate debt instruments, discussed under *"Discount Notes"* above, by assuming that the variable rate is a fixed rate equal to:

- in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate; or

- in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Floating Rate Note.

The qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period pursuant to the foregoing rules.

Floating Rate Notes that Provide for Multiple Rates. In general, a Floating Rate Note that provides for (i) multiple floating rates or (ii) one or more floating rates in addition to one or more fixed rates will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of original issue discount and qualified stated interest on the Floating Rate Note. A Floating Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Floating Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Floating Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Floating Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Floating Rate Note. In the case of a Floating Rate Note that provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Floating Rate Note provides for a qualified inverse floating rate). Under such circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Floating Rate Note as of the Floating Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the replaced qualified floating rate or qualified inverse floating rate, as the case may be, rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Floating Rate Note is then converted into an "equivalent" fixed-rate debt instrument in the manner described above.

Once the Floating Rate Note is converted into an "equivalent" fixed-rate debt instrument pursuant to the foregoing rules, the amount of original issue discount and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general original issue discount rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Floating Rate Note will account for such original issue discount and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of interest assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that such amounts differ from the actual amount of interest accrued or paid on the Floating Rate Note during the accrual period.

Amortizable Bond Premium

If a U.S. Holder purchases a Note for an amount that is greater than the sum of all amounts payable on the Note other than qualified stated interest, the U.S. Holder will be considered to have purchased the Note with amortizable bond premium. In general, the amount of amortizable bond premium will be equal to the excess of the purchase price over the sum of all amounts payable on the Note other than qualified stated interest and the U.S. Holder may elect to amortize this premium, using a constant yield method, over the term of the Note. Special rules may apply in the case of Notes that are subject to optional redemption. A U.S. Holder may generally use the amortizable bond premium allocable to an accrual period to offset qualified stated interest required to be included in such U.S. Holder's income with respect to the Note in that accrual period. A U.S. Holder that elects to amortize bond premium must reduce its tax basis in the Note by the amount of the amortized premium. An election to amortize bond premium applies to all taxable debt obligations owned by the U.S. Holder at the beginning of the first taxable year to which the election applies and any taxable debt obligations thereafter acquired by the U.S. Holder and may be revoked only with the consent of the Internal Revenue Service. If a U.S. Holder makes a constant yield election (as described in *"Discount Notes"* above) for a Note with amortizable bond premium, such election will result in a deemed election to amortize bond premium.

Sale, Retirement or Other Taxable Disposition of the Notes

Upon the sale, retirement of other taxable disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, retirement or disposition and the U.S. Holder's tax basis in the Note. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest will be taxed as interest as described in "*—Payments of Stated Interest*" above. A U.S. Holder's tax basis in the Notes will generally equal the cost of such Note to the U.S. Holder, increased by any amount of original issue discount included in income, decreased by the amount of any payment on the Notes other than payments of qualified stated interest, and further decreased by any amortized bond premium.

Generally, gain or loss realized on the sale, retirement or other taxable disposition of a Note will be capital gain or loss, and will be long-term capital gain or loss if at the time of the sale, retirement or taxable disposition the U.S. Holder has held the Note for more than one year. Exceptions to this general rule may apply in the case of a Short-Term Note (see "*—Short-Term Notes*" above) or in the case of Notes denominated in foreign currency (see "*—Foreign Currency Notes*" below). The deductibility of capital losses may be subject to limitations.

Gain or loss will generally be U.S.-source for purposes of computing a U.S. Holder's foreign tax credit limitation. As described in "*—Indian Taxation*" above, U.S. Holders may be subject to Indian tax on the disposition of Notes. U.S. Holders should consult their tax advisers as to whether they would be able to credit any such Indian tax against their U.S. federal income tax liabilities in their particular circumstances.

Foreign Currency Notes

General. The following discussion describes certain special rules applicable to a U.S. Holder of Notes that are denominated in a currency other than the U.S. dollar, which we refer to as "foreign currency Notes".

The rules applicable to foreign currency Notes could require some or all of the gain or loss on the sale, exchange or other disposition of the Notes to be recharacterized as ordinary income or loss. The rules applicable to foreign currency Notes are complex and their application may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a U.S. Holder should make any of these elections may depend on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders should consult their tax advisers regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Notes.

Payments of Interest on Foreign Currency Notes. A cash method U.S. Holder who receives a payment of qualified stated interest (or who receives proceeds from a sale, exchange or other disposition attributable to accrued interest) in a foreign currency with respect to a foreign currency Note will be required to include in income the U.S. dollar value of the foreign currency payment (determined based on a spot rate on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at that time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency. A cash method U.S. Holder who receives a payment of qualified stated interest in U.S. dollars will be required to include the amount of this payment in income upon receipt. To the extent that a cash method U.S. Holder is required to accrue original issue discount on a foreign currency Note, rules similar to the rules described in the following paragraph will apply with respect to the original issue discount.

In the case of an accrual method U.S. Holder, the U.S. Holder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount, but reduced by any amortizable bond premium) that has accrued and is otherwise required to be taken into account with respect to a foreign currency Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at an average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. Alternatively, a U.S. Holder may elect to translate interest income (including original issue discount) for an interest accrual period into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of an accrual period that spans two taxable years, the spot rate on the last day of the part of the period within the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service. In addition to the interest income accrued as described above, the U.S. Holder may recognize ordinary income or loss (which will not be treated as interest income or expense) with respect to accrued interest income on the date the interest payment or proceeds from the sale, exchange or other disposition attributable to accrued interest are actually received. The amount of ordinary income or loss recognized will equal the difference, if any, between the U.S. dollar value of the foreign currency received (determined based on a spot rate on the date of receipt) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above).

Amortizable Bond Premium on Foreign Currency Notes. Amortizable bond premium (each as defined above) on a foreign currency Note is to be determined in the relevant foreign currency. If an election to amortize bond premium is made, amortizable bond premium taken into account on a current basis will reduce interest income in units of the relevant foreign currency. Foreign currency gain or loss (as defined below) is realized on amortized bond premium with respect to any period by treating the bond premium amortized in the same period in the same manner as a payment of principal of the foreign currency Note (as discussed below). Any foreign currency gain or loss will be ordinary income or loss as described below.

Tax Basis in Foreign Currency Notes. A U.S. Holder's tax basis in a foreign currency Note, and the amount of any subsequent adjustment to the U.S. Holder's tax basis, will be the U.S. dollar value of the foreign currency amount paid for such foreign currency Note, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. A U.S. Holder that purchases a foreign currency Note with previously owned foreign currency will recognize ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the foreign currency and the U.S. dollar fair market value of the foreign currency Note on the date of purchase.

Sale, Exchange or Retirement of Foreign Currency Notes. Gain or loss realized upon the sale, exchange or retirement of a foreign currency Note that is attributable to fluctuations in currency exchange rates (referred to as "foreign currency gain or loss") will be ordinary income or loss which will not be treated as interest income or expense. Foreign currency gain or loss attributable to fluctuations in exchange rates generally will equal the difference between (i) the U.S. dollar value of the U.S. Holder's purchase price (excluding any bond premium previously amortized) in the foreign currency of the Note, determined on the date the payment is received in exchange for the Note or the Note is disposed of, and (ii) the U.S. dollar value of the U.S. Holder's purchase price (excluding any bond premium previously amortized) in the foreign currency of the Note, determined on the date the U.S. Holder acquired the Note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency Notes described above. The foreign currency gain or loss realized upon the sale, exchange or retirement of any foreign currency Note will be recognized only to the extent of the total gain or loss realized by a U.S. Holder on the sale, exchange or retirement of the foreign currency Note. Any gain or loss realized by these holders in excess of the foreign currency gain or loss will be capital gain or loss (except, in the case of a Short-Term Note, to the extent of any discount not previously included in the U.S. Holder's income). If a U.S. Holder recognizes a loss upon a sale or other disposition of a foreign currency Note and such loss is above certain thresholds, the U.S. Holder may be required to file a disclosure statement with the Internal Revenue Service. U.S. Holders should consult their tax advisers regarding this reporting obligation.

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a foreign currency Note equal to the U.S. dollar value of the foreign currency, determined at the time of such sale, exchange or retirement. A cash method taxpayer who buys or sells a foreign currency Note that is traded on an established market is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result from currency fluctuations between the trade date and the settlement of the purchase or sale. An accrual method taxpayer may elect the same treatment for all purchases and sales of foreign currency obligations if such obligations are traded on an established securities market. This election cannot be changed without the consent of the Internal Revenue Service. Any gain or loss realized by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase foreign currency Notes) will be ordinary income or loss.

Substitution of the Issuer

Unless certain exceptions set forth in U.S. Treasury Regulations apply, the substitution of another obligor in place of the Issuer (or of any previous substitute) as the principal debtor under the Notes, as described in "*Terms and Conditions of the Notes—Substitution of Issuer*," will be considered for U.S. federal income tax purposes to be a deemed exchange of the Notes for new notes, which may result in recognition of taxable gain or loss for U.S. federal income tax purposes and other possible adverse tax consequences. U.S. Holders should consult their tax advisers regarding the tax consequences of any assumption of the Issuer's obligations under the Notes.

Information Reporting and Backup Withholding

Payments of interest and proceeds from the sale of a Note may be subject to information reporting and backup withholding unless the U.S. Holder is an exempt recipient or, in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

FATCA

Provisions commonly referred to as "FATCA" impose withholding of 30% on certain payments to certain non-U.S. entities and to "foreign financial institutions" (which is broadly defined for this purpose and in general includes investment vehicles), including intermediaries, unless such foreign financial institutions enter into agreements with the U.S. Treasury pursuant to which they must satisfy various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) ("FATCA Agreements"). Beginning in 2017, a foreign financial institution may be required, pursuant to its FATCA Agreement, to withhold 30% from certain "foreign passthru payments" it makes. The term "foreign passthru payments" is not yet defined. Withholding on foreign passthru payments would generally not apply to payments on debt obligations outstanding on the date that is six months after final U.S. Treasury regulations defining the term "foreign passthru payment" are filed, provided that such debt obligations are not materially modified after such date. It is not yet clear whether or to what extent payments on debt obligations such as Notes issued by the Issuer's Head Office or non-U.S. branches will be treated as foreign passthru payments subject to FATCA withholding. The U.S. Treasury has entered into intergovernmental agreements with respect to FATCA ("IGAs") with various jurisdictions, has reached agreement in substance to enter into Model 1 IGAs with jurisdictions including India, Singapore, the United Arab Emirates, Qatar and Bahrain, and has reached agreement in substance to enter into Model 2 IGAs with jurisdictions including Hong Kong. These IGAs modify in some respects the operation of FATCA with respect to foreign financial institutions or their branches located in those jurisdictions. Model 1 IGAs require foreign financial institutions to comply with specified due diligence requirements and report certain information to the relevant non-U.S. government in lieu of entering into a FATCA Agreement. The IGAs currently do not address how foreign passthru payments will be treated and it is not yet clear whether foreign passthru payment withholding will be required on the Notes. The Bank intends to comply with the requirements of any applicable IGA.

As described in Conditions 6.5 and 8, if FATCA withholding is required, the Issuer will not be required to pay any additional amounts with respect to any amounts so withheld. Prospective investors should consult their tax advisers regarding the possible effects of FATCA on their investment in Notes issued by the Issuer's Head Office or non-U.S. branches and their potential ability to obtain a refund of any FATCA withholding.

Certain U.S. Federal Income Tax Considerations — Notes Issued Through the Issuer's New York Branch

Introduction

The following is a description of certain U.S. federal income tax consequences of the ownership and disposition of the Notes described below. This summary applies only to holders that (i) purchase Notes issued through the Issuer's New York Branch in their offering at the "issue price," which will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes of such series is sold for money and (ii) hold the Notes as capital assets for U.S. federal income tax purposes.

This discussion does not describe all of the tax consequences that may be relevant in light of a holder's particular circumstances, including alternative minimum tax and Medicare contribution tax consequences and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons holding Notes as part of a straddle, wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to the Notes;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes; or
- tax-exempt entities.

If an entity that is classified as a partnership for U.S. federal income tax purposes owns Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning Notes and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of owning and disposing of the Notes.

This summary is based on the Code, administrative pronouncements, judicial decisions and Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

Persons considering the purchase of Notes of any series should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

The applicable Pricing Supplement may include a summary of additional or alternative U.S. federal income tax considerations that are not described herein and that may be relevant to a particular series of Notes. For example, the discussion below does not address the U.S. federal income tax treatment of Hybrid Tier 1 Notes, Index Linked Notes, Partly Paid Notes and Dual Currency Notes and the applicable Pricing Supplement may describe certain U.S. federal income tax consequences of owning and disposing of such Notes. Persons considering the purchase of Notes of any series should review the applicable Pricing Supplement in addition to the discussion below.

Tax Consequences to U.S. Holders

As used herein, a "U.S. Holder" is a person that is, for U.S. federal income tax purposes, a beneficial owner of a Note and is:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Payments of Stated Interest

Stated interest on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with a U.S. Holder's method of accounting for U.S. federal income tax purposes. The amount of interest taxable as ordinary income will include amounts withheld in respect of Indian taxes (if any). Interest income will constitute U.S.-source income for U.S. federal income tax purposes, which may be relevant to a U.S. Holder in calculating the U.S. Holder's foreign tax credit limitation.

Special rules governing the treatment of interest paid with respect to Notes issued at a discount, short-term Notes, Floating Rate Notes and Notes denominated in foreign currency are described under "*Discount Notes*," "*Short-Term Notes*," "*Floating Rate Notes*" and "*Foreign Currency Notes*" below.

Indian taxes (if any) withheld from interest payments (at the rate not exceeding any applicable rate under the income tax treaty between India and the United States if the U.S. Holder is eligible for the benefits of the treaty) generally will be creditable against the U.S. Holder's U.S. federal income tax liability, subject to applicable limitations that vary depending upon the U.S. Holder's circumstances. However, as noted above, interest income on the Notes will constitute U.S.-source income for U.S. federal income tax purposes. Therefore, any such Indian taxes will be creditable against the U.S. Holder's U.S. federal income tax liability only if the U.S. Holder has sufficient other income that is foreign-source income in the relevant "basket" of income. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their tax advisers regarding the availability of foreign tax credits in their particular circumstances. Instead of claiming a credit, the U.S. Holder may, at its election, deduct Indian withholding taxes (if any) in computing its taxable income. An election to deduct foreign taxes instead of claiming foreign tax credits must apply to all applicable foreign taxes paid or accrued in the taxable year.

Discount Notes

General. If a Note's "issue price" (as described above) is less than its "stated redemption price at maturity," the Note will be considered to have been issued at an original discount for U.S. federal income tax purposes (and will be referred to herein as a "Discount Note") unless the Note satisfies a *de minimis* threshold, as described below. A Note's stated redemption price at maturity will equal the sum of all payments under the

Note, other than payments of "qualified stated interest". Generally, qualified stated interest is stated interest unconditionally payable (other than in debt instruments of the issuer) at least annually during the entire term of the Note at a fixed rate. See *"Floating Rate Notes"* below for a discussion regarding the treatment of interest paid at certain variable rates as qualified stated interest.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a prescribed *de minimis* amount (generally 1/4 of one percent of the stated redemption price at maturity multiplied by the number of complete years to maturity), the Note will not be considered to have original issue discount and will therefore not be a "Discount Note". A U.S. Holder of Discount Notes will be required to include any qualified stated interest in income in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes, as described in "*—Payments of Stated Interest*" above. In addition, a U.S. Holder of Discount Notes will be required to include in income the sum of the daily portions of the original issue discount for each day on which the U.S. Holder held the Note. The U.S. Holder will be required to include such original issue discount as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received. Under this method, U.S. Holders of Discount Notes generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder may make an election to include in income all interest that accrues on a Note (including stated interest, original issue discount and *de minimis* original issue discount, as adjusted by any amortizable bond premium), in accordance with a constant yield method based on the compounding of interest.

Discount Notes Subject to Early Redemption. Discount Notes subject to one or more "call options" (*i.e.* ICICI's unconditional option to redeem the Note prior to its stated maturity date) or one or more "put options" (*i.e.* a holder's unconditional option to require redemption prior to maturity) may be subject to rules that differ from the general rules for purposes of determining the yield and maturity of the Note. Under applicable Treasury regulations, a call option will be presumed to be exercised if the exercise of the option will lower the yield on the Note. Conversely, a put option will be presumed to be exercised if the exercise of the option will increase the yield on the Note. In either case, if contrary to such presumption an option is not in fact exercised, the Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new Note were issued, on the presumed exercise date for an amount equal to the Note's "adjusted issue price". The adjusted issue price of a Discount Note is the sum of the issue price of the Note and the aggregate amount of previously accrued original issue discount, less any prior payments on the Note other than payments of qualified stated interest.

Short-Term Notes

A Note that matures (after taking into account the last possible date that the Note could be outstanding under its terms) one year or less from its date of issuance will be referred to herein as a "Short-Term Note".

Under the applicable U.S. Treasury regulations, a Short-Term Note will be treated as being issued at a discount, the amount of which will be equal to the excess of the sum of all payments on the Short-Term Note over its issue price. A U.S. Holder who uses the cash method of accounting for U.S. federal income tax purposes will not be required to include the discount in income as it accrues for U.S. federal income tax purposes unless the U.S. Holder elects to do so. A cash method U.S. Holder who does not make such election should include the discount (including any stated interest) on the Short-Term Notes as ordinary income when such amounts are received. A U.S. Holder who uses the accrual method of accounting for U.S. federal income tax purposes and a cash-method taxpayer who so elects will be required to include the discount in income as it accrues on a straight-line basis, unless the U.S. Holder makes an election to accrue the discount according to a constant yield method based on daily compounding.

A cash method U.S. Holder who does not make the election to include the discount in income on an accrual basis will be required to defer deductions for certain interest paid on indebtedness incurred to purchase or carry the Short-Term Notes until the discount on the Notes is included in income. Such a U.S. Holder should consult its tax advisers regarding these deferral rules. In addition, upon a sale, exchange, redemption or retirement of a Short-Term Note, such a U.S. Holder generally should recognize gain as ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding). Any loss recognized will be treated as a capital loss.

Floating Rate Notes

General. A Floating Rate Note generally will qualify as a "variable rate debt instrument" if:

- the issue price does not exceed the total noncontingent principal payments due under the Floating Rate Note by more than a specified *de minimis* amount;
- it provides for stated interest, paid or compounded at least annually, at current values of:
  - one or more qualified floating rates,
  - a single fixed rate and one or more qualified floating rates,
  - a single objective rate, or
  - a single fixed rate and a single objective rate that is a qualified inverse floating rate,

  each as defined in the applicable Treasury regulations; and
- certain other conditions, as set forth in the applicable Treasury regulations, are satisfied.

In general, a "qualified floating rate" is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Note is denominated. For example, the LIBOR rate will generally be treated as a qualified floating rate. In general, an "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula that is based on objective financial or economic information. A "qualified inverse floating rate" is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate.

Unless otherwise provided in the applicable Pricing Supplement, it is expected, and the discussion below assumes, that a Floating Rate Note will qualify as a "variable rate debt instrument". If a Floating Rate Note does not qualify as a "variable rate debt instrument," then the Floating Rate Note will be treated as a "contingent payment debt instrument" and the applicable Pricing Supplement will describe certain U.S. federal income tax consequences to U.S. Holders of owning and disposing of such Notes.

Floating Rate Notes that Provide for a Single Variable Rate. All stated interest on a Floating Rate Note will constitute qualified stated interest (as described under *"Discount Notes"* above) and will be taxable accordingly if:

- the Floating Rate Note provides for stated interest at a single variable rate throughout the term thereof; and
- the stated interest on the Floating Rate Note is unconditionally payable in cash or other property (other than debt instruments of the issuer) at least annually.

Thus, such a Floating Rate Note will generally not be treated as issued with original issue discount unless the Floating Rate Note is issued at an issue price below its stated principal amount and the difference between the issue price and the stated principal amount is equal to or in excess of the specified *de minimis* amount described in "*Discount Notes*". For this purpose, and for purposes of the discussion below under "*—Floating Rate Notes that Provide for Multiple Rates*," if a Floating Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate and if the variable rate on the Floating Rate Note's issue date is intended to approximate the fixed rate (*e.g.*, the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 0.25%), then the fixed rate and the variable rate together will constitute a single variable rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Note (*e.g.*, two or more qualified floating rates with values within 0.25% of each other as determined on the issue date) will be treated as a single qualified floating rate.

If a Floating Rate Note that provides for stated interest at a single variable rate is issued with original issue discount, as discussed above, the amount of qualified stated interest and the amount of original issue discount that accrues during an accrual period on such a Floating Rate Note is determined under the rules applicable to fixed rate debt instruments, discussed under *"Discount Notes"* above, by assuming that the variable rate is a fixed rate equal to:

- in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate; or

- in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Floating Rate Note.

The qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period pursuant to the foregoing rules.

Floating Rate Notes that Provide for Multiple Rates. In general, a Floating Rate Note that provides for (i) multiple floating rates or (ii) one or more floating rates in addition to one or more fixed rates will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of original issue discount and qualified stated interest on the Floating Rate Note. A Floating Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Floating Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Floating Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Floating Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Floating Rate Note. In the case of a Floating Rate Note that provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Floating Rate Note provides for a qualified inverse floating rate). Under such circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Floating Rate Note as of the Floating Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the replaced qualified floating rate or qualified inverse floating rate, as the case may be, rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Floating Rate Note is then converted into an "equivalent" fixed-rate debt instrument in the manner described above.

Once the Floating Rate Note is converted into an "equivalent" fixed-rate debt instrument pursuant to the foregoing rules, the amount of original issue discount and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general original issue discount rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Floating Rate Note will account for such original issue discount and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of interest assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that such amounts differ from the actual amount of interest accrued or paid on the Floating Rate Note during the accrual period.

Amortizable Bond Premium

If a U.S. Holder purchases a Note for an amount that is greater than the sum of all amounts payable on the Note other than qualified stated interest, the U.S. Holder will be considered to have purchased the Note with amortizable bond premium. In general, the amount of amortizable bond premium will be equal to the excess of the purchase price over the sum of all amounts payable on the Note other than qualified stated interest and the U.S. Holder may elect to amortize this premium, using a constant yield method, over the term of the Note. Special rules may apply in the case of Notes that are subject to optional redemption. A U.S. Holder may generally use the amortizable bond premium allocable to an accrual period to offset qualified stated interest required to be included in such U.S. Holder's income with respect to the Note in that accrual period. A U.S. Holder that elects to amortize bond premium must reduce its tax basis in the Note by the amount of the amortized premium. An election to amortize bond premium applies to all taxable debt obligations owned by the U.S. Holder at the beginning of the first taxable year to which the election applies and any taxable debt obligations thereafter acquired by the U.S. Holder and may be revoked only with the consent of the Internal Revenue Service. If a U.S. Holder makes a constant yield election (as described in "*Discount Notes*" above) for a Note with amortizable bond premium, such election will result in a deemed election to amortize bond premium.

Sale, Retirement or Other Taxable Disposition of the Notes

Upon the sale, retirement of other taxable disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, retirement or disposition and the U.S. Holder's tax basis in the Note. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest will be taxed as interest as described in "*—Payments of Stated Interest*" above. A U.S. Holder's tax basis in the Notes will generally equal the cost of such Note to the U.S. Holder, increased by any amount of original issue discount included in income, decreased by the amount of any payment on the Notes other than payments of qualified stated interest, and further decreased by any amortized bond premium.

Generally, gain or loss realized on the sale, retirement or other taxable disposition of a Note will be capital gain or loss, and will be long-term capital gain or loss if at the time of the sale, retirement or taxable disposition the U.S. Holder has held the Note for more than one year. Exceptions to this general rule may apply in the case of a Short-Term Note (see "*—Short-Term Notes*" above) or in the case of Notes denominated in foreign currency (see "*—Foreign Currency Notes*" below). The deductibility of capital losses may be subject to limitations.

Gain or loss will generally be U.S. source for purposes of computing a U.S. Holder's foreign tax credit limitation. As described in "*—Indian Taxation*" above, U.S. Holders may be subject to Indian tax on the disposition of Notes. U.S. Holders should consult their tax advisers as to whether they would be able to credit any such Indian tax against their U.S. federal income tax liabilities in their particular circumstances.

Foreign Currency Notes

General. The following discussion describes certain special rules applicable to a U.S. Holder of Notes that are denominated in a currency other than the U.S. dollar, which we refer to as "foreign currency Notes".

The rules applicable to foreign currency Notes could require some or all of the gain or loss on the sale, exchange or other disposition of the Notes to be recharacterized as ordinary income or loss. The rules applicable to foreign currency Notes are complex and their application may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a U.S. Holder should make any of these elections may depend on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders should consult their tax advisers regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Notes.

Payments of Interest on Foreign Currency Notes. A cash method U.S. Holder who receives a payment of qualified stated interest (or who receives proceeds from a sale, exchange or other disposition attributable to accrued interest) in a foreign currency with respect to a foreign currency Note will be required to include in income the U.S. dollar value of the foreign currency payment (determined based on a spot rate on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at that time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency. A cash method U.S. Holder who receives a payment of qualified stated interest in U.S. dollars will be required to include the amount of this payment in income upon receipt. To the extent that a cash method U.S. Holder is required to accrue original issue discount on a foreign currency Note, rules similar to the rules described in the following paragraph will apply with respect to the original issue discount.

In the case of an accrual method U.S. Holder, the U.S. Holder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount, but reduced by any amortizable bond premium) that has accrued and is otherwise required to be taken into account with respect to a foreign currency Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at an average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. Alternatively, a U.S. Holder may elect to translate interest income (including original issue discount) for an interest accrual period into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of an accrual period that spans two taxable years, the spot rate on the last day of the part of the period within the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service. In addition to the interest income accrued as described above, the U.S. Holder may recognize ordinary income or loss (which will not be treated as interest income or expense) with respect to accrued interest income on the date the interest payment or proceeds from the sale, exchange or other disposition attributable to accrued interest are actually received. The amount of ordinary income or loss recognized will equal the difference, if any, between the U.S. dollar value of the foreign currency received (determined based on a spot rate on the date of receipt) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above).

Amortizable Bond Premium on Foreign Currency Notes. Amortizable bond premium (each as defined above) on a foreign currency Note is to be determined in the relevant foreign currency. If an election to amortize bond premium is made, amortizable bond premium taken into account on a current basis will reduce interest income in units of the relevant foreign currency. Foreign currency gain or loss (as defined below) is realized on amortized bond premium with respect to any period by treating the bond premium amortized in the same period in the same manner as a payment of principal of the foreign currency Note (as discussed below). Any foreign currency gain or loss will be ordinary income or loss as described below.

Tax Basis in Foreign Currency Notes. A U.S. Holder's tax basis in a foreign currency Note, and the amount of any subsequent adjustment to the U.S. Holder's tax basis, will be the U.S. dollar value of the foreign currency amount paid for such foreign currency Note, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. A U.S. Holder that purchases a foreign currency Note with previously owned foreign currency will recognize ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the foreign currency and the U.S. dollar fair market value of the foreign currency Note on the date of purchase.

Sale, Exchange or Retirement of Foreign Currency Notes. Gain or loss realized upon the sale, exchange or retirement of a foreign currency Note that is attributable to fluctuations in currency exchange rates (referred to as "foreign currency gain or loss") will be ordinary income or loss which will not be treated as interest income or expense. Foreign currency gain or loss attributable to fluctuations in exchange rates generally will equal the difference between (i) the U.S. dollar value of the U.S. Holder's purchase price (excluding any bond premium previously amortized) in the foreign currency of the Note, determined on the date the payment is received in exchange for the Note or the Note is disposed of, and (ii) the U.S. dollar value of the U.S. Holder's purchase price (excluding any bond premium previously amortized) in the foreign currency of the Note, determined on the date the U.S. Holder acquired the Note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency Notes described above. The foreign currency gain or loss realized upon the sale, exchange or retirement of any foreign currency Note will be recognized only to the extent of the total gain or loss realized by a U.S. Holder on the sale, exchange or retirement of the foreign currency Note. Any gain or loss realized by these holders in excess of the foreign currency gain or loss will be capital gain or loss (except, in the case of a Short-Term Note, to the extent of any discount not previously included in the U.S. Holder's income). If a U.S. Holder recognizes a loss upon a sale or other disposition of a foreign currency Note and such loss is above certain thresholds, the U.S. Holder may be required to file a disclosure statement with the Internal Revenue Service. U.S. Holders should consult their tax advisers regarding this reporting obligation.

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a foreign currency Note equal to the U.S. dollar value of the foreign currency, determined at the time of such sale, exchange or retirement. A cash method taxpayer who buys or sells a foreign currency Note that is traded on an established market is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result from currency fluctuations between the trade date and the settlement of the purchase or sale. An accrual method taxpayer may elect the same treatment for all purchases and sales of foreign currency obligations if such obligations are traded on an established securities market. This election cannot be changed without the consent of the Internal Revenue Service. Any gain or loss realized by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase foreign currency Notes) will be ordinary income or loss.

Substitution of the Issuer

Unless certain exceptions set forth in U.S. Treasury Regulations apply, the substitution of another obligor in place of the Issuer (or of any previous substitute) as the principal debtor under the Notes, as described in "*Terms and Conditions of the Notes—Substitution of Issuer*," will be considered for U.S. federal income tax purposes to be a deemed exchange of the Notes for new notes, which may result in recognition of taxable gain or loss for U.S. federal income tax purposes and other possible adverse tax consequences. U.S. Holders should consult their tax advisers regarding the tax consequences of any assumption of the Issuer's obligations under the Notes.

Information Reporting and Backup Withholding

Payments of interest and proceeds from the sale of a Note are subject to information reporting and may be subject to backup withholding unless the U.S. Holder is an exempt recipient or, in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Tax Consequences to Non-U.S. Holders of Registered Notes Issued Through the Issuer's New York Branch

As used herein, a "Non-U.S. Holder" is a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- a non-resident alien individual; or
- a foreign corporation.

"Non-U.S. Holder" does not include a holder who is an individual present in the United States for 183 days or more in the taxable year of disposition. Such a holder is urged to consult his or her own tax adviser regarding the U.S. federal income tax consequences of the sale, exchange or other disposition of a Note.

The applicable Pricing Supplement may include a summary of additional or alternative U.S. federal income tax considerations that are not described herein and that may be relevant to a particular series of Notes. For example, the discussion below does not address the U.S. federal income tax treatment of Hybrid Tier 1 Notes, Index Linked Notes, Partly Paid Notes and Dual Currency Notes and the applicable Pricing Supplement will describe certain U.S. federal income tax consequences of owning and disposing of such Notes. Persons considering the purchase of Notes of any series should review the applicable Pricing Supplement in addition to the discussion below.

Taxation of the Notes

Subject to the discussion below concerning backup withholding and FATCA, payments of principal, interest (including original issue discount, if any) and premium on the Notes by the Issuer or any paying agent to any Non-U.S. Holder will not be subject to U.S. federal withholding tax, provided that, in the case of interest,

- the Non-U.S. Holder does not own, actually or constructively, 10 percent or more of the total combined voting power of all classes of stock of the Issuer entitled to vote and is not a controlled foreign corporation related, directly or indirectly, to the Issuer through stock ownership;
- the certification requirement described below has been fulfilled with respect to the beneficial owner, as discussed below; and
- the interest is not contingent interest the amount of which is determined with reference to the financial performance of the Issuer or a related person or with reference to changes in the value of the Issuer's or a related person's assets.

A Non-U.S. Holder of a Note will not be subject to U.S. federal income tax on gain realized on the sale, exchange or other disposition of such Note, unless the gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States (and, if required by an applicable income tax treaty, attributable to a U.S. permanent establishment).

Certification Requirement

Interest and original issue discount will not be exempt from withholding tax unless the beneficial owner of that Note certifies, generally on Internal Revenue Service Form W-8BEN or W-8BEN-E, as applicable (or any applicable successor form), under penalties of perjury, that it is not a United States person.

If a Non-U.S. Holder of a Note is engaged in a trade or business in the United States, and if interest (including original issue discount) on the Note is effectively connected with the conduct of this trade or business (and if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment), the Non-U.S. Holder will not be subject to withholding tax provided that the Non-U.S. Holder provides to the Issuer or applicable withholding agent a properly executed Internal Revenue Service Form W-8ECI claiming an exemption from withholding tax. However, although exempt from the withholding tax discussed in the preceding paragraph, such Non-U.S. Holder will generally be taxed in the same manner as a U.S. Holder (see "*—Tax Consequences to U.S. Holders*" above), and may also be subject to a 30% branch profits tax. Any such holders should consult their tax advisers with respect to the U.S. tax consequences of the ownership and disposition of Notes, including the possible imposition of the 30% branch profits tax.

Information Reporting and Backup Withholding

Information returns will be filed with the U.S. Internal Revenue Service in connection with payments of interest or original issue discount on the Notes. Unless the Non-U.S. Holder complies with certification procedures to establish that it is not a United States person, information returns may be filed with the U.S. Internal Revenue Service in connection with the proceeds from a sale or other disposition of Notes and the Non-U.S. Holder may be subject to U.S. backup withholding on payments on the Notes or on the proceeds from a sale or other disposition of the Notes. The certification procedures required to claim the exemption from withholding tax on interest and original issue discount described above will satisfy the certification requirements necessary to avoid the backup withholding as well. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is furnished to the Internal Revenue Service.

FATCA

Provisions commonly referred to as "FATCA" impose withholding of 30% on payments of U.S.-source interest and, beginning in 2017, on payments of certain sales or redemption proceeds to "foreign financial institutions" (which is broadly defined for this purpose and in general includes investment vehicles), including intermediaries, and certain other non-U.S. entities unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) are satisfied or an exemption applies. As described in Conditions 6.5 and 8, if FATCA withholding is required, the Issuer will not be required to pay any additional amounts with respect to any amounts so withheld. If FATCA withholding is imposed, a beneficial owner that is not a foreign financial institution generally will be entitled to a refund of any amounts so withheld by filing a U.S. federal income tax return (which may entail significant administrative burden). Prospective non-U.S. investors should consult their tax advisers regarding the effects of FATCA on their investment in Notes issued by the New York Branch and their ability to obtain a refund of any FATCA withholding.

UNITED STATES BENEFIT PLAN INVESTOR CONSIDERATIONS

The following is a summary of certain considerations associated with an investment in the Notes by a pension, profit sharing or other employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). THE FOLLOWING IS MERELY A SUMMARY, HOWEVER, AND SHOULD NOT BE CONSTRUED AS LEGAL ADVICE OR AS COMPLETE IN ALL RELEVANT RESPECTS. BECAUSE THIS SUMMARY WAS WRITTEN IN CONNECTION WITH THE MARKETING OF THE NOTE, IT IS NOT INTENDED TO BE USED AND CANNOT BE USED BY ANY NOTE HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES AND/OR EXCISE TAX. ALL PURCHASERS ARE URGED TO CONSULT THEIR LEGAL ADVISORS BEFORE INVESTING ASSETS OF AN EMPLOYEE BENEFIT PLAN IN THE NOTES AND TO MAKE THEIR OWN INDEPENDENT DECISIONS.

Each fiduciary of a pension, profit-sharing or other employee benefit plan (an "ERISA Plan") subject to ERISA should consider the fiduciary standards of ERISA in the context of the ERISA Plan's particular circumstances before authorizing an investment in the Notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the ERISA Plan.

Section 406 of ERISA and Section 4975 of the Code generally prohibit ERISA Plans, as well as individual retirement accounts and Keogh plans subject to Section 4975 of the Code (together with ERISA Plans, "Plans"), from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Plan (together, "Parties in Interest"). For example, if we are a Party in Interest with respect to a Plan (either directly or by reason of the ownership of affiliated entities), the purchase of the Notes by or on behalf of the Plan would likely be a prohibited transaction under Section 406(a)(1) of ERISA and Section 4975(c)(1) of the Code, unless the Notes are acquired pursuant to an exemption from the "prohibited transaction" rules. A violation of these prohibited transaction rules could result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for such persons, unless relief is available under an applicable statutory or administrative exemption.

Certain prohibited transaction class exemptions ("PTCEs") issued by the United States Department of Labor may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the Notes. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers). In addition, ERISA Section 408(b)(l7) and Section 4975(d)(20) of the Code provide a limited exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction and provided further that the Plan pays no more and receives no less than adequate consideration in connection with the transaction (the so-called "service provider exemption"). There can be no assurances that any of these statutory or class exemptions will be available with respect to transactions involving the Notes.

Accordingly, the Notes may not be purchased or held by any Plan, any entity whose underlying assets include "plan assets" by reason of any Plan's investment in the entity (a "Plan Asset Entity") or any person investing "plan assets" of any Plan, unless the purchase and holding of the Notes will not result in a nonexempt prohibited transaction. Any purchaser of the Notes or any interest therein, including in the secondary market, will be deemed to have represented that, among other things, either (a) it is not a Plan or Plan Asset Entity and is not purchasing the Notes on behalf of or with "plan assets" of any Plan or Plan Asset Entity or with any assets of a governmental, church or non-US plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("Similar Laws") or (b) its purchase, holding and disposition of the Notes will not result in a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or any Similar Law and that such representations shall be deemed to be made each day from the date on which the purchaser purchases through and including the date on which the purchaser disposes of the Notes. See "*Subscription and Sale and Transfer and Selling Restrictions*" herein.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in nonexempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the Notes on behalf of or with "plan assets" of any Plan or plan subject to Similar Laws consult with their counsel regarding the potential consequences under ERISA and the Code and the availability of exemptive relief. Purchasers of the Notes have exclusive responsibility for ensuring that their purchase and holding of the Notes do not violate the fiduciary or prohibited transaction rules of ERISA or the Code or any similar provisions under any Similar Laws. The sale of any Notes to a Plan or plan subject to Similar Laws is in no respect a representation by us or any Dealer or any of our or their affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any such plans generally or any particular plan, or that such investment is appropriate for such plans generally or any particular plan.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear, Clearstream, Luxembourg or the Central Moneymarkets Unit Service (together, the "Clearing Systems") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Arranger, any Dealer, the Trustee nor any party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The applicable Pricing Supplement will specify the Clearing System(s) applicable for each Series.

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. DTC is owned by a number of its direct participants ("Direct Participants"), which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "Rules"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("DTC Notes") as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the U.S. Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("Owners") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Certificate, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg, Luxembourg

Euroclear and Clearstream, Luxembourg, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

CMU

The CMU is a central depository service provided by the Central Moneymarkets Unit of the Hong Kong Monetary Authority ("HKMA") for the safe custody and electronic trading between the members of this service ("CMU participants") of capital markets instruments ("CMU Instruments") which are specified in the CMU Service Reference Manual as capable of being held within the CMU.

The CMU is only available for CMU instruments issued by a CMU participant or by a person for whom a CMU participant acts as an agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all members of the Hong Kong Capital Markets Association and "authorised institutions" under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU is limited. In particular (and unlike the European clearing systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU participants of payments (of interest or principal) under, or notices pursuant to the notice provisions of, CMU Instruments. Instead, the HKMA advises the CMU lodging and paying agent of the identities of the CMU participants to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the CMU lodging and paying agent will make the necessary payments of interest or principal or send notices directly to the relevant CMU participants. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU participants or provide any such certificates on behalf of CMU participants. The CMU lodging and paying agent will collect such certificates from the relevant CMU participants identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg, in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg, each have with the CMU.

Book-entry Ownership of and Payments in Respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Global Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Global Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Certificate, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in US$ of principal and interest in respect of a Global Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than US$, payment will be made to the Agent on behalf of DTC or its nominee and the Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into US$ and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Paying Agents, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Global Certificates

Transfers of any interests in Notes represented by a Global Certificate within DTC, Euroclear, Clearstream, Luxembourg and CMU will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Certificate to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Certificate accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Global Certificate accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Trustee and any custodian ("Custodian") with whom the relevant Global Certificates have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3).The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Certificates will be effected through the Registrar, the Trustee and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agent, the Trustee or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in a programme agreement dated April 13, 2006 (as amended and restated as of May 12, 2011, August 8, 2012, May 23, 2013 and September 9, 2014 and as further amended and/or supplemented from time to time, the "Global Programme Agreement"), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under *"Form of the Notes"* and *"Terms and Conditions of the Notes"*. In the Global Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Global Programme and the issue of Notes under the Global Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, one or more Dealers named as Stabilizing Managers (or persons acting on behalf of any Stabilizing Manager) in the relevant Pricing Supplement, to the extent permitted by applicable laws and regulations, may engage in transactions that stabilize, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilize or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to whether such stabilization activities will take place at all or the magnitude or effect of any such stabilizing or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilization activities are subject to certain prescribed time limits in certain jurisdictions. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. With respect to any Tranche of Hybrid Tier I Notes (as defined herein), the total amount of such Tranche that the stabilizing manager(s) (or persons acting on behalf of any stabilizing manager(s)) may buy to undertake any stabilizing action shall not exceed 20% of the aggregate amount of such Tranche.

Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Delivery of the Notes under the Global Programme is expected to occur, unless the Dealers and the Issuer agree otherwise, on the fifth business day following the date of pricing of the Notes (such settlement cycle being referred to as "T+5"). Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next succeeding business day may be required, because the Notes will initially settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. The settlement date of a series of Notes will be set out in the applicable Pricing Supplement. Purchasers who wish to trade the Notes on the pricing date or the next succeeding business day should consult their own advisors.

The Dealers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Each of the Dealers and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Issuer. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We will pay the relevant Dealers, as compensation for their services in connection with the offering of each Tranche of Notes issued under the Programme, underwriting fees and commissions.

In connection with each Tranche of Notes issued under the Programme, the Dealers may offer the Notes to certain dealers at a price that represents a concession or discount to the issue price to investors.

In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. In connection with each Tranche of Notes issued under the Programme, the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States or U.S. persons are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes or person wishing to transfer an interest from one Global Certificate to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(1) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is outside the United States and is not a U.S. person;

(2) that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) that, unless it holds an interest in a Regulation S Global Certificate and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;

(4) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;

(5) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Certificates and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Certificates;

(6) that the Notes, other than the Regulation S Global Certificates, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND UNDER THE APPLICABLE U.S. STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFORM. EACH PURCHASE OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A

THEREUNDER. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE DEALERS THAT (A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, THAT (B) THIS NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (2) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF SUCH RULE 144A, (3) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, (C) THAT EITHER (1) NO PORTION OF THE ASSETS USED BY IT TO ACQUIRE AND HOLD THE NOTES CONSTITUTES ASSETS OF (i) ANY EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (ii) ANY INDIVIDUAL RETIREMENT ACCOUNT, KEOGH PLAN OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (iii) ANY ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF ERISA OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT, OR (iv) ANY GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS NOT SUBJECT TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE BUT MAY BE SUBJECT TO OTHER LAWS THAT ARE SUBSTANTIALLY SIMILAR TO THOSE PROVISIONS (EACH, A "SIMILAR LAW"), OR (2) ITS PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF THE NOTES WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA, SECTION 4975 OF THE CODE OR ANY PROVISION OF SIMILAR LAW AND THAT (D) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN (B) AND (C) ABOVE.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("**DTC**"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN".;

(7) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (a)(i) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. state securities laws; and it acknowledges that the Regulation S Global Certificates will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS NOTE (OR ITS PREDECESSOR) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") AND APPLICABLE U.S. STATE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, OR TO,

OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. TERMS USED HEREIN HAVE THE MEANINGS GIVEN THEM IN REGULATION S UNDER THE SECURITIES ACT. PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE DATE OF THE ORIGINAL ISSUANCE OF THIS NOTE, THIS NOTE MAY BE TRANSFERRED ONLY (A)(I) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT OR (II) TO A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN COMPLIANCE WITH RULE 144A AND (B) IN ACCORDANCE WITH ALL APPLICABLE U.S. STATE SECURITIES LAWS".

(8) that either (1) no portion of the assets used by it to acquire and hold the Notes constitutes assets of (i) any employee benefit plan that is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) any individual retirement account, Keogh plan or other arrangement that is subject to Section 4975 of the Code, (iii) any entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement, or (iv) any governmental, church or non-U.S. plan that is not subject to Section 406 of ERISA or Section 4975 of the Code but may be subject to other laws that are substantially similar to those provisions (each, a "Similar Law"), or (2) its purchase, holding and subsequent disposition of the Notes will not constitute a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any provision of Similar Law; and

(9) that the Issuer, the Trustee and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Legended Notes

No sale of Legended Notes in the United States to any one purchaser will be for less than US$200,000 (or its foreign currency equivalent) principal amount, unless a different minimum denomination is specified in the applicable Pricing Supplement, and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least US$200,000 (or its foreign currency equivalent) principal amount of Registered Notes.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer represents and agrees that it has offered and sold any Notes, and will offer and sell any Notes (a) as part of their distribution at any time and (b) otherwise until the expiration of 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, as determined and certified as provided below, only in accordance with Rule 903 of Regulation S under the Securities Act. Each Dealer who has purchased Notes of a Tranche hereunder (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a Syndicated Issue, the relevant Lead Manager) shall determine and notify the Issuer of the date of completion of the distribution of the Notes of such Tranche. On the basis of such notification or notifications, the Issuer has agreed to notify such Dealer/Lead Manager and the Agent of the end of the distribution compliance period with respect to such Tranche. Each Dealer also agrees that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until the expiration of 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part as determined and certified by the relevant Dealer, in the case of a non-Syndicated Issue, or the Lead Manager, in the case of a Syndicated Issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S".

Terms used above under United States selling restrictions have the meanings given to them by Regulation S.

Each Dealer represents and agrees that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

In addition in respect of Bearer Notes where TEFRA D is specified in the applicable Pricing Supplement:

(1) except to the extent permitted under rules in substantially the same form as U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D) for purposes of Section 4701 of the U.S. Internal Revenue Code ("TEFRA D"), each Dealer (i) represents that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (ii) represents that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Bearer Notes that are sold during the restricted period;

(2) each Dealer represents that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Bearer Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by TEFRA D;

(3) if it is a United States person, each Dealer represents that it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of rules in substantially the same form as U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(6) for purposes of Section 4701 of the U.S. Internal Revenue Code;

(4) with respect to each affiliate that acquires Bearer Notes from a Dealer for the purpose of offering or selling such Bearer Notes during the restricted period, such Dealer either (a) repeats and confirms the representations and agreements contained in clauses (1), (2) and (3) above on such affiliate's behalf or (b) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in clauses (1), (2) and (3) above; and

(5) such Dealer will obtain for the benefit of the Issuer the representations and agreements contained in clauses (1), (2), (3) and (4) above from any person other than its affiliate with whom it enters into a written contract, as defined in rules in substantially the same form as United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(4), for purposes of Section 4701 of the U.S. Internal Revenue Code for the offer and sale during the restricted period of Bearer Notes.

Terms used in the preceding paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including TEFRA D.

In respect of Bearer Notes where TEFRA C is specified in the applicable Pricing Supplement under rules in substantially the same form as U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(C) for purposes of Section 4701 of the U.S. Internal Revenue Code ("TEFRA C"), such Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Notes within the United States or its possessions in connection with their original issuance. Further, each Dealer represents and agrees in connection with the original issuance of such Bearer Notes that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of such Bearer Notes. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including TEFRA C.

Notes issued pursuant to TEFRA D (other than Temporary Global Notes) and any receipts or coupons appertaining thereto will bear the following legend: "ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE".

Notwithstanding anything above to the contrary, the Issuer, when acting through its New York Branch, will only issue Registered Notes and will not issue any Bearer Notes.

In connection with an offer or sale of any Notes pursuant to a private placement in the United States or an offering in reliance on or pursuant to Regulation S, each Dealer represents and agrees that, it is (a) a "qualified institutional buyer" within the meaning of Rule 144A and an "accredited investor" within the meaning of Rule 501(a) under the Securities Act or (b) a non-U.S. person outside of the United States.

Notwithstanding anything above to the contrary, it is understood that Registered Notes may be offered and sold pursuant to a private placement in the United States, and in connection therewith each Dealer represents and agrees that:

- offers, sales, resales and other transfers of Notes made in the United States made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) shall be made with respect to Registered Notes only and shall be effected pursuant to an exemption from the registration requirements of the Securities Act;

- offers, sales, resales and other transfers of Notes made in the United States will be made only in private transactions to institutional investors that are reasonably believed to qualify as "qualified institutional buyers" within the meaning of Rule 144A;

- the Notes will be offered in the United States only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act will be used in connection with the offering of the Notes in the United States;

- no sale of the Notes in the United States to any one purchaser will be for less than US$200,000 (or its foreign currency equivalent) principal amount and no Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least US$200,000 (or its foreign currency equivalent) principal amount of the Notes; and

- each Note sold as a part of a private placement in the United States shall contain a legend stating that such Note has not been, and will not be, registered under the Securities Act, that any resale or other transfer of such Note or any interest therein may be made only:

  - to the Issuer or any subsidiary thereof;

  - to a qualified institutional buyer in a transaction which meets the requirements of Rule 144A;

  - outside the United States to a non-U.S. person pursuant to Regulation S under the Securities Act;

  - pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available); or

  - pursuant to an effective registration statement under the Securities Act.

Resale or secondary market transfer of Notes in the United States may be made in the manner and to the parties specified above and to qualified institutional buyers in transactions which meet the requirements of Rule 144A.

The Issuer represents and agrees that any resale or other transfer, or attempted resale or other transfer of Notes sold as part of a private placement in the United States made other than in compliance with the restrictions set out in paragraphs (i) through (v) above shall not be recognized by the Issuer or any agent of the Issuer and shall be void. The certificates for the Notes sold in the United States shall bear a legend to this effect.

Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement. The relevant Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(1) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a Non-exempt Offer), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(2) at any time to any legal entity which is a "qualified investor" as defined in the Prospectus Directive;

(3) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(4) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs (i) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each Dealer represents and agrees that:

(1) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(3) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer represents and agrees that:

(1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in Part 1 of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) ("SFO") and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Cap. 32) ("CO") or which do not constitute an offer or invitation to the public within the meaning of the CO or the SFO; and

(2) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in Part 1 of Schedule 1 to the SFO.

India

Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that (a) this Offering Circular has not been and will not be registered, produced or published as an offer document (whether a prospectus in respect of a public offer or information memorandum or other offering material in respect of any private placement under the Indian Companies Act, 1956 (as amended and repealed by the Indian Companies Act, 2013 and the rules framed thereunder) or any other applicable Indian laws), with the Registrar of Companies, the Securities and Exchange Board of India or any other statutory or regulatory body of like nature in India and (b) the Notes have not been and will not be offered or sold in India by means of any document and this Offering Circular or any other offering document or material relating to the Notes have not been and will not be circulated or distributed, directly or indirectly, to any person or to the public in India which would constitute an advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase any securities in violation of Indian laws.

Singapore

Each Dealer has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed nor will it circulate or distribute this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the Securities and Futures Act, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the Securities and Futures Act, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the Securities and Futures Act except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the Securities and Futures Act; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Bahrain

Each Dealer agrees that it will not make any invitation to the public in the Kingdom of Bahrain to subscribe for the Notes and that this Offering Circular will not be issued, passed to, or made available to the public generally.

This Offering Circular, and the offering and issuance of any Notes offered hereunder, do not fall under the regulation of the Central Bank of Bahrain.

United Arab Emirates

This Offering Circular is strictly private and confidential and is being distributed to a limited number of sophisticated institutional investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose.

By receiving this Offering Circular, the person or entity to whom it has been issued understands, acknowledges and agrees that none of the Notes or this Offering Circular have been approved, received, licensed or registered by the Central Bank, the Emirates Securities and Commodities Authority or any other authority or governmental agency in the United Arab Emirates ("UAE"), nor has the Issuer or any other person received authorization or licensing from the Central Bank, the Emirates Securities and Commodities Authority or any other authority or governmental agency in the UAE to market or sell the Notes within the UAE. No marketing of the Notes has been or will be made from within the UAE and no sale or acquisition of the international shares mayor will be consummated within the UAE.

It should not be assumed that Issuer or any other person is a licensed broker, dealer or investment advisor under the laws applicable in the UAE, or that it advises individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products. The Notes may not be offered or sold, directly or indirectly, to the public nor publicly promoted or advertised in the UAE. This Offering Circular does not and is not intended to constitute a public offer, sale or delivery of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No.8 of 1984 (as may be amended from time to time) or otherwise.

Prospective investors should conduct their own due diligence on the Notes. If you do not understand the contents of this Offering Circular, please consult your financial advisor.

Dubai International Financial Centre

The offering of the Notes has not been reviewed or approved by the Dubai Financial Services Authority ("DFSA") or any other relevant licensing authorities in the Dubai International Financial Centre ("DIFC"), and constitutes an Exempt Offer (as defined in the DFSA Markets Rules issued under the Markets Law of 2012).

This Offering Circular is strictly private and confidential and will only be issued to a limited number of institutional investors who qualify as Professional Clients (as defined in the DFSA Rules) and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose.

Prospective investors should conduct their own due diligence on the Notes. If you do not understand the contents of this Offering Circular, please consult your financial advisor.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan and disclosure under the Financial Instruments and Exchange Law of Japan has not been and will not be made with respect to the Notes. The Notes may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan or to any persons for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law of Japan available thereunder and (ii) in compliance with the Financial Instruments and Exchange Law and other applicable laws, regulations and ministerial guidelines of Japan. As used in this paragraph, "resident of Japan" means a natural person having his/her place of domicile or residence in Japan, or a legal person having its main office in Japan. A branch, agency or other office in Japan of a non-resident, irrespective of whether it is legally authorized to represent its principal or not, shall be deemed to be a resident of Japan even if its main office is in any other country than Japan.

Italy

The offer of the Notes has not been registered with the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, the "CONSOB") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or distributed, to the public nor may copies of this document or of any other document relating to the Notes be distributed in the Republic of Italy ("Italy"), except:

- to qualified investors (investitori qualificati), as defined in Article 2, paragraph (e) of the Prospectus Directive as implemented by Article 34-ter of CONSOB Regulation No. 11971 of May 14, 1999, as amended from time to time, (the "Issuers Regulation"); or
- in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of the Italian Legislative Decree No. 58 of February 24, 1998, as amended from time to time, (the "Financial Services Act") and Article 34-ter of the Issuers Regulation.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Notes or distribution of copies of this document or any other document relating to the Notes in Italy under (i) or (ii) above must be and will be effected in accordance with all Italian securities, tax, exchange control and other applicable laws and regulations, and, in particular, will be:

1. made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended from time to time (the "Banking Act");
2. in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy; and
3. in compliance with any other applicable laws and regulations or requirement imposed by the Bank of Italy, CONSOB or other Italian authority.

Any investor purchasing the Notes in the offering is solely responsible for ensuring that any offer or resale of the Notes it purchased in the offering occurs in compliance with applicable Italian laws and regulations.

Netherlands

Each Dealer represents and agrees that the Notes (or any interest therein) are not and may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in the Netherlands, on their issue date or at any time thereafter, and neither the Offering Circular nor any other document in relation to any offering of the Notes (or any interest therein) may be distributed or circulated in the Netherlands, other than to qualified investors as defined in the Prospectus Directive (as defined under "European Economic Area" above), provided that these parties acquire the Notes for their own account or that of another qualified investor.

General

Each Dealer agrees that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Trustee and any other Dealer shall have any responsibility therefor.

None of the Issuer, the Trustee and any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer and set out in the applicable Pricing Supplement.

LEGAL MATTERS

Certain United States federal law and New York law matters will be passed upon for the Issuer by Davis Polk & Wardwell. Certain Hong Kong law matters will be passed upon for the Issuer by Davis Polk & Wardwell. Certain Indian law matters will be passed upon for the Issuer by Amarchand & Mangaldas & Suresh A. Shroff & Co. Certain Singapore law matters will be passed upon for the Issuer by Allen & Gledhill LLP. Certain Bahrain law matters will be passed upon for the Issuer by Zu'bi Law Firm. Certain Dubai law matters will be passed upon for the Issuer by A1 Tamimi & Company. Certain United States federal law matters will be passed upon for the Dealers by Latham & Watkins LLP. Certain English law matters will be passed upon for the Dealers by Latham & Watkins (London) LLP.

INDEPENDENT ACCOUNTANTS

The unconsolidated financial statements of ICICI Bank Limited as of and for the years ended March 31, 2012, 2013 and 2014 and as of and for the three months ended June 30, 2013, incorporated by reference in this Offering Circular, have been audited by S.R. Batliboi & Co. LLP, (formerly known as S.R. Batliboi & Co.) Chartered Accountants, as stated in their report appearing herein which refers to reliance on other auditors.

The consolidated financial statements of ICICI Bank Limited as of and for the year ended March 31, 2012, 2013 and 2014 and the three months ended June 30, 2013, incorporated by reference in this Offering Circular, have been audited by S.R. Batliboi & Co. LLP, (formerly known as S.R. Batliboi & Co.) Chartered Accountants, as stated in their report incorporated by reference herein, which refers to reliance on other auditors and unaudited financial statements of certain subsidiaries, associates and joint ventures.

As per statutory requirements, the appointment of B S R & Co. LLP, (formerly known as B S R & Co.) Chartered Accountants, as independent statutory auditors with respect to the Bank within the meaning of the Indian Companies Act, 2013, as amended and in accordance with the guidelines issued by the Institute of Chartered Accountants of India, for fiscal 2015 has been approved by the board of directors of the Bank and the Reserve Bank of India. The appointment has been approved by the shareholders at the Annual General Meeting held on June 30, 2014. The unconsolidated financial statements of ICICI Bank Limited as of and for the three months ended June 30, 2014 have been audited by BSR & Co. LLP, Chartered Accountants.

IMPORTANT INFORMATION RELATING TO THE FINANCIAL INFORMATION PRESENTED

This Offering Circular includes our unconsolidated financial statements prepared in accordance with Indian GAAP as applicable to banks and guidelines issued by the Reserve Bank of India from time to time. Our consolidated financial statements at and for the year ended March 31, 2012, prepared in accordance with Indian GAAP as included in our 18th annual report to shareholders, our consolidated financial statements at and for the year ended March 31, 2013, prepared in accordance with Indian GAAP as included in our 19th annual report to shareholders and our consolidated financial statements at and for the year ended March 31, 2014, prepared in accordance with Indian GAAP as included in our 20th annual report to shareholders (but not any other parts of such annual reports) are, in each case, incorporated by reference into this Offering Circular. Such information incorporated by reference is part of this Offering Circular. The financial information in our annual reports on Form 20-F for fiscal years 2013 and 2014 is based on our audited consolidated financial statements and accompanying notes prepared in accordance with Indian GAAP, with the net income and stockholders' equity reconciled to U.S. GAAP and audited by KPMG.

GENERAL INFORMATION

Authorization

— The establishment of the Global Programme (previously, the Medium Term Note Programme) has been duly authorized by a resolution of the Committee of Directors (the "Committee") of ICICI Bank dated December 18, 2003. The update and an increase in the size of such programme from US$1,000,000,000 to US$3,000,000,000 and, from US$3,000,000,000 to US$5,000,000,000 and from US$5,000,000,000 to US$7,500,000,000 have been duly authorized by resolutions of the Committee dated January 2, 2007, February 13, 2007, February 15, 2008, August 13, 2009, December 7, 2010, May 10, 2011, August 1, 2012, March 25, 2013 and October 25, 2013 and August 27, 2014 respectively.

— Currently, approval for the issuance of Notes (save and except for Hybrid Tier I Notes) by ICICI Bank acting through its Head Office is required to be obtained from the RBI and not the Ministry of Finance. The approval must be obtained prior to each issuance of Notes.

— Currently, the issuance of Notes by the Issuer acting through its Offshore Banking Unit or any other foreign branch for borrowings in foreign currency for the purpose of funding its foreign offices in the normal course of banking business outside India, does not require any approval from the RBI and/or the Ministry of Finance provided that such Notes are within the limits prescribed by the RBI (except for certain category of subordinated notes in which permission will be required at the time of issuance). The Issuer is, however, required to: (i) comply with reporting requirements specified under the guidelines issued by the RBI (by its circular DBS No. FBC.BC.34/13.12.001/1999/2000 dated April 6, 2000), and (ii) report the issue of Notes as part of the overseas liabilities and DSBO Returns I and II with respect to operation of foreign branches of Indian banks, as amended, modified or supplemented from time to time.

— Approval for the issuance of Notes by ICICI Bank acting through the Bahrain branch is required to be obtained from the Bahrain Monetary Agency. The approval must be obtained prior to each issuance of Notes.

— The Bank of New York Mellon has given its consent to act as the Trustee for the Noteholders. Furthermore, the Issuer, with the prior consent of the Trustee (such consent not to be unreasonably withheld or delayed) shall include the name of the Trustee in all subsequent periodic communications to be sent to the Noteholders.

Listing

— Application has been made to the SGX-ST for permission to deal in and quotation for any Notes that may be issued pursuant to the Global Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Admission to the Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Global Programme or the Notes.

Clearing Systems

— The Notes to be issued under the Global Programme have been accepted for clearance through Euroclear, Clearstream, Luxembourg and DTC or, if applicable, the CMU. The Issuer may also apply to have Notes accepted for clearance through the CMU. The appropriate Common Code, ISIN and CUSIP and in the case of CMU Notes, the CMU Instrument Number for each Tranche of Notes allocated by Euroclear, Clearstream, Luxembourg, DTC and/or the CMU will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

No Significant Change

— Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Bank since June 30, 2014 and there has been no material adverse change in the financial position or prospects of the Bank since June 30, 2014.

Litigation

— Save as disclosed in this Offering Circular, the Issuer is not involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position of the Issuer.

Accounts

— The auditors of the Issuer as of and for the years ended March 31, 2012, 2013 and 2014 and the three months ended June 30, 2013 was S.R. Batliboi & Co. LLP (formerly known as S.R. Batliboi & Co.) who have audited the Issuer's accounts for those respective periods, as stated in their reports appearing herein, which refer to reliance on other auditors, in accordance with generally accepted auditing standards in India for the periods mentioned above.

— The auditors of the Issues as of and for the three months ended June 30, 2014 was BSR & Co. LLP, chartered accountants who have audited the Issuer's accounts for the said period, as stated in their reports appearing herein, which refer to reliance on other auditors, in accordance with generally accepted auditing standards in India for the period mentioned above.

— The Trust Deed provides that the Trustee may rely on certificates or reports from the auditors (as defined in the Trust Deed) or any other person in accordance with the provisions of the Trust Deed as sufficient evidence of the facts stated therein whether or not called for by or addressed to the Trustee and whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the auditors or such other person in connection therewith contains a monetary or other limit on the liability of the auditors or such other person. However, the Trustee will have no recourse to the auditors or such other person in respect of such certificates or reports unless the auditors or such other person have agreed to address such certificates or reports to the Trustee.

Documents

— So long as Notes are capable of being issued under the Global Programme, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in New York:

- the Memorandum and Articles of Association (with an English translation thereof) of the Issuer;
- the non-consolidated and consolidated audited financial statements of the Issuer as of and for the financial years ended March 31, 2012, 2013 and 2014;
- the most recently published audited annual financial statements of the Issuer, the most recently published audited interim financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer (the Issuer currently prepares unaudited consolidated and non-consolidated interim accounts on a quarterly basis);
- the Global Programme Agreement, the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- a copy of this Offering Circular;
- any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and
- in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

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Independent Auditors' Report

To The Board of Directors of ICICI Bank Limited

We have audited the accompanying condensed interim financial statements of ICICI Bank Limited ('the Bank'), which comprise the condensed interim balance sheet as at 30 June 2014, the condensed interim profit and loss account and the condensed interim cash flow statement for the three months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Condensed Interim Financial Statements

Management is responsible for the preparation of these condensed interim financial statements in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued under the Companies (Accounting Standards) Rules, 2006 which continue to apply under section 133 of the Companies Act 2013, provisions of Section 29 of the Banking Regulation Act, 1949, circulars and guidelines issued by Reserve Bank of India from time to time and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the condensed interim financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these condensed interim financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the condensed interim financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed interim financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the condensed interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the condensed interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's Internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the condensed interim financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors of the branches as noted below, the accompanying condensed interim financial statements, i.e.

i) the condensed interim balance sheet as at 30 June 2014;

ii) the condensed interim profit and loss account for the three months period ended on that date; and

iii) the condensed interim cash flow statement for the three months period ended on that date

have been prepared, in all material respects, in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued under the Companies (Accounting Standards) Rules, 2006 which continues to apply under section 133 of the Companies Act 2013, provisions of Section 29 of the Banking Regulation Act,1949, circulars and guidelines issued by Reserve Bank of India from time to time and other accounting principles generally accepted in India, to the extent applicable to the condensed interim financial statements.

Other matters

We did not audit the financial statements of the Singapore, Bahrain, Hong Kong and Dubai branches of the Bank, whose financial statements reflect total assets of Rs. 1,543,720 million as at 30 June 2014, total revenues of Rs. 16,673 million for the three months period ended 30 June 2014 and net cash inflows amounting to Rs. 13,884 million for the three months period ended 30 June 2014. These financial statements have been audited by other auditors, duly qualified to act as auditors in the country of incorporation of the said branches, whose reports have been furnished to us. Our opinion, in so far as it relates to such branches is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Vijay Mathur
Partner
Membership No: 046476

Mumbai
31 July 2014

ICICI BANK LIMITED
Unconsolidated Condensed Interim Balance Sheet at June 30, 2014

₹ in million

CAPITAL AND LIABILITIES	Schedule	At 30.06.2014	At 31.03.2014	At 30.06.2013
Capital	1	11,562.2	11,550.4	11,541.1
Employees stock options outstanding		69.0	65.7	50.0
Reserves and surplus	2	747,354.7	720,517.1	689,203.1
Deposits	3	3,357,674.0	3,319,136.6	2,911,850.4
Borrowings	4	1,459,461.1	1,547,590.5	1,559,202.4
Other liabilities and provisions	5	307,425.4	347,555.5	313,742.6
TOTAL CAPITAL AND LIABILITIES		**5,883,546.4**	**5,946,415.8**	**5,485,589.6**
ASSETS				
Cash and balances with Reserve Bank of India	6	202,557.2	218,218.2	194,078.3
Balances with banks and money at call and short notice	7	219,448.5	197,077.7	132,785.1
Investments	8	1,701,531.1	1,770,218.2	1,746,251.2
Advances	9	3,470,669.7	3,387,026.5	3,013,703.0
Fixed assets	10	46,705.7	46,781.4	46,572.6
Other assets	11	242,634.2	327,093.8	352,199.4
TOTAL ASSETS		**5,883,546.4**	**5,946,415.8**	**5,485,589.6**
Contingent liabilities	12	8,301,630.6	7,814,304.5	8,486,246.6
Bills for collection		138,114.9	135,349.1	137,581.6
Significant accounting policies and notes to accounts	17 & 18			

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration
no.: 101248W/W-100022

K. V. Kamath
Chairman

Homi Khusrokhan
Director

Chanda Kochhar
Managing Director & CEO

Vijay Mathur
Partner
Membership no.: 46476

N. S. Kannan
Executive Director

K. Ramkumar
Executive Director

Rajiv Sabharwal
Executive Director

Place: Mumbai
Date: July 31, 2014

P. Sanker
Senior General Manager
(Legal) & Company Secretary

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

ICICI BANK LIMITED
Unconsolidated Condensed Interim Profit and Loss Account
for the three months ended June 30, 2014

₹ in million

	Schedule	Three months ended 30.06.2014	Year ended 31.03.2014	Three months ended 30.06.2013
I. INCOME				
Interest earned	13	117,669.0	441,781.5	104,206.8
Other income	14	28,498.1	104,278.7	24,842.9
TOTAL INCOME		146,167.1	546,060.2	129,049.7
II. EXPENDITURE				
Interest expended	15	72,750.1	277,025.9	66,002.1
Operating expenses	16	28,249.8	103,088.6	24,906.0
Provisions and contingencies (refer note 18.19)		18,614.2	67,840.9	15,399.5
TOTAL EXPENDITURE		119,614.1	447,955.4	106,307.6
III. PROFIT/(LOSS)				
Net profit for the period/year		26,553.0	98,104.8	22,742.1
Profit brought forward		133,186.0	99,022.9	99,022.9
TOTAL PROFIT/(LOSS)		159,739.0	197,127.7	121,765.0
IV. APPROPRIATIONS/TRANSFERS				
Transfer to Statutory Reserve		..	24,530.0	..
Transfer to Reserve Fund		..	46.1	1.2
Transfer to Capital Reserve		..	760.0	..
Transfer to/(from) Investment Reserve Account		..	1,270.0	..
Transfer to Revenue and other reserves		..	..	..
Transfer to Special Reserve		..	9,000.0	..
Dividend (including corporate dividend tax) for the previous period/year paid during the period/year		29.8	(539.7)	(539.7)
Proposed equity share dividend		..	26,562.8	..
Proposed preference share dividend		..	0.0	..
Corporate dividend tax		..	2,312.5	..
Balance carried over to balance sheet		159,709.2	133,186.0	122,303.5
TOTAL		159,739.0	197,127.7	121,765.0
Significant accounting policies and notes to accounts	17 & 18			
Earnings per share (refer note 18.1)				
Basic (₹)		22.98	84.99	19.71
Diluted (₹)		22.80	84.65	19.61
Face value per share (₹)		10.00	10.00	10.00

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report of even date.

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration

K. V. Kamath
Chairman

Homi Khusrokhan
Director

Chanda Kochhar
Managing Director & CEO

Vijay Mathur
Partner
Membership no.: 46476

N. S. Kannan
Executive Director

K. Ramkumar
Executive Director

Rajiv Sabharwal
Executive Director

Place: Mumbai
Date: July 31, 2014

P. Sanker
Senior General Manager
(Legal) & Company Secretary

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

ICICI BANK LIMITED
Unconsolidated Condensed Interim Cash Flow Statement for the three months ended June 30, 2014

₹ in million

		Three months ended 30.06.2014	Year ended 31.03.2014	Three months ended 30.06.2013
Cash flow from operating activities				
Profit before taxes		37,906.4	139,681.7	32,209.8
Adjustments for:				
Depreciation and amortisation		1,713.0	6,548.0	1,546.7
Net (appreciation)/depreciation on investments		(417.9)	(420.7)	1,864.9
Provision in respect of non-performing and other assets		5,881.4	22,522.7	5,697.7
Prudential provision for standard assets		1,021.2	2,487.7	(171.2)
Provision for contingencies & others		212.8	542.5	168.7
Income from subsidiaries, joint ventures and consolidated entities		(4,196.9)	(13,158.0)	(2,883.6)
(Profit)/loss on sale of fixed assets		(2.0)	(1,363.8)	(17.3)
Employees stock options grants		3.3	20.9	5.2
	(i)	42,121.3	156,861.0	38,420.9
Adjustments for:				
(Increase)/decrease in investments		99,395.9	78,314.3	54,451.3
(Increase)/decrease in advances		(90,652.6)	(510,443.9)	(117,151.0)
Increase/(decrease) in deposits		38,537.4	393,000.3	(14,285.9)
(Increase)/decrease in other assets		58,239.8	(50,813.1)	(63,361.2)
Increase/(decrease) in other liabilities and provisions		151.1	21,377.3	16,317.9
	(ii)	105,671.6	(68,565.1)	(124,028.9)
Refund/(payment) of direct taxes	(iii)	2,621.6	(41,609.9)	(7,749.0)
Net cash flow from/(used in) operating activities (i)+(ii)+(iii)	(A)	150,414.5	46,686.0	(93,357.0)
Cash flow from investing activities				
Redemption from/(Investments in) subsidiaries and/or joint ventures (including application money)		..	6,129.0	5,707.2
Income from subsidiaries, joint ventures and consolidated entities		1,980.7	13,158.0	2,883.6
Purchase of fixed assets		(1,976.6)	(6,784.6)	(1,476.1)
Proceeds from sale of fixed assets		78.0	1,992.6	89.4
(Purchase)/sale of held to maturity securities		(29,125.0)	(136,959.8)	(94,064.3)
Net cash used in investing activities	(B)	(29,042.9)	(122,464.8)	(86,860.2)
Cash flow from financing activities				
Proceeds from issue of share capital (including ESOPs)		740.2	761.8	284.8
Net proceeds/(repayment) of borrowings		(88,399.6)	93,076.0	105,538.9
Dividend and dividend tax paid		(26,588.3)	(25,454.2)	(23,081.1)
Net cash generated from/(used in) financing activities	(C)	(114,247.7)	68,383.6	82,742.6
Effect of exchange fluctuation on translation reserve	(D)	(414.1)	8,515.9	10,162.8

Unconsolidated Condensed Interim Cash Flow Statement for the three months ended June 30, 2014

₹ in million

	Three months ended 30.06.2014	Year ended 31.03.2014	Three months ended 30.06.2013
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C) + (D)	**6,709.8**	**1,120.7**	**(87,311.8)**
Cash and cash equivalents at beginning of the year	**415,295.9**	**414,175.2**	**414,175.2**
Cash and cash equivalents at end of the period/year	**422,005.7**	**415,295.9**	**326,863.4**

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.
The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For and on behalf of the Board of Directors

For B S R & Co.LLP
Chartered Accountants
ICAI Firm Registration no.: 101248W/W-100022

K. V. Kamath
Chairman

Homi Khusrokhan
Director

Chanda Kochhar
Managing Director & CEO

Vijay Mathur
Partner
Membership no.:46476

N. S. Kannan
Executive Director

K. Ramkumar
Executive Director

Rajiv Sabharwal
Executive Director

Place: Mumbai
Date: July 31, 2014

P. Sanker
Senior General Manager (Legal) & Company Secretary

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

Schedules forming part of the balance sheet

₹ in million

	At 30.06.2014	At 31.03.2014	At 30.06.2013
SCHEDULE 1 - CAPITAL			
Authorised capital			
1,275,000,000 equity shares of ₹ 10 each (March 31, 2014: 1,275,000,000 equity shares of ₹ 10 each; (June 30, 2013: 1,275,000,000 equity shares of ₹ 10 each)	12,750.0	12,750.0	12,750.0
15,000,000 shares of ₹ 100 each (March 31, 2014: 15,000,000 shares of ₹ 100 each; June 30, 2013: 15,000,000 shares of ₹ 100 each)[1]	1,500.0	1,500.0	1,500.0
350 preference shares of ₹ 10 million each (March 31, 2014: 350 preference shares of ₹ 10 million each; June 30, 2013: 350 preference shares of ₹ 10 million each)[2]	3,500.0	3,500.0	3,500.0
Equity share capital Issued, subscribed and paid-up capital 1,154,832,769 equity shares of ₹ 10 each (March 31, 2014: 1,153,581,715 equity shares; June 30, 2013: 1,153,581,715 equity shares)	11,548.3	11,535.8	11,535.8
Add: 1,178,960 equity shares of ₹ 10 each (March 31, 2014: 1,405,540 equity shares; June 30, 2013: 473,022 equity shares) issued pursuant to exercise of employee stock options	11.8	14.0	4.7
Less: Nil equity shares of ₹ 10 each forfeited (March 31, 2014: 154,486 equity shares; June 30, 2013: Nil)	..	1.5	..
	11,560.1	11,548.3	11,540.5
Less: Calls unpaid	..	..	(0.2)
Add: 266,089 equity shares of ₹ 10 each forfeited (March 31, 2014: 266,089 equity shares; June 30, 2013: 111,603 equity shares)	2.1	2.1	0.8
TOTAL CAPITAL	11,562.2	11,550.4	11,541.1

1. These shares will be of such class and with such rights, privileges, conditions or restrictions as may be determined by the Bank in accordance with the Articles of Association of the Bank and subject to the legislative provisions in force for the time being in that behalf.

2. Pursuant to RBI circular, the issued and paid-up preference shares are grouped under Schedule 4 - "Borrowings".

Schedules forming part of the balance sheet

₹ in million

	At 30.06.2014	At 31.03.2014	At 30.06.2013
SCHEDULE 2 - RESERVES AND SURPLUS			
I. Statutory reserve			
Opening balance	135,266.5	110,736.5	110,736.5
Additions during the period/year	..	24,530.0	..
Deductions during the period/year	..	..	..
Closing balance	135,266.5	135,266.5	110,736.5
II. Special reserve			
Opening balance	54,790.0	45,790.0	45,790.0
Additions during the period/year	..	9,000.0	..
Deductions during the period/year	..	..	..
Closing balance	54,790.0	54,790.0	45,790.0
III. Securities premium			
Opening balance	314,976.2	314,030.3	314,030.3
Additions during the period/year[1]	728.4	945.9	280.1
Deductions during the period/year	..	..	..
Closing balance	315,704.6	314,976.2	314,310.4
IV. Investment reserve account			
Opening balance	1,270.0	..	..
Additions during the period/year	..	1,270.0	..
Deductions during the period/year	..	..	..
Closing balance	1,270.0	1,270.0	..
V. Capital reserve			
Opening balance	22,932.5	22,172.5	22,172.5
Additions during the period/year[2]	..	760.0	..
Deductions during the period/year	..	..	..
Closing balance	22,932.5	22,932.5	22,172.5
VI. Foreign currency translation reserve			
Opening balance	22,341.8	13,825.9	13,825.9
Additions during the period/year	616.9	10,738.3	10,162.8
Deductions during the period/year[3]	(1,030.9)	(2,222.4)	..
Closing balance	21,927.8	22,341.8	23,988.7
VII. Reserve fund			
Opening balance	95.9	49.7	49.7
Additions during the period/year[4]	..	46.2	1.2
Deductions during the period/year	..	..	..
Closing balance	95.9	95.9	50.9
VIII. Revenue and other reserves			
Opening balance	35,658.2	49,850.6	49,850.6
Additions during the period/year	..	..	..
Deductions during the period/year[5]	..	(14,192.3)	..
Closing balance	35,658.2	35,658.2	49,850.6
IX. Balance in profit and loss account	159,709.2	133,186.0	122,303.5
TOTAL RESERVES AND SURPLUS	747,354.7	720,517.1	689,203.1

1. Includes ₹ 728.4 million (March 31, 2014: ₹ 731.7 million; June 30, 2013: ₹ 279.9 million) on exercise of employee stock options.
2. Includes appropriations made for profit on sale of investments in held-to-maturity category, net of taxes and transfer to Statutory Reserve and profit on sale of land and buildings, net of taxes and transfer to Statutory Reserve.
3. Represents exchange profit on repatriation of retained earnings from overseas branches.
4. Includes appropriations made to Reserve Fund and Investment Fund Account in accordance with regulations applicable to Sri Lanka branch.
5. Represents amount utilised for creation of deferred tax liability on balance in Special Reserve at March 31, 2013 in accordance with RBI circular dated December 20, 2013.

Schedules forming part of the balance sheet

₹ in million

	At 30.06.2014	At 31.03.2014	At 30.06.2013
SCHEDULE 3 - DEPOSITS			
A. I. Demand deposits			
i) From banks	20,224.6	25,476.8	15,875.2
ii) From others	396,552.4	406,977.3	353,939.3
II. Savings bank deposits	1,027,363.9	991,330.0	888,530.2
III. Term deposits			
i) From banks	115,812.5	102,299.8	106,463.6
ii) From others	1,797,720.6	1,793,052.7	1,547,042.1
TOTAL DEPOSITS	3,357,674.0	3,319,136.6	2,911,850.4
B. I. Deposits of branches in India	3,207,574.8	3,161,544.7	2,733,411.1
II. Deposits of branches outside India	150,099.2	157,591.9	178,439.3
TOTAL DEPOSITS	3,357,674.0	3,319,136.6	2,911,850.4

₹ in million

	At 30.06.2014	At 31.03.2014	At 30.06.2013
SCHEDULE 4 - BORROWINGS			
I. Borrowings in India			
i) Reserve Bank of India	22,850.0	85,800.0	100,000.0
ii) Other banks	..	2,995.7	35,236.5
iii) Other institutions and agencies			
a) Government of India	..	..	..
b) Financial institutions	77,898.8	99,395.8	145,589.3
iv) Borrowings in the form of bonds and debentures (excluding subordinated debt)	15,782.0	15,714.0	15,569.5
v) Application money-bonds	..	..	..
vi) Capital instruments			
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as Tier 1 capital)	13,010.0	13,010.0	13,010.0
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as upper Tier 2 capital)	98,165.2	98,167.0	98,172.4
c) Redeemable Non-Cumulative Preference Shares (RNCPS) (350 RNCPS of ₹ 10 million each issued to preference share holders of erstwhile ICICI Limited on amalgamation, redeemable at par on April 20, 2018)	3,500.0	3,500.0	3,500.0
d) Unsecured redeemable debentures/bonds (subordinated debt included in Tier 2 capital)	216,613.9	216,411.7	216,611.4
TOTAL BORROWINGS IN INDIA	447,819.9	534,994.2	627,689.1
II. Borrowings outside India			
i) Capital instruments			
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as Tier 1 capital)	20,427.8	20,336.1	20,147.9
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as upper Tier 2 capital)	54,157.5	53,923.5	53,451.0
ii) Bonds and notes	400,808.4	382,510.4	358,127.0
iii) Other borrowings[1]	536,247.5	555,826.3	499,787.4
TOTAL BORROWINGS OUTSIDE INDIA	1,011,641.2	1,012,596.3	931,513.3
TOTAL BORROWINGS	1,459,461.1	1,547,590.5	1,559,202.4

1. Includes borrowings guaranteed by Government of India for the equivalent of ₹ 15,634.7 million (March 31, 2014: ₹ 16,353.2 million; June 30, 2013: ₹ 16,753.4 million).
2. Secured borrowings in I and II above amount to Nil (March 31, 2014: Nil; June 30, 2013: Nil) except borrowings of ₹ 19,154.4 million (March 31, 2014: ₹ 83,307.7 million; June 30, 2013: ₹ 201,846.9 million) under Collateralised Borrowing and Lending Obligation, market repurchase transactions with banks and financial institutions and transactions under Liquidity Adjustment Facility and Marginal Standing Facility.

ICICI Bank

Schedules forming part of the balance sheet

₹ in million

	At 30.06.2014	At 31.03.2014	At 30.06.2013
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I. Bills payable	48,358.7	48,448.2	42,426.3
II. Inter-office adjustments (net)	2,742.4	..	..
III. Interest accrued	32,514.2	38,695.8	40,683.0
IV. Sundry creditors	45,040.5	45,130.4	38,277.1
V. Provision for standard assets	20,356.0	19,317.6	16,063.9
VI. Others[1]	158,413.6	195,963.5	176,292.3
TOTAL OTHER LIABILITIES AND PROVISIONS	307,425.4	347,555.5	313,742.6

1. Includes:
   a) Proposed dividend amounting to Nil (March 31, 2014: ₹ 26,562.8 million; June 30, 2013: Nil).
   b) Corporate dividend tax payable amounting to ₹ 2,316.8 million (March 31, 2014: ₹ 2,312.5 million; June 30, 2013: ₹ 2,373.1 million).

₹ in million

	At 30.06.2014	At 31.03.2014	At 30.06.2013
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I. Cash in hand (including foreign currency notes)	51,339.4	51,869.2	34,156.6
II. Balances with Reserve Bank of India in current accounts	151,217.8	166,349.0	159,921.7
TOTAL CASH AND BALANCES WITH RESERVE BANK OF INDIA	202,557.2	218,218.2	194,078.3

₹ in million

	At 30.06.2014	At 31.03.2014	At 30.06.2013
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I. In India			
i) Balances with banks			
a) In current accounts	3,587.4	4,529.2	7,959.2
b) In other deposit accounts	69.1	27.0	11,058.9
ii) Money at call and short notice			
a) With banks	22,966.6	4,793.2	..
b) With other institutions	26,760.0	27,865.3	..
TOTAL	53,383.1	37,214.7	19,018.1
II. Outside India			
i) In current accounts	41,440.2	29,188.5	19,980.1
ii) In other deposit accounts	79,573.3	44,399.1	67,080.0
iii) Money at call and short notice	45,051.9	86,275.4	26,706.9
TOTAL	166,065.4	159,863.0	113,767.0
TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	219,448.5	197,077.7	132,785.1

Schedules forming part of the balance sheet

₹ in million

	At 30.06.2014	At 31.03.2014	At 30.06.2013
SCHEDULE 8 - INVESTMENTS			
I. Investments in India [net of provisions]			
i) Government securities	967,528.7	951,820.6	994,205.7
ii) Other approved securities	..	..	..
iii) Shares (includes equity and preference shares)	26,669.3	24,017.9	22,818.7
iv) Debentures and bonds	99,303.0	121,203.6	146,798.7
v) Subsidiaries and/or joint ventures	65,482.8	65,482.8	65,482.8
vi) Others (commercial paper, mutual fund units, pass through certificates, security receipts, certificate of deposits, Rural Infrastructure Development Fund deposits and other related investments)	467,130.6	533,636.3	437,110.4
TOTAL INVESTMENTS IN INDIA	1,626,114.4	1,696,161.1	1,666,416.3
II. Investments outside India [net of provisions]			
i) Government securities	7,670.6	7,096.0	13,649.6
ii) Subsidiaries and/or joint ventures abroad (includes equity and preference shares)	59,734.4	59,553.4	59,744.6
iii) Others (equity shares, bonds and certificate of deposits)	8,011.7	7,407.7	6,440.7
TOTAL INVESTMENTS OUTSIDE INDIA	75,416.7	74,057.1	79,834.9
TOTAL INVESTMENTS	1,701,531.1	1,770,218.2	1,746,251.2
A. Investments in India			
Gross value of investments	1,649,489.4	1,719,617.3	1,694,970.3
Less: Aggregate of provision/depreciation/(appreciation)	23,375.0	23,456.2	28,554.0
Net investments	1,626,114.4	1,696,161.1	1,666,416.3
B. Investments outside India			
Gross value of investments	75,679.3	74,375.9	80,097.9
Less: Aggregate of provision/depreciation/(appreciation)	262.6	318.8	263.0
Net investments	75,416.7	74,057.1	79,834.9
TOTAL INVESTMENTS	1,701,531.1	1,770,218.2	1,746,251.2

Schedules forming part of the balance sheet

₹ in million

	At 30.06.2014	At 31.03.2014	At 30.06.2013
SCHEDULE 9 - ADVANCES [net of provisions]			
A. i) Bills purchased and discounted	98,831.5	83,655.9	70,112.0
ii) Cash credits, overdrafts and loans repayable on demand	587,742.3	552,133.0	471,381.8
iii) Term loans	2,784,095.9	2,751,237.6	2,472,209.2
TOTAL ADVANCES	3,470,669.7	3,387,026.5	3,013,703.0
B. i) Secured by tangible assets (includes advances against book debts)	2,856,639.9	2,858,197.5	2,545,038.9
ii) Covered by bank/government guarantees	60,650.9	41,650.3	22,512.4
iii) Unsecured	553,378.9	487,178.7	446,151.7
TOTAL ADVANCES	3,470,669.7	3,387,026.5	3,013,703.0
C. I. Advances in India			
i) Priority sector	654,795.3	645,517.5	533,779.9
ii) Public sector	35,508.9	27,754.8	20,111.7
iii) Banks	67.4	287.6	314.3
iv) Others	1,891,631.6	1,816,506.5	1,650,299.7
TOTAL ADVANCES IN INDIA	2,582,003.2	2,490,066.4	2,204,505.6
II. Advances outside India			
i) Due from banks	4,601.0	5,935.6	10,368.6
ii) Due from others			
a) Bills purchased and discounted	37,904.7	33,737.8	23,702.6
b) Syndicated and term loans	741,275.5	752,854.8	755,835.8
c) Others	104,885.3	104,431.9	19,290.4
TOTAL ADVANCES OUTSIDE INDIA	888,666.5	896,960.1	809,197.4
TOTAL ADVANCES	3,470,669.7	3,387,026.5	3,013,703.0

₹ in million

	At 30.06.2014	At 31.03.2014	At 30.06.2013
SCHEDULE 10 - FIXED ASSETS			
I. Premises			
At cost at March 31 of preceding year	39,639.2	38,822.3	38,822.3
Additions during the period/year	134.5	1,448.4	486.8
Deductions during the period/year	(83.6)	(631.5)	(61.0)
Depreciation to date[1]	(8,957.3)	(8,668.9)	(7,834.1)
Net block[2]	30,732.8	30,970.3	31,414.0
II. Other fixed assets (including furniture and fixtures)			
At cost at March 31 of preceding year	42,567.3	40,314.0	40,314.0
Additions during the period/year	1,322.1	4,986.9	1,007.4
Deductions during the period/year	(1,440.7)	(2,733.6)	(228.2)
Depreciation to date[3]	(28,807.6)	(29,089.8)	(28,281.6)
Net block	13,641.1	13,477.5	12,811.6
III. Assets given on lease			
At cost at March 31 of preceding year	17,299.5	17,299.5	17,299.6
Additions during the period/year	..	..	..
Deductions during the period/year	..	..	..
Depreciation to date, accumulated lease adjustment and provisions[4]	(14,967.6)	(14,965.9)	(14,952.6)
Net block	2,331.8	2,333.6	2,347.0
TOTAL FIXED ASSETS	46,705.7	46,781.4	46,572.6

1. Includes depreciation charge amounting to ₹ 299.7 million (March 31, 2014: ₹ 1,222.7 million; June 30, 2013: ₹ 298.7 million).
2. Includes assets of ₹ 5.6 million (March 31, 2014: 12.7 million; June 30, 2013: Nil) which are held for sale.
3. Includes depreciation charge amounting to ₹ 1,141.5 million (March 31, 2014: ₹ 4,220.0 million; June 30, 2013: ₹ 998.2 million).
4. Includes depreciation charge/lease adjustment amounting to ₹ 84.4 million (March 31, 2014: ₹ 317.0 million; June 30, 2013: ₹ 76.3 million).

Schedules forming part of the balance sheet

₹ in million

	At 30.06.2014	At 31.03.2014	At 30.06.2013
SCHEDULE 11 - OTHER ASSETS			
I. Inter-office adjustments (net)	..	1,816.9	414.7
II. Interest accrued	49,122.0	47,159.1	44,027.7
III. Tax paid in advance/tax deducted at source (net)	24,993.3	39,263.4	33,993.7
IV. Stationery and stamps	3.5	3.0	3.0
V. Non-banking assets acquired in satisfaction of claims[1]	670.2	671.1	553.8
VI. Advances for capital assets	1,475.3	936.2	846.2
VII. Deposits	10,449.9	11,123.7	11,000.5
VIII. Deferred tax asset (net)[2]	7,763.7	7,468.6	25,179.2
IX. Others	148,156.3	218,651.8	236,180.6
TOTAL OTHER ASSETS	242,634.2	327,093.8	352,199.4

1. Includes certain non-banking assets acquired in satisfaction of claims which are in the process of being transferred in the Bank's name.

2. At June 30, 2014 and March 31, 2014, net of deferred tax liabilities of ₹ 18,180.2 million and ₹ 17,234.9 million respectively on transfer to Special Reserve in accordance with RBI circular dated December 20, 2013.

₹ in million

	At 30.06.2014	At 31.03.2014	At 30.06.2013
SCHEDULE 12 - CONTINGENT LIABILITIES			
I. Claims against the Bank not acknowledged as debts	41,102.5	42,236.2	37,106.3
II. Liability for partly paid investments	65.8	65.8	128.1
III. Liability on account of outstanding forward exchange contracts[1]	2,995,122.3	2,691,373.7	2,983,771.3
IV. Guarantees given on behalf of constituents			
a) In India	732,065.9	759,132.3	717,760.6
b) Outside India	263,369.2	262,927.5	242,990.6
V. Acceptances, endorsements and other obligations	533,135.2	505,542.1	643,607.3
VI. Currency swaps[1]	541,874.5	594,394.1	591,624.4
VII. Interest rate swaps, currency options and interest rate futures[1]	3,168,948.6	2,919,036.8	3,222,318.1
VIII. Other items for which the Bank is contingently liable	25,946.6	39,596.0	46,939.9
TOTAL CONTINGENT LIABILITIES	8,301,630.6	7,814,304.5	8,486,246.6

1. Represents notional amount.

Schedules forming part of the profit and loss account

₹ in million

		Three months ended 30.06.2014	Year ended 31.03.2014	Three months ended 30.06.2013
SCHEDULE 13 - INTEREST EARNED				
I.	Interest/discount on advances/bills	83,921.8	314,279.3	71,956.4
II.	Income on investments	29,771.9	115,570.5	28,846.3
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	492.7	1,999.8	577.1
IV.	Others[1, 2]	3,482.6	9,931.9	2,827.0
TOTAL INTEREST EARNED		117,669.0	441,781.5	104,206.8

1. Includes interest on income tax refunds amounting to ₹ 1,037.1 million (March 31, 2014: ₹ 1,824.1 million; June 30, 2013: ₹ 935.8 million).
2. Includes interest and amortisation of premium on non-trading interest rate swaps and foreign currency swaps.

₹ in million

		Three months ended 30.06.2014	Year ended 31.03.2014	Three months ended 30.06.2013
SCHEDULE 14 - OTHER INCOME				
I.	Commission, exchange and brokerage	16,068.7	63,073.4	14,071.6
II.	Profit/(loss) on sale of investments (net)	2,745.6	4,173.8	5,064.2
III.	Profit/(loss) on revaluation of investments (net)	657.3	3,479.8	(1,074.4)
IV.	Profit/(loss) on sale of land, buildings and other assets (net)[1]	2.0	1,363.8	17.3
V.	Profit/(loss) on exchange transactions (net)[2]	4,602.3	18,265.3	3,773.5
VI.	Income earned by way of dividends, etc. from subsidiary companies and/or joint ventures abroad/in India	4,155.3	12,956.2	2,811.8
VII.	Miscellaneous income (including lease income)	266.9	966.4	178.9
TOTAL OTHER INCOME		28,498.1	104,278.7	24,842.9

1. Includes profit/(loss) on sale of assets given on lease.
2. For three months ended June 30, 2014 and year ended March 31, 2014 includes profit on repatriation of retained earnings from overseas branches.

₹ in million

		Three months ended 30.06.2014	Year ended 31.03.2014	Three months ended 30.06.2013
SCHEDULE 15 - INTEREST EXPENDED				
I.	Interest on deposits	48,953.7	178,681.9	42,709.8
II.	Interest on Reserve Bank of India/inter-bank borrowings	3,337.7	21,496.9	4,159.8
III.	Others (including interest on borrowings of erstwhile ICICI Limited)	20,458.7	76,847.1	19,132.5
TOTAL INTEREST EXPENDED		72,750.1	277,025.9	66,002.1

₹ in million

		Three months ended 30.06.2014	Year ended 31.03.2014	Three months ended 30.06.2013
SCHEDULE 16 - OPERATING EXPENSES				
I.	Payments to and provisions for employees	12,468.6	42,201.1	10,894.3
II.	Rent, taxes and lighting[1]	2,214.7	8,339.6	2,194.4
III.	Printing and stationery	334.3	1,480.8	324.3
IV.	Advertisement and publicity	235.7	1,834.0	237.3
V.	Depreciation on Bank's property	1,441.2	5,442.7	1,296.9
VI.	Depreciation (including lease equalisation) on leased assets	84.4	317.0	76.3
VII.	Directors' fees, allowances and expenses	1.4	4.4	0.9
VIII.	Auditors' fees and expenses	16.0	56.9	13.1
IX.	Law charges	100.5	431.7	141.3
X.	Postages, courier, telephones, etc.	644.6	2,629.9	585.2
XI.	Repairs and maintenance	1,976.8	7,305.7	1,825.1
XII.	Insurance	864.2	2,980.8	727.0
XIII.	Direct marketing agency expenses	1,707.2	5,754.9	1,078.8
XIV.	Other expenditure	6,160.2	24,309.1	5,511.1
TOTAL OPERATING EXPENSES		28,249.8	103,088.6	24,906.0

1. Includes lease payment of ₹ 1,555.1 million (March 31, 2014: ₹ 5,774.8 million; June 30, 2013: ₹ 1,361.8 million).

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

OVERVIEW

ICICI Bank Limited (ICICI Bank or the Bank), incorporated in Vadodara, India is a publicly held banking company engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ICICI Bank is a banking company governed by the Banking Regulation Act, 1949. The Bank also has overseas branches in Bahrain, Dubai, Hong Kong, Qatar, Shanghai, Sri Lanka, Singapore, United States of America and Offshore Banking Unit.

Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of ICICI Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and notified under the Companies (Accounting Standards) Rules, 2006 to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the historical cost convention and the accrual method of accounting, except in the case of interest income on non-performing assets (NPAs) where it is recognised upon realisation.

The preparation of financial statements requires the management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

These financial statements have been prepared in accordance with AS 25 - Interim Financial Reporting.

SIGNIFICANT ACCOUNTING POLICIES

There is no change in the significant accounting policies during the three months ended June 30, 2014 as compared to those followed in the previous year, except in case of fixed assets and depreciation, where as required by Companies Act, 2013 useful lives of fixed assets have been disclosed in place of depreciation rates required by erstwhile Companies Act, 1956. The revised policy is given below. The change does not have any impact on the financial statements of the Bank.

1. Fixed assets and depreciation

Premises and other fixed assets are carried at cost less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The useful lives of the groups of fixed assets, are given below.

Asset	Useful life
Premises owned by the Bank	60 years
Leased assets and improvements to leasehold premises	60 years or lease period whichever is lower
ATMs	8 years
Plant and machinery (including office equipments[1])	10 years
Computers	3 years
Furniture and fixtures	6 years, 8 months
Motor vehicles	5 years
Others (including software and system development expenses)	4 years

1. The useful life of assets under this category is based on past experience of the Bank, which is higher than the useful life as prescribed in Schedule II to the Companies Act, 2013.

a) Assets purchased/sold during the year are depreciated on a pro-rata basis for the actual number of days the asset has been put to use.
b) Items costing upto ₹ 5,000/- are depreciated fully over a period of 12 months from the date of purchase.
c) Assets at residences of Bank's employees are depreciated over estimated useful life of 5 years.
d) In case of revalued/impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised asset values.

Schedule 18

NOTES FORMING PART OF THE ACCOUNTS

The following additional disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines in this regard.

1. Earnings per share

Basic and diluted earnings per equity share are computed in accordance with AS 20–Earnings per share. Basic earnings per equity share are computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the period/year. The diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the period/year.

The following table sets forth, for the periods indicated, the computation of earnings per share.

₹ in million, except per share data

	Three months ended June 30, 2014	Year ended March 31, 2014	Three months ended June 30, 2013
Basic			
Weighted average no. of equity shares outstanding	1,155,439,735	1,154,317,577	1,153,826,001
Net profit	26,553.0	98,104.8	22,742.1
Basic earnings per share (₹) (not annualised for three months)	22.98	84.99	19.71
Diluted			
Weighted average no. of equity shares outstanding	1,164,538,632	1,158,893,790	1,159,813,950
Net profit	26,553.0	98,104.8	22,742.1
Diluted earnings per share (₹) (not annualised for three months)	22.80	84.65	19.61
Nominal value per share (₹)	10.00	10.00	10.00

The dilutive impact is due to options granted to employees by the Bank.

2. Business/information ratios

The following table sets forth, for the periods indicated, the business/information ratios.

		Three months ended June 30, 2014	Year ended March 31, 2014	Three months ended June 30, 2013
(i)	Interest income to working funds[1,5]	8.09%	8.00%	8.00%
(ii)	Non-interest income to working funds[1,5]	1.96%	1.89%	1.91%
(iii)	Operating profit to working funds[1,5]	3.11%	3.00%	2.93%
(iv)	Return on assets[2,5]	1.83%	1.78%	1.75%
(v)	Profit per employee[3,5] (₹ in million)	1.5	1.4	1.4
(vi)	Business (average deposits plus average advances) per employee[3,4] (₹ in million)	76.5	74.7	74.5

1. For the purpose of computing the ratio, working funds represent the monthly average of total assets computed for reporting dates of Form X submitted to RBI under Section 27 of the Banking Regulation Act, 1949.

2. For the purpose of computing the ratio, assets represent monthly average of total assets computed for reporting dates of Form X submitted to RBI under Section 27 of the Banking Regulation Act, 1949.
3. The number of employees includes sales executives, employees on fixed term contracts and interns.
4. The average deposits and the average advances represent the simple average of the figures reported in Form A to RBI under Section 42(2) of the Reserve Bank of India Act, 1934.
5. Annualised for three months ended June 30, 2014 and June 30, 2013.

3. Capital adequacy ratio

The Bank is subject to the Basel III capital adequacy guidelines stipulated by RBI with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till March 31, 2019. As per the guidelines, the Tier-1 capital is made up of Common Equity Tier-1 (CET1) and Additional Tier-1.

At June 30, 2014, Basel III guidelines require the Bank to maintain a minimum capital to risk-weighted assets ratio (CRAR) of 9.0% with minimum CET1 CRAR of 5.0% and minimum Tier-1 CRAR of 6.5%.

The following table sets forth, for the periods indicated, computation of capital adequacy as per Basel III framework.

₹ in million, except percentages

Particulars	At June 30, 2014	At March 31, 2014	At June 30, 2013
Common Equity Tier-1 CRAR (%)	12.23%	12.78%	11.72%
Tier-1 CRAR (%)	12.23%	12.78%	11.72%
Tier-2 CRAR (%)	4.77%	4.92%	5.32%
Total CRAR (%)	17.00%	17.70%	17.04%
Amount of equity capital raised	..	..	..
Amount of Additional Tier-1 capital raised; of which			
Perpetual Non-Cumulative Preference Shares	..	..	..
Perpetual Debt Instruments	..	..	..
Amount of Tier-2 capital raised; of which			
Debt capital instrument	..	..	..
Preference Share Capital Instruments [Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)]	..	..	..

4. Information about business and geographical segments

Business Segments

Pursuant to the guidelines issued by RBI on AS 17 – 'Segment Reporting' - Enhancement of Disclosures dated April 18, 2007, effective from year ended March 31, 2008, the following business segments have been reported.

- Retail Banking includes exposures which satisfy the four criteria of orientation, product, granularity and low value of individual exposures for retail exposures laid down in Basel Committee on Banking Supervision document "International Convergence of Capital Measurement and Capital Standards: A Revised Framework".
- Wholesale Banking includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under Retail Banking.

- Treasury includes the entire investment and derivative portfolio of the Bank.
- Other Banking includes leasing operations and other items not attributable to any particular business segment.

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

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.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

The following tables set forth, for the periods indicated, the business segment results on this basis.

₹ in million

For the three months ended June 30, 2014						
Particulars		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1	Revenue	76,737.4	81,096.4	105,420.5	4,169.8	267,424.1
2	Less: Inter-segment revenue					121,257.0
3	Total revenue (1)–(2)					146,167.1
4	Segment results	4,634.2	15,738.8	16,069.6	1,463.8	37,906.4
5	Unallocated expenses					..
6	Operating profit (4)-(5)					37,906.4
7	Income tax expenses (net of deferred tax)					11,353.4
8	Net profit (6)-(7)					26,553.0
9	Segment assets	1,043,205.5	2,453,517.7	2,242,920.8	111,145.4	5,850,789.4
10	Unallocated assets[1]					32,757.0
11	Total assets (9)+(10)					5,883,546.4
12	Segment liabilities	2,456,949.4	989,569.3	2,332,695.4	104,332.3	5,883,546.4
13	Unallocated liabilities					..
14	Total liabilities (12)+(13)					5,883,546.4
15	Capital expenditure	1,301.9	149.7	0.3	4.7	1,456.6
16	Depreciation	1,166.1	261.7	3.0	94.8	1,525.6

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax asset (net).
2. Includes share capital and reserves and surplus.

₹ in million

For the year ended March 31, 2014						
Particulars		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1	Revenue	274,116.0	324,024.8	392,682.6	9,363.4	1,000,186.8
2	Less: Inter-segment revenue					454,126.6
3	Total revenue (1)–(2)					546,060.2
4	Segment results	18,295.2	65,886.3	52,522.7	2,977.5	139,681.7
5	Unallocated expenses					..
6	Operating profit (4)-(5)					139,681.7
7	Income tax expenses (including deferred tax)					41,576.9
8	Net profit (6)-(7)					98,104.8
9	Segment assets	991,908.9	2,426,741.3	2,371,079.1	109,954.5	5,899,683.8
10	Unallocated assets[1]					46,732.0
11	Total assets (9)+(10)					5,946,415.8
12	Segment liabilities	2,388,971.3	1,048,445.5	2,408,745.2[2]	100,253.8	5,946,415.8
13	Unallocated liabilities					..
14	Total liabilities (12)+(13)					5,946,415.8
15	Capital expenditure	5,765.3	628.6	18.8	22.6	6,435.3
16	Depreciation	4,357.2	1,044.3	12.5	345.7	5,759.7

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax asset (net).
2. Includes share capital and reserves and surplus.

₹ in million

For the three months ended June 30, 2013						
Particulars		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1	Revenue	63,369.4	77,015.6	94,200.3	1,644.5	236,229.8
2	Less: Inter-segment revenue					107,180.1
3	Total revenue (1)–(2)					129,049.7
4	Segment results	3,231.2	14,905.9	12,965.8	1,106.9	32,209.8
5	Unallocated expenses					..
6	Operating profit (4)-(5)					32,209.8
7	Income tax expenses (net of deferred tax)					9,467.7

For the three months ended June 30, 2013						
Particulars		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
8	Net profit (6)-(7)					22,742.1
9	Segment assets	815,761.3	2,282,166.4	2,297,063.2	31,425.8	5,426,416.7
10	Unallocated assets[1]					59,172.9
11	Total assets (9)+(10)					5,485,589.6
12	Segment liabilities	2,119,508.5	993,989.5	2,364,961.8[2]	7,129.8	5,485,589.6
13	Unallocated liabilities					..
14	Total liabilities (12)+(13)					5,485,589.6
15	Capital expenditure	1,234.1	253.5	2.0	4.6	1,494.2
16	Depreciation	1,132.3	158.4	3.2	79.3	1,373.2

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax asset (net).
2. Includes share capital and reserves and surplus.

Geographical segments

The Bank reports its operations under the following geographical segments.

- Domestic operations comprise branches in India.
- Foreign operations comprise branches outside India and offshore banking unit in India.

The following table sets forth, for the periods indicated, geographical segment revenues.

₹ in million

Revenue	Three months ended June 30, 2014	Year ended March 31, 2014	Three months ended June 30, 2013
Domestic operations	133,350.3	487,110.5	113,499.2
Foreign operations	12,816.8	58,949.7	15,550.5
Total	146,167.1	546,060.2	129,049.7

The following table sets forth, for the periods indicated, geographical segment assets.

₹ in million

Assets	At June 30, 2014	At March 31, 2014	At June 30, 2013
Domestic operations	4,719,510.8	4,853,261.8	4,460,010.5
Foreign operations	1,131,278.6	1,046,422.0	966,406.2
Total	5,850,789.4	5,899,683.8	5,426,416.7

Segment assets do not include tax paid in advance/tax deducted at source (net) and deferred tax asset (net).

The following table sets forth, for the periods indicated, capital expenditure and depreciation thereon for the geographical segments.

₹ in million

	Capital expenditure incurred during			Depreciation provided during		
	Three months ended June 30, 2014	Year ended March 31, 2014	Three months ended June 30, 2013	Three months ended June 30, 2014	Year ended March 31, 2014	Three months ended June 30, 2013
Domestic operations	1,439.6	6,357.7	1,440.7	1,513.3	5,710.7	1,362.1
Foreign operations	17.0	77.6	53.5	12.3	49.0	11.1
Total	1,456.6	6,435.3	1,494.2	1,525.6	5,759.7	1,373.2

5. Maturity pattern

The following table sets forth, the maturity pattern of assets and liabilities of the Bank at June 30, 2014.

₹ in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1,2]	Total foreign currency assets[3]	Total foreign currency liabilities[3]
Day 1	9,007.8	208,343.9	35,017.1	18,197.4	88,877.3	2,415.2
2 to 7 days	19,267.9	37,177.8	77,660.8	557.8	34,737.7	10,832.8
8 to 14 days	24,167.9	36,447.7	82,971.1	2,920.9	26,019.8	14,351.1
15 to 28 days	38,687.7	62,897.0	83,935.7	27,086.7	27,568.1	41,316.8
29 days to 3 months	247,827.8	107,694.7	258,511.3	154,040.5	113,027.6	159,978.4
3 to 6 months	244,851.5	95,931.1	221,317.7	116,679.4	77,170.3	137,672.5
6 months to 1 year	371,486.3	163,549.2	446,334.1	129,809.7	73,892.3	131,530.7
1 to 3 years	1,321,669.8	223,203.2	510,118.3	309,046.0	311,878.7	425,726.5
3 to 5 years	596,235.1	259,932.2	842,772.3	273,629.8	235,269.7	242,777.2
Above 5 years	597,467.9	506,354.3	799,035.6	427,492.9	244,787.8	207,097.5
Total	3,470,669.7	1,701,531.1	3,357,674.0	1,459,461.1	1,233,229.3	1,373,698.7

1. Includes foreign currency balances.
2. Includes borrowings in the nature of subordinated debts and preference shares.
3. Excludes off-balance sheet assets and liabilities.

The following table sets forth the maturity pattern of assets and liabilities of the Bank at March 31, 2014.

₹ in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1,2]	Total foreign currency assets[3]	Total foreign currency liabilities[3]
Day 1	7,090.4	100,869.4	30,987.9	173.8	83,845.9	3,628.9
2 to 7 days	15,166.4	129,722.6	124,279.6	78,866.5	58,461.8	6,619.5
8 to 14 days	11,959.4	63,889.9	80,752.1	3,004.0	11,590.2	12,801.0
15 to 28 days	45,665.4	102,418.3	85,790.7	8,006.7	20,316.2	23,962.2

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings [1,2]	Total foreign currency assets[3]	Total foreign currency liabilities[3]
29 days to 3 months	200,983.8	74,321.1	232,027.7	99,579.6	94,827.5	114,376.6
3 to 6 months	253,002.3	110,122.2	243,371.3	165,350.3	79,410.7	152,308.7
6 months to 1 year	358,047.7	218,245.0	427,548.7	197,353.7	65,366.6	215,464.8
1 to 3 years	1,297,203.9	222,735.7	499,966.0	306,698.1	303,865.2	416,447.5
3 to 5 years	596,859.7	243,349.4	817,290.8	191,218.9	237,859.4	171,501.1
Above 5 years	601,047.5	504,544.6	777,121.8	497,338.9	279,832.0	265,202.2
Total	3,387,026.5	1,770,218.2	3,319,136.6	1,547,590.5	1,235,375.5	1,382,312.5

1. Includes foreign currency balances.
2. Includes borrowings in the nature of subordinated debts and preference shares.
3. Excludes off-balance sheet assets and liabilities.

The following table sets forth the maturity pattern of assets and liabilities of the Bank at June 30, 2013.

₹ in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings [1,2]	Total foreign currency assets[3]	Total foreign currency liabilities[3]
Day 1	5,656.1	90,399.9	32,752.2	2,097.2	58,708.4	7,609.2
2 to 7 days	24,677.7	260,995.1	90,924.6	213,954.9	43,606.8	28,419.1
8 to 14 days	13,318.1	58,606.4	70,437.9	9,200.3	20,393.7	25,252.4
15 to 28 days	36,491.2	98,425.0	81,862.2	17,278.5	31,302.7	40,641.5
29 days to 3 months	196,714.3	74,671.7	237,230.6	129,986.7	104,078.1	169,578.3
3 to 6 months	247,313.1	79,499.5	270,552.7	117,183.8	63,074.4	153,383.3
6 months to 1 year	316,034.7	124,688.2	419,377.2	116,724.9	53,257.4	129,973.7
1 to 3 years	1,197,455.0	249,860.0	481,691.1	243,644.4	224,604.8	249,254.1
3 to 5 years	528,117.3	226,621.6	617,330.2	260,308.2	223,677.8	186,579.7
Above 5 years	447,925.6	482,483.6	609,691.7	448,823.5	275,320.5	210,316.8
Total	3,013,703.1	1,746,251.0	2,911,850.4	1,559,202.4	1,098,024.6	1,201,008.1

1. Includes foreign currency balances.
2. Includes borrowings in the nature of subordinated debts and preference shares.
3. Excludes off-balance sheet assets and liabilities.

6. Derivatives

ICICI Bank is a major participant in the financial derivatives market. The Bank deals in derivatives for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers, enabling them to hedge their risks.

Dealing in derivatives is carried out by identified groups in the treasury of the Bank based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office.

Treasury Control and Service Group (TCSG) conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting and ensures compliance with various internal and regulatory guidelines.

The market making and the proprietary trading activities in derivatives are governed by the Investment Policy and Derivative Policy of the Bank, which lays down the position limits, stop loss limits as well as other risk limits. The Risk Management Group (RMG) lays down the methodology for computation and monitoring of risk. The Risk Committee of the Board (RCB) reviews the Bank's risk management policy in relation to various risks including credit and recovery policy, investment policy, derivative policy, Asset Liability Management (ALM) policy and operational risk management policy. The RCB comprises independent directors and the Managing Director and CEO.

The Bank measures and monitors risk of its derivatives portfolio using such risk metrics as Value at Risk (VAR), stop loss limits and relevant greeks for options. Risk reporting on derivatives forms an integral part of the management information system.

The use of derivatives for hedging purposes is governed by the hedge policy approved by Asset Liability Management Committee (ALCO). Subject to prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate, floating rate or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter.

Hedge derivative transactions are accounted for pursuant to the principles of hedge accounting. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the profit and loss account. The premium on option contracts is accounted for as per Foreign Exchange Dealers Association of India (FEDAI) guidelines.

Derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with the respective counter parties. The exposure on account of derivative transactions is computed as per RBI guidelines and is marked against the credit limits approved for the respective counter-parties.

The following table sets forth, for the periods indicated, the details of derivative positions.

₹ in million

Sr. No.	Particulars	At June 30, 2014		At June 30, 2013	
		Currency derivatives[1]	Interest rate derivatives[2]	Currency derivatives[1]	Interest rate derivatives[2]
1	Derivatives (Notional principal amount)				
	a) For hedging	18,963.1	420,397.0	18,833.9	316,048.0
	b) For trading	1,040,849.9	2,230,613.1	1,043,262.5	2,436,026.9
2	Marked to market positions[3]				
	a) Asset (+)	43,780.1	22,039.7	56,173.2	25,011.8
	b) Liability (-)	(37,951.7)	(23,554.3)	(56,914.9)	(19,963.0)
3	Credit exposure[4]	106,877.6	66,456.4	126,901.2	70,581.9
4	Likely impact of one percentage change in interest rate (100*PV01)[5]				
	a) On hedging derivatives[6]	218.4	14,052.2	403.6	13,136.5
	b) On trading derivatives	806.5	424.2	247.4	684.9
5	Maximum and minimum of 100*PV01 observed during the period				
	a) On hedging[6]				
	Maximum	(218.0)	(13,067.2)	(208.1)	(12,626.8)
	Minimum	(272.1)	(14,433.4)	(403.6)	(13,429.4)
	b) On trading				
	Maximum	848.0	(73.9)	(187.3)	1,334.1

Sr. No.	Particulars	At June 30, 2014		At June 30, 2013	
		Currency derivatives[1]	Interest rate derivatives[2]	Currency derivatives[1]	Interest rate derivatives[2]
	Minimum	714.7	(449.8)	(379.8)	471.1

1. Exchange traded and Over the Counter (OTC) options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest.
4. Includes accrued interest and has been computed based on Current Exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and offsetting impact with the underlying on-balance sheet items.

The following table sets forth, for the period indicated, the details of derivative positions.

₹ in million

Sr. No.	Particulars	At March 31, 2014	
		Currency derivatives[1]	Interest rate derivatives[2]
1	Derivatives (Notional principal amount)		
	a) For hedging	18,866.1	403,298.3
	b) For trading	1,025,968.1	2,065,298.3
2	Marked to market positions[3]		
	a) Asset (+)	55,248.0	25,994.1
	b) Liability (-)	(57,603.6)	(26,320.9)
3	Credit exposure[4]	128,606.7	69,221.6
4	Likely impact of one percentage change in interest rate (100*PV01)[5]		
	a) On hedging derivatives[6]	269.0	14,263.6
	b) On trading derivatives	812.0	241.5
5	Maximum and minimum of 100*PV01 observed during the year		
	a) On hedging[6]		
	Maximum	(208.1)	(12,626.8)
	Minimum	(457.0)	(15,131.8)
	b) On trading		
	Maximum	859.2	1,334.1
	Minimum	(379.8)	(408.1)

1. Exchange traded and Over the Counter (OTC) options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest.
4. Includes accrued interest and has been computed based on Current Exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and offsetting impact with the underlying on-balance sheet items.

The Bank has exposure in credit derivative instruments including credit default swaps (CDS) and principal protected structures. The notional principal amount of these credit derivatives outstanding at June 30, 2014 was Nil (March 31, 2014: Nil, June 30, 2013: Nil) in funded instruments and Nil (March 31, 2014: Nil, June 30, 2013: ₹ 1,662.9 million) in non-funded instruments.

The profit and loss impact on the above portfolio on account of mark-to-market and realised gain/losses during the three months ended June 30, 2014 was Nil (March 31, 2014: net loss of ₹ 11.8 million, June 30, 2013: net loss of ₹ 5.7 million). At June 30, 2014, the total outstanding mark-to-market position of the above portfolio was Nil (March 31, 2014: Nil, June 30, 2013: net gain of ₹ 5.8 million). Non-Rupee denominated credit derivatives are marked to market by the Bank based on counter-party valuation quotes, or internal models using inputs from market sources such as Bloomberg/Reuters, counterparties and Fixed Income Money Market and Derivative Association (FIMMDA). Rupee denominated credit derivatives are marked to market by the Bank based on FIMMDA published CDS curve.

The Bank offers deposits to customers of its offshore branches with structured returns linked to interest, forex, credit or equity benchmarks. The Bank covers these exposures in the inter-bank market. At June 30, 2014, the net open position on this portfolio was Nil (March 31, 2014: Nil, June 30, 2013: ₹ 365.8 million) with mark-to-market position of net gain of ₹ 4.8 million (March 31, 2014: net gain of ₹ 6.2 million, June 30, 2013: net loss of ₹ 6.0 million). The profit and loss impact on account of mark-to-market and realised profit and loss during the three months ended June 30, 2014 was a net gain of ₹ 8.1 million (March 31, 2014: net loss of ₹ 22.0 million, June 30, 2013: net loss of ₹ 20.5 million).

The notional principal amount of forex contracts classified as non-trading at June 30, 2014 amounted to ₹ 498,442.2 million (March 31, 2014: ₹ 515,313.7 million, June 30, 2013: ₹ 583,263.4 million). For these non-trading forex contracts, at June 30, 2014, marked to market position was asset of ₹ 3,681.1 million (March 31, 2014: ₹ 8,549.7 million, June 30, 2013: ₹ 24,212.0 million) and liability of ₹ 12,019.3 million (March 31, 2014: ₹ 9,654.1 million, June 30, 2013: ₹ 13,853.8 million), credit exposure was ₹ 7,426.8 million (March 31, 2014: ₹ 10,899.3 million, June 30, 2013: ₹ 38,862.7 million) and likely impact of one percentage change in interest rate (100*PV01) was ₹ 276.0 million (March 31, 2014: ₹ 396.1 million, June 30, 2013: ₹ 101.0 million).

The notional principal amount of forex contracts classified as trading at June 30, 2014 amounted to ₹ 2,496,680.1 million (March 31, 2014: ₹ 2,176,060.0 million, June 30, 2013: ₹ 2,400,507.9 million). For these trading forex contracts, at June 30, 2014, marked to market position was asset of ₹ 31,603.8 million (March 31, 2014: ₹ 38,418.7 million, June 30, 2013: ₹ 63,210.6 million) and liability of ₹ 26,694.2 million (March 31, 2014: ₹ 32,983.5 million, June 30, 2013: ₹ 57,436.1 million), credit exposure was ₹ 97,110.6 million (March 31, 2014: ₹ 95,046.9 million, June 30, 2013: ₹ 125,653.3 million) and likely impact of one percentage change in interest rate (100*PV01) was ₹ 51.6 million (March 31, 2014: ₹ 72.4 million, June 30, 2013: ₹ 108.6 million). The net overnight open position at June 30, 2014 was ₹ 1,105.4 million (March 31, 2014: ₹ 511.7 million, June 30, 2013: ₹ 723.4 million).

7. Exchange traded interest rate derivatives and currency options

Exchange traded interest rate derivatives

The following table sets forth, for the periods indicated, the details of exchange traded interest rate derivatives.

₹ in million

Particulars		At June 30, 2014	At March 31, 2014	At June 30, 2013
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the period/year	5,818.8	10,057.6	..
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding	..	..	..
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	N.A.	N.A.	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	N.A.	N.A.	N.A.

Exchange traded currency options

The following table sets forth, for the periods indicated, the details of exchange traded currency options.

₹ in million

Particulars		At June 30, 2014	At March 31, 2014	At June 30, 2013
i)	Notional principal amount of exchange traded currency options undertaken during the period/year	..	37,806.3	32,620.6
ii)	Notional principal amount of exchange traded currency options outstanding	..	..	2,382.2
iii)	Notional principal amount of exchange traded currency options outstanding and not "highly effective"	N.A.	N.A.	N.A.
iv)	Mark-to-market value of exchange traded currency options outstanding and not "highly effective"	N.A.	N.A.	N.A.

8. Forward rate agreement (FRA)/Interest rate swaps (IRS)

The Bank enters into FRA and IRS contracts for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers to enable them to hedge their interest rate risk within the prevalent regulatory guidelines.

A FRA is a financial contract between two parties to exchange interest payments for a 'notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date, cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is London InterBank Offered Rate (LIBOR) of various currencies.

An IRS is a financial contract between two parties exchanging or swapping a stream of interest payments for a 'notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offer Rate (MIBOR), Indian Government Securities Benchmark Rate (INBMK), Mumbai Interbank Forward Offer Rate (MIFOR) and LIBOR of various currencies.

These contracts are subject to the risks of changes in market interest rates as well as the settlement risk with the counterparties.

The following table sets forth, for the periods indicated, the details of the forward rate agreements/interest rate swaps.

₹ in million

Particulars		At June 30, 2014	At March 31, 2014	At June 30, 2013
i)	The notional principal of FRA/IRS	2,596,268.7	2,401,993.1	2,694,205.4
ii)	Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement[1]	24,186.7	29,809.2	20,622.5
iii)	Collateral required by the Bank upon entering into FRA/IRS	..	..	..
iv)	Concentration of credit risk[2]	936.2	1,766.6	1,098.0

Particulars		At June 30, 2014	At March 31, 2014	At June 30, 2013
v)	The fair value of FRA/IRS[3]	12,639.2	13,005.0	14,988.1

1. For trading portfolio both mark-to-market and accrued interest have been considered and for hedging portfolio, only accrued interest has been considered.
2. Credit risk concentration is measured as the highest net receivable under swap contracts from a particular counter party.
3. Fair value represents mark-to-market including accrued interest.

9. Non-Performing Assets

The following table sets forth, for the periods indicated, the details of movement of gross non-performing assets (NPAs), net NPAs and provisions.

₹ in million

Particulars		Three months ended June 30, 2014	Year ended March 31, 2014[2]	Three months ended June 30, 2013[2]
i)	Net NPAs (funded) to net advances (%)	0.99%	0.97%	0.82%
ii)	Movement of NPAs (Gross)			
	a) Opening balance[1]	105,058.4	96,077.5	96,077.5
	b) Additions: Fresh NPAs during the period/year	10,853.1	45,314.4	11,071.7
	Sub-total (1)	115,911.5	141,391.9	107,149.2
	c) Reductions during the period/year			
	• Upgradations	(1,348.7)	(3,856.7)	(1,203.4)
	• Recoveries (excluding recoveries made from upgraded accounts)	(2,208.2)	(10,707.3)	(1,887.0)
	• Technical/prudential write-offs	(3,519.0)	(19,679.7)	(3,693.9)
	• Write-offs other than technical/prudential write-offs	(402.6)	(2,089.8)	(270.8)
	Sub-total (2)	(7,478.5)	(36,333.5)	(7,055.1)
	d) Closing balance[1] (1-2)	108,433.0	105,058.4	100,094.1
iii)	Movement of Net NPAs			
	a) Opening balance[1]	32,979.6	22,305.6	22,305.6
	b) Additions during the period/year	6,851.7	26,316.4	7,137.8
	c) Reductions during the period/year	(5,546.1)	(15,642.4)	(4,815.8)
	d) Closing balance[1]	34,285.2	32,979.6	24,627.6
iv)	Movement of provisions for NPAs (excluding provision on standard assets)			
	a) Opening balance[1]	72,078.8	73,771.9	73,771.9
	b) Additions during the period/year	7,708.6	26,379.3	7,305.2
	Sub-total (1)	79,787.4	100,151.2	81,077.1
	c) Write-off/(write-back) of excess provisions			
	• Write-back of excess provision on account of upgradations	(404.4)	(1,084.5)	(336.5)
	• Write-back of excess provision on account of	(1,331.8)	(5,333.2)	(1,331.0)

Particulars		Three months ended June 30, 2014	Year ended March 31, 2014[2]	Three months ended June 30, 2013[2]
	reduction in NPAs			
	• Provision utilised for write-offs	(3,903.5)	(21,654.7)	(3,943.1)
	Sub-total (2)	(5,639.7)	(28,072.4)	(5,610.6)
	d) Closing balance[1] (1-2)	74,147.8	72,078.8	75,466.5

1. Net of write-off.
2. For NPAs in credit cards, the difference between the opening and closing balances (other than accounts written off during the period/year) is included in additions/(reductions) during the period/year.

The following table sets forth, for the periods indicated, the details of movement in technical write-off.

₹ in million

Particulars	At June 30, 2014	At March 31, 2014	At June 30, 2013
Opening balance	47,826.6	29,177.7	29,177.7
Add: technical/prudential write-offs during the period/year	3,519.0	19,679.7	3,693.9
Sub-total (1)	51,345.6	48,857.5	32,871.6
Less: Recoveries made from previously technical/prudential written-off accounts during the period/year (2)	(295.8)	(1,030.9)	(188.1)
Closing balance (1)-(2)	51,049.8	47,826.6	32,683.5

In accordance with RBI guidelines, the loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country.

10. Provision on standard assets

Standard assets provision amounting to ₹ 1,021.2 million was made during the three months ended June 30, 2014 (March 31, 2014: provision made of ₹ 2,487.7 million, June 30, 2013: provision reversed of ₹ 171.2 million) as per applicable RBI guidelines.

The provision on standard assets (including incremental provision on unhedged foreign currency exposure (UFCE)) held by the Bank at June 30, 2014 was ₹ 20,356.0 million (March 31, 2014: ₹ 19,317.6 million, June 30, 2013: ₹ 16,063.9 million).

The Bank assesses the unhedged foreign currency exposures of the borrowers through its credit appraisal and internal ratings process. The Bank also undertakes reviews of such exposures through thematic reviews by Risk Committee based on market developments evaluating the impact of exchange rate fluctuations on the Bank's portfolio, portfolio specific reviews by the Risk Management Group (RMG) and scenario-based stress testing approach as detailed in the Internal Capital Adequacy Assessment Process (ICAAP). In addition, a periodic review of the forex exposures of the borrowers' having significant external commercial borrowings is conducted by RMG.

The incremental standard asset provision on the loans to the borrowers having UFCE at June 30, 2014 was computed to be ₹ 2,200.0 million. RBI has given an option to the banks to distribute the incremental standard asset provision required at June 30, 2014 over the year ending March 31, 2015 in equal instalments. Accordingly, the Bank has opted to distribute the incremental standard asset provision required at June 30, 2014 in equal instalments over the year ending March 31, 2015 and charged ₹ 550.0 million to profit and loss account during the three months ended June 30, 2014.

The Bank held incremental capital of ₹ 4,152.6 million at June 30, 2014 on UFCE.

11. Provision Coverage Ratio

The provision coverage ratio of the Bank at June 30, 2014 computed as per the extant RBI guidelines is 68.4% (March 31, 2014: 68.6%, June 30, 2013: 75.4%).

12. Securitisation

A. The Bank sells loans through securitisation and direct assignment. The following tables set forth, for the periods indicated, the information on securitisation and direct assignment activity of the Bank as an originator till May 7, 2012.

₹ in million, except number of loans securitised

Particulars	Three months ended June 30, 2014	Year ended March 31, 2014	Three months ended June 30, 2013
Total number of loan assets securitised	..	..	..
Total book value of loan assets securitised	..	..	..
Sale consideration received for the securitised assets	..	..	..
Net gain/(loss) on account of securitisation[1]	48.8	177.9	85.4

1. Includes gain/(loss) on deal closures, gain amortised during the period/year and expenses relating to utilisation of credit enhancement.

₹ in million

Particulars	At June 30, 2014	At March 31, 2014	At June 30, 2013
Outstanding credit enhancement (funded)	4,595.8	4,970.4	4,970.4
Outstanding liquidity facility	0.3	..	0.2
Net outstanding servicing asset/(liability)	(84.0)	(84.5)	(87.6)
Outstanding subordinate contributions	1,616.8	1,624.1	3,005.5

The outstanding credit enhancement in the form of guarantees amounted to Nil at June 30, 2014 (March 31, 2014: Nil, June 30, 2013: ₹ 8,320.0 million) and outstanding liquidity facility in the form of guarantees amounted to ₹ 265.5 million at June 30, 2014 (March 31, 2014: ₹ 261.0 million, June 30, 2013: ₹ 3,937.5 million).

Outstanding credit enhancement in the form of guarantees for third party originated securitisation transactions amounted to ₹ 9,234.2 million at June 30, 2014 (March 31, 2014: ₹ 8,578.8 million, June 30, 2013: ₹ 8,252.1 million) and outstanding liquidity facility for third party originated securitisation transactions amounted to Nil at June 30, 2014 (March 31, 2014: Nil, June 30, 2013: Nil).

The following table sets forth, for the periods indicated, the details of provision for securitisation and direct assignment transactions.

₹ in million

Particulars	Three months ended June 30, 2014	Year ended March 31, 2014	Three months ended June 30, 2013
Opening balance	832.1	2,052.5	2,052.5
Additions during the period/year	-	396.4	60.7
Deductions during the period/year	(15.1)	(1,616.9)	(35.4)
Closing balance	817.0	832.1	2,077.8

B. The information on securitisation and direct assignment activity of the Bank as an originator as per RBI guidelines “Revisions to the Guidelines on Securitisation Transactions” dated May 7, 2012 is given below.

a. The Bank, as an originator, has not sold any loan through securitisation during the three months ended June 30, 2014 (March 31, 2014: Nil, June 30, 2013: Nil)
b. The following table sets forth, for the periods indicated, the information on the loans sold through direct assignment.

₹ in million

Sr. no.	Particulars	At June 30, 2014	At March 31, 2014	At June 30, 2013
1	Total amount of assets sold through direct assignment during the period/year	..	..	..
2	Total amount of exposures retained by the Bank to comply with Minimum Retention Requirement (MRR)			
	a) Off-balance sheet exposures			
	• First loss	..	..	..
	• Others	..	..	..
	b) On-balance sheet exposures			
	• First loss	..	..	..
	• Others	67.5	68.6	72.3

Overseas branches of the Bank, as originators, have not sold any loans through direct assignment during the three months ended June 30, 2014 (March 31, 2014: ₹ 4,012.8 million, June 30, 2013: Nil)

13. Financial assets transferred during the period/year to securitisation company (SC)/reconstruction company (RC)

The Bank has transferred certain assets to Asset Reconstruction Companies (ARCs) in terms of the guidelines issued by RBI circular no. DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014. For the purpose of the valuation of the underlying security receipts issued by the underlying trusts managed by ARCs, the security receipts are valued at their respective net asset values as advised by the ARCs

The following table sets forth, for the periods indicated, the details of the assets transferred.

₹ in million, except number of accounts

Particulars	Three months ended June 30, 2014	Year ended March 31, 2014	Three months ended June 30, 2013
Number of accounts[1]	1	2	..
Aggregate value (net of provisions) of accounts sold to SC/RC	1,334.1	1,508.6	..
Aggregate consideration	950.0	1,776.0	..
Additional consideration realised in respect of accounts transferred in earlier years[2]	..	..	..
Aggregate gain/(loss) over net book value	(384.1)	267.4	..

1. Excludes accounts previously written-off.
2. During the three months ended June 30, 2014, ARCs have not fully redeemed any of the security receipts. Gain/loss during the three months ended June 30, 2014 was Nil (March 31, 2014: net loss of ₹ 6.2 million, June 30, 2013: Nil).

14. Details of non-performing assets purchased/sold, excluding those sold to SC/RC

The Bank has not purchased any non-performing assets in terms of the guidelines issued by RBI circular no. DBOD.BP.BC.No.98/21.04.132/2013-14 dated February 26, 2014. The Bank has sold certain non-performing assets in terms of the above RBI guidelines.

The following table sets forth, for the periods indicated, details of non-performing assets sold, excluding those sold to SC/RC.

₹ in million, except number of accounts

Particulars	Three months ended June 30, 2014	Year ended March 31, 2014	Three months ended June 30, 2013
No. of accounts	..	1	..
Aggregate value (net of provisions) of accounts sold, excluding those sold to SC/RC	..	Nil	..
Aggregate consideration	..	199.0	..
Aggregate gain/(loss) over net book value	..	199.0	..

15. Information in respect of restructured assets

The following tables set forth, for the three months ended June 30, 2014, details of loan assets subjected to restructuring.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2014[1]					
	No. of borrowers	48	..	13	1	62
	Amount outstanding	88,618.9	..	5,224.2	21.1	93,864.2
	Provision thereon	9,258.8	..	3,802.6	21.1	13,082.5
2.	Fresh restructuring during the three months ended June 30, 2014					

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	No. of borrowers	6	..	..	..	6
	Amount outstanding	7,100.7	..	..	..	7,100.7
	Provision thereon	435.8	..	..	..	435.8
3.	Upgradations to restructured standard category during the three months ended June 30, 2014[2]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during the three months ended June 30, 2014[3]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	5,151.8	..	(0.2)	..	5,151.6
	Provision thereon	449.4	..	47.8	..	497.2
5.	Restructured standard advances at April 1, 2014, which cease to attract higher provisioning and/or additional risk weight at June 30, 2014 and hence need not be shown as restructured standard advances at July 1, 2014					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2014[2]					
	No. of borrowers	(3)	..	3	..	..
	Amount outstanding	(6,582.2)	..	6,597.6	..	15.4
	Provision thereon	(1,067.7)	..	3,073.5	..	2,005.8
7.	Write-offs/recovery/sold of restructured accounts during the three months ended June 30, 2014					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(1,324.1)	..	..	..	(1,324.1)
	Provision thereon	..	..	..	..	..
8.	Restructured Accounts at June 30, 2014					
	No. of borrowers	51	..	16	1	68
	Amount outstanding	92,965.1	..	11,821.6	21.1	104,807.8
	Provision thereon	9,076.3	..	6,923.9	21.1	16,021.3

1. Three borrowers with amount outstanding of ₹ 7,673.3 million and provision of ₹ 446.1 million at March 31, 2014 were reported in "others" mechanism during the year ended March 31, 2014. Subsequently the accounts have been re-classified under "CDR" mechanism at June 30, 2014.
2. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2014 and that shown in addition represents outstanding at June 30, 2014.
3. Increase/(decrease) in borrower level outstanding of existing restructured accounts is due to utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2014					
	No. of borrowers	1	..	1	..	2
	Amount outstanding	4.0	..	34.0	..	38.0
	Provision thereon	0.2	..	34.0	..	34.2
2.	Fresh restructuring during the three months ended June 30, 2014					
	No. of borrowers	..	..	..	..	..

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the three months ended June 30, 2014					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during year ended June 30, 2014[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(3.0)	..	..	..	(3.0)
	Provision thereon	(0.2)	..	..	..	(0.2)
5.	Restructured standard advances at April 1, 2014, which cease to attract higher provisioning and/or additional risk weight at June 30, 2014 and hence need not be shown as restructured standard advances at July 1, 2014					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2014					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
7.	Write-offs/recovery/sale of restructured accounts during the three months ended June 30, 2014					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
8.	Restructured Accounts at June 30, 2014					
	No. of borrowers	1	..	1	..	2
	Amount outstanding	1.0	..	34.0	..	35.0
	Provision thereon	..	..	34.0	..	34.0

1. Increase/(decrease) in borrower level outstanding of existing restructured accounts is due to utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured Accounts at April 1, 2014[1]					
	No. of borrowers	807	8	188	13	1,016
	Amount outstanding	27,901.8	287.6	11,734.6	603.6	40,527.6
	Provision thereon	1,686.2	78.3	7,035.5	351.3	9,151.3
2.	Fresh restructuring during the three months ended June 30, 2014					
	No. of borrowers	7	..	..	..	7
	Amount outstanding	535.0	..	..	..	535.0
	Provision thereon	34.1	..	..	..	34.1
3.	Upgradations to restructured standard category during the three months ended June 30, 2014[2]					
	No. of borrowers	8	..	(7)	(1)	..
	Amount outstanding	159.6	..	(160.5)	(0.4)	(1.3)
	Provision thereon	0.1	..	(71.3)	(0.4)	(71.6)

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during three months ended June 30, 2014[3]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	2,317.0	..	12.8	(55.1)	2,274.7
	Provision thereon	(131.2)	..	491.4	(54.3)	305.9
5.	Restructured standard advances at April 1, 2014, which cease to attract higher provisioning and/or additional risk weight at June 30, 2014 and hence need not be shown as restructured standard advances at July 1, 2014					
	No. of borrowers	(17)	N.A.	N.A.	N.A.	(17)
	Amount outstanding	(10.2)	N.A.	N.A.	N.A.	(10.2)
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2014[2]					
	No. of borrowers	(21)	7	(15)	29	..
	Amount outstanding	(555.4)	(277.4)	842.3	35.3	44.8
	Provision thereon	(0.4)	(76.6)	331.1	35.3	289.4
7.	Write-offs/recovery/sold of restructured accounts during the three months ended June 30, 2014					
	No. of borrowers	(5)	(2)	(7)	..	(14)
	Amount outstanding	(1.0)	(0.9)	(11.0)	..	(12.9)
	Provision thereon	..	(0.2)	(11.0)	..	(11.2)
8.	Restructured Accounts at June 30, 2014					
	No. of borrowers	779	13	159	41	992
	Amount outstanding	30,346.8	9.3	12,418.2	583.4	43,357.7
	Provision thereon	1,588.8	1.5	7,775.7	331.9	9,697.9

1. Three borrowers with amount outstanding of ₹ 7,673.3 million and provision of ₹ 446.1 at March 31, 2014 were reported in "others" mechanism during the year ended March 31, 2014. Subsequently the accounts have been re-classified under "CDR" mechanism at June 30, 2014.
2. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2014 and that shown in addition represents outstanding at June 30, 2014.
3. Increase/(decrease) in borrower level outstanding of existing restructured accounts is due to utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2014					
	No. of borrowers	856	8	202	14	1,080
	Amount outstanding	116,524.7	287.6	16,992.8	624.7	134,429.8
	Provision thereon	10,945.2	78.3	10,872.1	372.4	22,268.0
2.	Fresh restructuring during the three months ended June 30, 2014					
	No. of borrowers	13	..	..	..	13
	Amount outstanding	7,635.7	..	..	..	7,635.7
	Provision thereon	469.9	..	..	..	469.9
3.	Upgradations to restructured standard category during the three months ended June 30, 2014[1]					
	No. of borrowers	8	..	(7)	(1)	..
	Amount outstanding	159.6	..	(160.5)	(0.4)	(1.3)
	Provision thereon	0.1	..	(71.3)	(0.4)	(71.6)

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during three months ended June 30, 2014[2]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	7,465.8	..	12.6	(55.1)	7,423.3
	Provision thereon	318.0	..	539.2	(54.3)	802.9
5.	Restructured standard advances at April 1, 2014, which cease to attract higher provisioning and/or additional risk weight at June 30, 2014 and hence need not be shown as restructured standard advances at July 1, 2014					
	No. of borrowers	(17)	..	..	..	(17)
	Amount outstanding	(10.2)	..	..	..	(10.2)
	Provision thereon	..	..	..	..	..
6.	Downgradations of restructured accounts during the three months ended June 30, 2014[1]					
	No. of borrowers	(24)	7	(12)	29	..
	Amount outstanding	(7,137.6)	(277.4)	7,439.9	35.3	60.2
	Provision thereon	(1,068.1)	(76.6)	3,404.6	35.3	2,295.2
7.	Write-offs/recovery/sold of restructured accounts during the three months ended June 30, 2014					
	No. of borrowers	(5)	(2)	(7)	..	(14)
	Amount outstanding	(1,325.1)	(0.9)	(11.0)	..	(1,337.0)
	Provision thereon	..	(0.2)	(11.0)	..	(11.2)
8.	Restructured Accounts at June 30, 2014					
	No. of borrowers	831	13	176	42	1,062
	Amount outstanding	123,312.9	9.3	24,273.8	604.5	148,200.5
	Provision thereon	10,665.1	1.5	14,733.6	353.0	25,753.2

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2014 and that shown in addition represents outstanding at June 30, 2014.
2. Increase/(decrease) in borrower level outstanding of existing restructured accounts is due to utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement.

The following tables set forth, for the year ended March 31, 2014, details of loan assets subjected to restructuring.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured Accounts at April 1, 2013[1]					
	No. of borrowers	33	..	9	2	44
	Amount outstanding	40,571.4	..	3,201.2	120.1	43,892.7
	Provision thereon	4,320.9	..	2,064.6	120.1	6,505.6
2.	Fresh restructuring during the year ended March 31, 2014					
	No. of borrowers	19	..	..	..	19
	Amount outstanding	39,852.0	..	..	..	39,852.0
	Provision thereon	4,216.2	..	..	..	4,216.2
3.	Upgradations to restructured standard category during the year ended March 31, 2014[2]					
	No. of borrowers	1	..	(1)	..	..
	Amount outstanding	74.8	..	(53.6)	..	21.2
	Provision thereon	1.9	..	(25.1)	..	(23.2)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during year ended March 31, 2014[3]					

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	2,711.9	..	(54.5)	..	2,657.4
	Provision thereon	615.7	..	362.1	..	977.8
5.	Restructured standard advances at April 1, 2013, which cease to attract higher provisioning and/or additional risk weight at March 31, 2014 and hence need not be shown as restructured standard advances at April 1, 2014					
	No. of borrowers	(1)	N.A.	N.A.	N.A.	(1)
	Amount outstanding	(0.7)	N.A.	N.A.	N.A.	(0.7)
	Provision thereon	(0.4)	N.A.	N.A.	N.A.	(0.4)
6.	Downgradations of restructured accounts during the year ended March 31, 2014[2]					
	No. of borrowers	(6)	..	6	..	..
	Amount outstanding	(2,218.8)	..	2,157.6	..	(61.2)
	Provision thereon	(341.6)	..	1,407.6	..	1,066.0
7.	Write-offs/recovery/sold of restructured accounts during the year ended March 31, 2014					
	No. of borrowers	(1)	..	(1)	(1)	(3)
	Amount outstanding	(45.0)	..	(26.5)	(99.0)	(170.5)
	Provision thereon	..	..	(6.6)	(99.0)	(105.6)
8.	Restructured Accounts at March 31, 2014					
	No. of borrowers	45	..	13	1	59
	Amount outstanding	80,945.6	..	5,224.2	21.1	86,190.9
	Provision thereon	8,812.7	..	3,802.6	21.1	12,636.4

1. One borrower with amount outstanding of ₹ 5,214.3 million and provision of ₹ 686.1 at March 31, 2013 was reported in "others" mechanism in FY2013. Subsequently the account has been reclassified under "CDR" mechanism at April 1, 2013.
2. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2013 and that shown in addition represents outstanding at March 31, 2014.
3. Increase/(decrease) in borrower level outstanding of existing restructured accounts is due to utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement etc.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured Accounts at April 1, 2013					
	No. of borrowers	1	..	3	1	5
	Amount outstanding	4.1	..	153.0	58.0	215.1
	Provision thereon	..	..	153.0	58.0	211.0
2.	Fresh restructuring during the year ended March 31, 2014					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the year ended March 31, 2014[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during year ended March 31, 2014[2]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(0.1)	..	(10.4)	..	(10.5)

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
	Provision thereon	0.2	..	(10.4)	..	(10.2)
5.	Restructured standard advances at April 1, 2013, which cease to attract higher provisioning and/or additional risk weight at March 31, 2014 and hence need not be shown as restructured standard advances at April 1, 2014					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2014[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2014					
	No. of borrowers	..	..	(2)	(1)	(3)
	Amount outstanding	..	..	(108.6)	(58.0)	(166.6)
	Provision thereon	..	..	(108.6)	(58.0)	(166.6)
8.	Restructured Accounts at March 31, 2014					
	No. of borrowers	1	..	1	..	2
	Amount outstanding	4.0	..	34.0	..	38.0
	Provision thereon	0.2	..	34.0	..	34.2

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2013 and that shown in addition represents outstanding at March 31, 2014.
2. Increase/(decrease) in borrower level outstanding of existing restructured accounts is due to utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement etc.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured Accounts at April 1, 2013[1]					
	No. of borrowers	140	8	283	4	435
	Amount outstanding	17,676.7	1,855.9	5,650.6	138.1	25,321.3
	Provision thereon	782.9	159.6	3,738.0	138.1	4,818.6
2.	Fresh restructuring during the year ended March 31, 2014					
	No. of borrowers	726	..	1	..	727
	Amount outstanding	22,458.6	..	1,534.0	..	23,992.6
	Provision thereon	1,638.2	..	562.7	..	2,200.9
3.	Upgradations to restructured standard category during the year ended March 31, 2014[2]					
	No. of borrowers	53	(2)	(51)	..	..
	Amount outstanding	78.7	(2.4)	(80.6)	..	(4.3)
	Provision thereon	2.9	(0.4)	(70.3)	..	(67.8)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during year ended March 31, 2014[3]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	1,304.2	..	(26.6)	9.4	1,287.0
	Provision thereon	150.5	..	501.1	9.4	661.0
5.	Restructured standard advances at April 1, 2013, which cease to attract higher provisioning and/or additional risk weight at March 31, 2014 and hence need not be shown as restructured standard advances at April 1, 2014					

₹ in million, except number of accounts

Sr. no.	Type of Restructuring / Asset Classification / Details	Others: Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	No. of borrowers	(72)	N.A.	N.A.	N.A.	(72)
	Amount outstanding	(661.2)	N.A.	N.A.	N.A.	(661.2)
	Provision thereon	(3.8)	N.A.	N.A.	N.A.	(3.8)
6.	Downgradations of restructured accounts during the year ended March 31, 2014[2]					
	No. of borrowers	(18)	2	7	9	..
	Amount outstanding	(5,055.9)	(1,565.9)	6,386.4	456.1	220.7
	Provision thereon	(438.4)	(80.9)	3,306.8	203.8	2,991.3
7.	Write-offs/recovery/sold of restructured accounts during the year ended March 31, 2014					
	No. of borrowers	(19)	..	(52)	..	(71)
	Amount outstanding	(226.0)	..	(1,729.2)	..	(1,955.2)
	Provision thereon	..	..	(1,002.8)	..	(1,002.8)
8.	Restructured Accounts at March 31, 2014					
	No. of borrowers	810	8	188	13	1,019
	Amount outstanding	35,575.1	287.6	11,734.6	603.6	48,200.9
	Provision thereon	2,132.3	78.3	7,035.5	351.3	9,597.4

1. One borrower with amount outstanding of ₹ 5,214.3 million and provision of ₹ 686.1 at March 31, 2013 was reported in "others" mechanism in FY2013. Subsequently the account has been reclassified under "CDR" mechanism at April 1, 2013.
2. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2013 and that shown in addition represents outstanding at March 31, 2014.
3. Increase/(decrease) in borrower level outstanding of existing restructured accounts is due to utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement etc.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring / Asset Classification / Details	Total: Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2013[1]					
	No. of borrowers	174	8	295	7	484
	Amount outstanding	58,252.2	1,855.9	9,004.8	316.2	69,429.1
	Provision thereon	5,103.8	159.6	5,955.6	316.2	11,535.2
2.	Fresh restructuring during the year ended March 31, 2014					
	No. of borrowers	745	..	1	..	746
	Amount outstanding	62,310.6	..	1,534.0	..	63,844.6
	Provision thereon	5,854.4	..	562.7	..	6,417.1
3.	Upgradations to restructured standard category during the year ended March 31, 2014[1]					
	No. of borrowers	54	(2)	(52)	..	..
	Amount outstanding	153.5	(2.4)	(134.2)	..	16.9
	Provision thereon	4.8	(0.4)	(95.4)	..	(91.0)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during year ended March 31, 2014[2]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	4,016.0	..	(91.5)	9.4	3,933.9
	Provision thereon	766.4	..	852.8	9.4	1,628.6
5.	Restructured standard advances at April 1, 2013, which cease to attract higher provisioning and/or additional risk weight at March 31, 2014 and hence need not be shown as restructured standard advances at April 1, 2014					
	No. of borrowers	(73)	N.A.	N.A.	N.A.	(73)
	Amount outstanding	(661.9)	N.A.	N.A.	N.A.	(661.9)

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Provision thereon	(4.2)	N.A.	N.A.	N.A.	(4.2)
6.	Downgradations of restructured accounts during the year ended March 31, 2014[1]					
	No. of borrowers	(24)	2	13	9	..
	Amount outstanding	(7,274.7)	(1,565.9)	8,544.0	456.1	159.5
	Provision thereon	(780.0)	(80.9)	4,714.4	203.8	4,057.3
7.	Write-offs/recovery/sold of restructured accounts during the year ended March 31, 2014					
	No. of borrowers	(20)	..	(55)	(2)	(77)
	Amount outstanding	(271.0)	..	(1,864.3)	(157.0)	(2,292.3)
	Provision thereon	..	..	(1,118.0)	(157.0)	(1,275.0)
8.	Restructured Accounts at March 31, 2014					
	No. of borrowers	856	8	202	14	1,080
	Amount outstanding	116,524.7	287.6	16,992.8	624.7	134,429.8
	Provision thereon	10,945.2	78.3	10,872.1	372.4	22,268.0

1. One borrower with amount outstanding of ₹ 5,214.3 million and provision of ₹ 686.1 at March 31, 2013 was reported in "others" mechanism in FY2013. Subsequently the account has been reclassified under "CDR" mechanism at April 1, 2013.
2. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2013 and that shown in addition represents outstanding at March 31, 2014.
3. Increase/(decrease) in borrower level outstanding of existing restructured accounts is due to utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement etc.

The following tables set forth, for the three months ended June 30, 2013, details of loan assets subjected to restructuring.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2013					
	No. of borrowers	32	..	9	2	43
	Amount outstanding	35,357.1	..	3,201.2	120.1	38,678.4
	Provision thereon	3,634.8	..	2,064.6	120.1	5,819.5
2.	Fresh restructuring during the three months ended June 30, 2013					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the three months ended June 30, 2013[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Restructured standard advances at April 1, 2013, which cease to attract higher provisioning and/or additional risk weight at June 30, 2013 and hence need not be shown as restructured standard advances at July 1, 2013					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
5.	Downgradations of restructured accounts during the three months ended June 30, 2013[1]					
	No. of borrowers	(1)	..	1	..	..
	Amount outstanding	(1,588.3)	..	1,553.9	..	N.A.[2]

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Provision thereon	(278.3)	..	805.7	..	N.A.[2]
6.	Write-offs of restructured accounts during the three months ended June 30, 2013					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
7.	Restructured Accounts at June 30, 2013					
	No. of borrowers	31	..	10	2	43
	Amount outstanding	34,467.5	-	4,823.2	113.0	39,403.7
	Provision thereon	4,319.8	..	3,343.5	113.0	7,776.3

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2013 and that shown in addition represents outstanding at June 30, 2013.
2. The amounts outstanding and the provision thereon are not presented as the number of borrowers are Nil.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2013					
	No. of borrowers	1	..	3	1	5
	Amount outstanding	4.1	..	153.0	58.0	215.1
	Provision thereon	..	..	153.0	58.0	211.0
2.	Fresh restructuring during the three months ended June 30, 2013					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the three months ended June 30, 2013[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Restructured standard advances at April 1, 2013, which cease to attract higher provisioning and/or additional risk weight at June 30, 2013 and hence need not be shown as restructured standard advances at July 1, 2013					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
5.	Downgradations of restructured accounts during the three months ended June 30, 2013[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
6.	Write-offs of restructured accounts during the three months ended June 30, 2013					
	No. of borrowers	..	..	(1)	..	(1)
	Amount outstanding	..	..	(51.1)	..	(51.1)
7.	Restructured Accounts at June 30, 2013					
	No. of borrowers	1	..	2	1	4
	Amount outstanding	4.0	..	88.5	58.0	150.5
	Provision thereon	..	..	88.5	58.0	146.5

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2013 and that shown in addition represents outstanding at June 30, 2013.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2013					
	No. of borrowers	141	8	283	4	436
	Amount outstanding	22,891.0	1,855.9	5,650.6	138.1	30,535.6
	Provision thereon	1,469.0	159.6	3,738.0	138.1	5,504.7
2.	Fresh restructuring during the three months ended June 30, 2013					
	No. of borrowers	6	..	1		7
	Amount outstanding	8,291.0	..	1,431.2		9,722.2
	Provision thereon	804.8	..	444.5		1,249.3
3.	Upgradations to restructured standard category during the three months ended June 30, 2013[1]					
	No. of borrowers	22	(1)	(21)	..	..
	Amount outstanding	29.2	(2.1)	(27.9)	..	N.A.[2]
	Provision thereon	1.9	(0.3)	(27.6)	..	N.A.[2]
4.	Restructured standard advances at April 1, 2013, which cease to attract higher provisioning and/or additional risk weight at June 30, 2013 and hence need not be shown as restructured standard advances at July 1, 2013					
	No. of borrowers	(32)	N.A.	N.A.	N.A.	(32)
	Amount outstanding	(584.9)	N.A.	N.A.	N.A.	(584.9)
	Provision thereon	(0.9)	N.A.	N.A.	N.A.	(0.9)
5.	Downgradations of restructured accounts during the three months ended June 30, 2013[1]					
	No. of borrowers	(10)	6	3	1	..
	Amount outstanding	(417.4)	3.6	398.0	0.5	N.A.[2]
	Provision thereon	(0.9)	0.5	299.8	0.5	N.A.[2]
6.	Write-offs of restructured accounts during the three months ended June 30, 2013					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
7.	Restructured Accounts at June 30, 2013					
	No. of borrowers	119	13	259	5	396
	Amount outstanding	31,257.0	2,016.1	7,490.4	141.2	40,904.7
	Provision thereon	2,262.8	289.5	5,395.4	141.2	8,088.9

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2012 and that shown in addition represents outstanding at March 31, 2013.
2. The amounts outstanding and the provision thereon are not presented as the number of borrowers are Nil.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2013					
	No. of borrowers	174	8	295	7	484
	Amount outstanding	58,252.2	1,855.9	9,004.8	316.2	69,429.1
	Provision thereon	5,103.8	159.6	5,955.6	316.2	11,535.2
2.	Fresh restructuring during the three months ended June 30, 2013					
	No. of borrowers	6	..	1	..	7
	Amount outstanding	8,291.0	..	1,431.2		9,722.2
	Provision thereon	804.8	..	444.5	..	1,249.3
3.	Upgradations to restructured standard category during the three months ended June 30, 2013[1]					

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	No. of borrowers	22	(1)	(21)	..	..
	Amount outstanding	29.2	(2.1)	(27.9)	..	N.A.[2]
	Provision thereon	1.9	(0.3)	(27.6)	..	N.A.[2]
4.	Restructured standard advances at April 1, 2013, which cease to attract higher provisioning and/or additional risk weight at June 30, 2013 and hence need not be shown as restructured standard advances at July 1, 2013					
	No. of borrowers	(32)	N.A.	N.A.	N.A.	(32)
	Amount outstanding	(584.9)	N.A.	N.A.	N.A.	(584.9)
	Provision thereon	(0.9)	N.A.	N.A.	N.A.	(0.9)
5.	Downgradations of restructured accounts during the three months ended June 30, 2013[1]					
	No. of borrowers	(11)	6	4	1	..
	Amount outstanding	(2,005.7)	3.6	1,951.9	0.5	N.A.[2]
	Provision thereon	(279.2)	0.5	1,105.5	0.5	N.A.[2]
6.	Write-offs of restructured accounts during the three months ended June 30, 2013					
	No. of borrowers	..	..	(1)	..	(1)
	Amount outstanding	..	..	(51.1)	..	(51.1)
7.	Restructured Accounts at June 30, 2013					
	No. of borrowers	151	13	271	8	443
	Amount outstanding	65,728.5	2,016.1	12,402.1	312.2	80,458.9
	Provision thereon	6,582.6	289.5	8,827.4	312.2	16,011.7

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2013 and that shown in addition represents outstanding at June 30, 2013.
2. The amounts outstanding and the provision thereon are not presented as the number of borrowers are Nil.

16. Concentration of Deposits, Advances, Exposures and NPAs

(I) Concentration of deposits, advances, exposures and NPAs

₹ in million

Concentration of deposits	At June 30, 2014	At March 31, 2014	At June 30, 2013
Total deposits of 20 largest depositors	253,830.2	242,537.6	246,238.5
Deposits of 20 largest depositors as a percentage of total deposits of the Bank	7.56%	7.31%	8.46%

₹ in million

Concentration of advances[1]	At June 30, 2014	At March 31, 2014	At June 30, 2013
Total advances to 20 largest borrowers (including banks)	1,196,082.4	1,154,740.4	1,090,011.0
Advances to 20 largest borrowers as a percentage of total advances of the Bank	16.00%	15.73%	15.07%

1. Represents credit exposure (funded and non-funded) including derivatives exposures as per RBI guidelines on exposure norms.

₹ in million

Concentration of exposures[1]	At June 30, 2014	At March 31, 2014	At June 30, 2013

Concentration of exposures[1]	At June 30, 2014	At March 31, 2014	At June 30, 2013
Total exposure to 20 largest borrowers/customers (including banks)	1,208,275.0	1,190,611.6	1,114,712.3
Exposures to 20 largest borrowers/customers as a percentage of total exposure of the Bank	15.29%	15.21%	14.44%

1. Represents credit and investment exposures as per RBI guidelines on exposure norms.

₹ in million

Concentration of NPAs	At June 30, 2014	At March 31, 2014	At June 30, 2013
Total exposure[1] to top four NPA accounts	19,543.1	17,486.9	14,052.9

1. Represents gross exposure (funded and non-funded).

(II) Sector-wise Advances

₹ in million except percentage

Sr. no.	Sector	At June 30, 2014		
		Outstanding advances	**Gross NPAs**	**% of gross NPAs to total advances in that sector**
A.	**Priority sector**			
1.	Agriculture and allied activities	188,911.3	6,965.6	3.69%
2.	Advances to industries sector eligible as priority sector lending	94,857.7	3,196.5	3.37%
	of which:			
	Construction	9,550.9	959.2	10.04%
3.	Services	112,762.8	1,729.8	1.53%
	of which:			
	Transport operators	60,209.0	1,199.7	1.99%
4.	Personal loans	268,816.1	3,557.7	1.32%
	of which:			
	Housing	201,538.6	2,626.8	1.30%
	Vehicle loans	63,140.9	688.1	1.09%
	Sub-total (A)	**665,347.8**	**15,449.4**	**2.32%**
B.	**Non-priority sector**			
1.	Agriculture and allied activities	..	..	..
2.		1,448,179.0	49,143.4	3.39%
	Advances to industries sector			
	of which:	476,810.7	12,984.0	2.72%
	Infrastructure			
	Basic metal and metal products	259,884.4	3,939.3	1.52%
3.	Services	756,290.9	27,943.2	3.69%
	of which:			
	Commercial real estate	235,901.6	4,844.1	2.05%
4.	Personal loans	687,690.2	15,897.0	2.31%
	of which:			
	Housing	454,953.2	3,296.6	0.72%
	Loan against deposits	70,447.6	..	..
	Sub-total (B)	2,892,160.2	92,983.6	3.22%
	Total (A+B)	3,557,508.0	108,433.0	3.05%

₹ in million except percentage

Sr. no.	Sector	At March 31, 2014		
		Outstanding advances	**Gross NPAs**	**% of gross NPAs to total advances in that sector**
A.	**Priority sector**			
1.	Agriculture and allied activities	191,104.6	6,921.8	3.62%
2.	Advances to industries sector eligible as priority sector lending	1,05,201.9	3,577.8	3.40%
	of which:			
	Construction	10,906.9	938.3	8.60%
3.	Services	120,342.4	1,621.5	1.35%
	of which:			
	Transport operators	62,317.9	918.9	1.47%
4.	Personal loans	257,343.1	3,293.9	1.28%
	of which:			
	Housing	196,627.6	2,650.5	1.35%
	Vehicle loans	56,740.3	600.4	1.06%
	Sub-total (A)	**673,992.0**	**15,415.0**	**2.29%**
B.	**Non-priority sector**			
1.	Agriculture and allied activities	..	..	..
2.	Advances to industries sector	1,418,554.0	42,693.7	3.01%
	of which:			
	Infrastructure	475,138.5	8,114.2	1.71%
	Basic metal and metal products	255,707.5	3,229.7	1.26%
3.	Services	727,589.4	27,612.1	3.80%
	of which:			
	Commercial real estate	229,233.5	4,809.2	2.10%
4.	Personal loans	651,979.6	19,337.6	2.97%
	of which:			
	Housing	427,020.3	3,231.2	0.76%
	Loan against deposits	70,131.2	..	..
	Sub-total (B)	2,798,123.0	89,643.4	3.20%
	Total (A+B)	3,472,115.0	105,058.4	3.03%

₹ in million except percentage

Sr. no.	Sector	At June 30, 2013		
		Outstanding advances	**Gross NPAs**	**% of gross NPAs to total advances in that sector**
A.	**Priority sector**			
1.	Agriculture and allied activities	165,650.2	6,737.4	4.07%
2.	Advances to industries sector eligible as priority sector lending	47,997.4	2,929.6	6.10%
	of which:			
	Construction	10,098.6	999.8	9.90%
3.	Services	112,029.1	1,317.7	1.18%
	of which:			
	Transport operators	58,264.1	398.9	0.68%
4.	Personal loans	218,158.8	3,517.5	1.61%
	of which:			
	Housing	184,849.9	2,920.8	1.58%
	Vehicle loans	30,973.9	544.3	1.76%
	Sub-total (A)	**543,835.5**	**14,502.2**	**2.67%**

Sr. no.	Sector	At June 30, 2013		
		Outstanding advances	Gross NPAs	% of gross NPAs to total advances in that sector
B.	**Non-priority sector**			
1.	Agriculture and allied activities	..	..	..
2.	Advances to industries sector	1,384,769.7	33,593.9	2.43%
	of which:			
	Infrastructure	418,713.4	3,365.4	0.80%
	Basic metal and metal products	241,108.1	3,380.4	1.40%
3.	Services	680,581.5	19,862.3	2.92%
	of which:			
	Commercial real estate	191,477.7	2,884.4	1.51%
4.	Personal loans	488,100.8	32,135.8	6.58%
	of which:			
	Housing	347,274.3	2,851.7	0.82%
	Loan against deposits	1,486.3	..	..
	Sub-total (B)	**2,553,452.0**	**85,591.9**	**3.35%**
	Total (A+B)	**3,097,287.5**	**100,094.1**	**3.23%**

(III) Overseas assets, NPAs and revenue

₹ in million

Particulars	Three months ended June 30, 2014	Year ended March 31, 2014	Three months ended June 30, 2013
Total assets[1]	1,131,278.6	1,046,422.0	966,406.2
Total NPAs (net)	6,218.5	6,086.6	5,812.0
Total revenue[1]	12,816.8	58,949.7	15,550.5

1. Represents the total assets and total revenue of foreign operations as reported in note 18.4 on information about business and geographical segments, of the financial statements.

(IV) Off-balance sheet special purpose vehicles (SPVs) sponsored (which are required to be consolidated as per accounting norms)

(a) The following table sets forth, the names of SPVs/trusts sponsored by the Bank/subsidiaries which are consolidated.

Sr. no.	Name of the SPV sponsored[1,2]
A	**Domestic**
	1. ICICI Equity Fund
	2. ICICI Strategic Investments Fund
	3. India Advantage Fund-III
B	Overseas
	None

1. The nature of business of the above entities is venture capital fund.
2. SPVs/Trusts which are consolidated and set-up/sponsored by the Bank/Subsidiaries of the Bank

(b) The following table sets forth, the names of SPVs/trusts which are not sponsored by the Bank/subsidiaries and are consolidated.

Sr. no.	Name of the SPV
A	Domestic
	None
B	Overseas
	None

17. Exposure to sensitive sectors

The Bank has exposure to sectors, which are sensitive to asset price fluctuations. The sensitive sectors include capital markets and real estate.

The following table sets forth, for the periods indicated, the position of exposure to capital market sector.

₹ in million

Particulars		At June 30, 2014	At March 31, 2014	At June 30, 2013
Capital market sector				
i	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds, the corpus of which is not exclusively invested in corporate debt	19,663.4	17,821.5	17,370.8
ii	Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	12,343.6	11,614.4	11,105.8
iii	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	57,367.2	56,833.3	49,443.6
iv	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/ convertible debentures/units of equity oriented mutual funds does not fully cover the advances	..	..	..
v	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers	32,709.6	33,073.2	42,857.5
vi	Loans sanctioned to corporate against the security of shares/bonds/debentures or other	..	..	..

	Particulars	At June 30, 2014	At March 31, 2014	At June 30, 2013
	securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources			
vii	Bridge loans to companies against expected equity flows/issues	..	..	..
viii	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	..	..	..
ix	Financing to stockbrokers for margin trading	..	..	..
x	All exposures to Venture Capital Funds (both registered and unregistered)	12,953.3	9,436.0	9,536.3
xi	Others	39,865.8	43,958.5	70,420.2
	Total exposure to capital market	174,902.9	172,736.9	200,734.2

The following table sets forth, for the periods indicated, the summary of exposure to real estate sector.

₹ in million

	Particulars	At June 30, 2014	At March 31, 2014	At June 30, 2013
Real estate sector				
I	Direct exposure	1,136,783.6	1,092,006.3	928,233.0
	i) Residential mortgages	792,101.3	752,096.2	628,886.3
	of which: individual housing loans eligible for priority sector advances	166,079.6	162,487.3	164,406.4
	ii) Commercial real estate[1]	308,015.1	300,215.1	286,608.7
	iii) Investments in mortgage backed securities (MBS) and other securitised exposure	36,667.2	39,695.0	12,738.0
	a. Residential	34,457.8	37,205.1	12,738.0
	b. Commercial real estate	2,209.4	2,489.9	..
II	Indirect exposure	81,325.4	71,901.4	73,116.6
	i) Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	81,325.4	71,901.4	72,066.2
	ii) Others	..	..	1,050.4
	Total exposure to real estate sector[2]	1,218,109.0	1,163,907.7	1,001,349.6

1. Commercial real estate exposure include loans to individuals against non-residential premises, loans given to land and building developers for construction, corporate loans for development of special economic zone, loans to borrowers where servicing of loans is from a real estate activity and exposures to mutual funds/venture capital funds/private equity funds investing primarily in the real estate companies.
2. Excludes non-banking assets acquired in satisfaction of claims.

18. Bancassurance

The following table sets forth, for the periods indicated, the break-up of income derived from bancassurance business.

₹ in million

Sr. No.	Nature of income	Three months ended June 30, 2014	Year ended March 31, 2014	Three months ended June 30, 2013
1.	Income from selling life insurance policies	1,089.3	4,786.5	618.2
2.	Income from selling non-life insurance policies	142.0	539.5	119.8
3.	Income from selling mutual fund/collective investment scheme products	531.6	1,371.4	347.0

19. Provisions and contingencies

The following table sets forth, for the periods indicated, the break-up of provisions and contingencies included in profit and loss account.

₹ in million

Particulars	Three months ended June 30, 2014	Year ended March 31, 2014	Three months ended June 30, 2013
Provisions for depreciation of investments	145.3	711.2	236.7
Provision towards non-performing and other assets[1]	5,881.4	22,522.7	5,697.7
Provision towards income tax			
- Current	11,636.0	38,395.0	9,834.8
- Deferred	(295.1)	3,131.9	(386.1)
Provision towards wealth tax	12.5	50.0	19.0
Other provisions and contingencies[2]	1,234.1	3,030.2	(2.6)
Total provisions and contingencies	18,614.2	67,841.0	15,399.5

1. Includes provision towards NPA amounting to ₹ 5,876.3 million (March 31, 2014: ₹ 17,148.0 million, June 30, 2013: ₹ 5,431.8 million).
2. Includes provision towards standard assets amounting to ₹ 1,021.2 million (March 31, 2014: ₹ 2,487.7 million, June 30, 2013: provision reversed of ₹ 171.2 million).

20. Details of amount transferred to The Depositor Education and Awareness Fund (the Fund) of RBI

The following table sets forth, for the period indicated, the movement in amount transferred to the Fund.

₹ in million

Particulars	Three months ended June 30, 2014
Opening balance	..
Amounts transferred	1,685.6
Amounts reimbursed by the Fund towards claims	..
Closing balance	1,685.6

21. Deferred tax

At June 30, 2014, the Bank has recorded net deferred tax asset of ₹ 7,763.7 million (March 31, 2014: ₹ 7,468.6 million, June 30, 2013: ₹ 25,179.2 million), which has been included in other assets.

The following table sets forth, for the periods indicated, the break-up of deferred tax assets and liabilities into major items.

₹ in million

Particulars	At June 30, 2014	At March 31, 2014	At June 30, 2013
Deferred tax asset			
Provision for bad and doubtful debts	28,681.7	27,621.5	27,409.8
Capital loss	49.6	49.6	63.1
Others	2,371.2	2,196.7	2,362.0
Total deferred tax asset	31,102.5	29,867.8	29,834.9
Deferred tax liability			
Special Reserve deduction[1]	18,180.2	17,234.9	..
Depreciation on fixed assets	5,165.7	5,172.3	4,656.4
Total deferred tax liability	23,345.9	22,407.3	4,656.4
Deferred tax asset/(liability) pertaining to foreign branches	7.1	8.1	0.7
Total net deferred tax asset/(liability)	7,763.7	7,468.6	25,179.2

1. The Bank creates Special Reserve through appropriation of profits, in order to avail tax deduction as per Section 36(1) (viii) of the Income Tax Act, 1961. RBI through its circular dated December 20, 2013, had advised banks to create a deferred tax liability (DTL) on the amount outstanding in Special Reserve, as a matter of prudence. In accordance with RBI guidelines, during the year ended March 31, 2014, the Bank created a DTL of ₹ 14,192.3 million on Special Reserve outstanding at March 31, 2013, by reducing the reserves. Further, DTL of ₹ 945.3 million has been created for the three months ended June 30, 2014 on the estimated amount to be transferred to Special Reserve (March 31, 2014: ₹ 3,042.6 million; June 30, 2013: Nil). Accordingly, the tax expense for the three months ended June 30, 2014 is higher by ₹ 945.3 million (March 31, 2014: ₹ 3,042.6 million; June 30, 2013: Nil).

22. Related Party Transactions

The Bank has transactions with its related parties comprising subsidiaries, associates/joint ventures/other related entities, key management personnel and relatives of key management personnel.

Subsidiaries

ICICI Bank UK PLC, ICICI Bank Canada, ICICI Bank Eurasia Limited Liability Company, ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Prudential Asset Management Company Limited, ICICI Securities Limited, ICICI Securities Primary Dealership Limited, ICICI Home Finance Company Limited, ICICI Venture Funds Management Company Limited, ICICI International Limited, ICICI Trusteeship Services Limited, ICICI Investment Management Company Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Prudential Trust Limited and ICICI Prudential Pension Funds Management Company Limited.

Associates/joint ventures/other related entities

ICICI Equity Fund[1], ICICI Strategic Investments Fund[1], ICICI Kinfra Limited[1], FINO PayTech Limited, I-Process Services (India) Private Limited, NIIT Institute of Finance, Banking and Insurance Training Limited, Comm Trade Services Limited, ICICI Foundation for Inclusive Growth, I-Ven Biotech Limited[1], ICICI Merchant Services Private Limited, India Infradebt Limited and India Advantage Fund-III.

1. Entities consolidated as per Accounting Standard (AS) 21 on 'Consolidated Financial Statements'.

India Advantage Fund-III has been identified as a related party from the three months ended June 30, 2014. TCW/ICICI Investment Partners Limited and ICICI Venture Value Fund ceased to be related parties from the three months ended September 30, 2013 and December 31, 2013 respectively. ICICI Emerging Sectors Fund, ICICI Eco-net Internet and Technology Fund and Rainbow Fund ceased to be a related party from the three months ended March 31, 2014. Mewar Aanchalik Gramin Bank has ceased to be a related party from the three months ended June 30, 2014.

Key management personnel

Ms. Chanda Kochhar, Mr. N. S. Kannan, Mr. K. Ramkumar, Mr. Rajiv Sabharwal.

Relatives of key management personnel

Mr. Deepak Kochhar, Mr. Arjun Kochhar, Ms. Aarti Kochhar, Mr. Mahesh Advani, Ms. Varuna Karna, Ms. Rangarajan Kumudalakshmi, Ms. Aditi Kannan, Mr. Narayanan Raghunathan, Mr. Narayanan Rangarajan, Mr. R. Shyam, Ms. R. Suchithra, Mr. K. Jayakumar, Mr. R. Krishnaswamy, Ms. J. Krishnaswamy, Ms. Sangeeta Sabharwal, Mr. Kartik Sabharwal.

The following were the significant transactions between the Bank and its related parties for the three months ended June 30, 2014. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

Insurance services

During the three months ended June 30, 2014, the Bank paid insurance premium to insurance subsidiaries amounting to ₹ 553.3 million (March 31, 2014: ₹ 1,072.6 million, June 30, 2013: ₹ 459.7 million). The material transaction for the three months ended June 30, 2014 was payment of insurance premium to ICICI Lombard General Insurance Company Limited amounting to ₹ 545.8 million (March 31, 2014: ₹ 978.5 million, June 30, 2013: ₹ 448.9 million).

During the three months ended June 30, 2014, the Bank's insurance claims (including the claims received by the Bank on behalf of key management personnel) from the insurance subsidiaries amounted to ₹ 99.5 million (March 31, 2014: ₹ 396.6 million, June 30, 2013: ₹ 120.5 million). The material transactions for the three months ended June 30, 2014 were with ICICI Lombard General Insurance Company Limited amounting to ₹ 77.3 million (March 31, 2014: ₹ 326.7 million, June 30, 2013: ₹ 101.4 million) and with ICICI Prudential Life Insurance Company Limited amounting to ₹ 22.2 million (March 31, 2014: ₹ 69.9 million, June 30, 2013: ₹ 19.1 million).

Fees and commission income

During the three months ended June 30, 2014, the Bank received fees from its subsidiaries amounting to ₹ 1,422.3 million (March 31, 2014: ₹ 5,880.4 million, June 30, 2013: ₹ 883.6 million), from its associates/joint ventures/other related entities amounting to ₹ 1.8 million (March 31, 2014: ₹ 9.7 million, June 30, 2013: ₹ 2.0 million), from key management personnel amounting to ₹ 0.1 million (March 31, 2014: Nil, June 30, 2013: Nil) and from relatives of key management personnel amounting to Nil (March 31, 2014: ₹ 0.1 million, June 30, 2013: Nil). The material transactions for the three months ended June 30, 2014 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 1,096.8 million (March 31, 2014: ₹ 4,876.0 million, June 30, 2013: ₹ 637.2 million) and with ICICI Lombard General Insurance Company Limited amounting to ₹ 158.4 million (March 31, 2014: ₹ 597.9 million, June 30, 2013: ₹ 133.5 million).

During the three months ended June 30, 2014, the Bank received commission on bank guarantees from its subsidiaries amounting to ₹ 12.4 million (March 31, 2014: ₹ 48.1 million, June 30, 2013: ₹ 6.8 million). The material transactions for the three months ended June 30, 2014 were with ICICI Bank UK PLC amounting to ₹ 12.0 million (March 31, 2014: ₹ 39.1 million, June 30, 2013: ₹ 6.5 million) and with

ICICI Bank Eurasia Limited Liability Company amounting to Nil (March 31, 2014: ₹ 7.7 million, June 30, 2013: Nil).

Lease of premises, common corporate and facilities expenses

During the three months ended June 30, 2014, the Bank recovered from its subsidiaries an amount of ₹ 325.2 million (March 31, 2014: ₹ 1,257.9 million, June 30, 2013: ₹ 310.3 million) and from its associates/joint ventures/other related entities an amount of ₹ 14.3 million (March 31, 2014: ₹ 72.3 million, June 30, 2013: ₹ 0.1 million). The material transactions for the three months ended June 30, 2014 were with ICICI Home Finance Company Limited amounting to ₹ 87.6 million (March 31, 2014: ₹ 276.1 million, June 30, 2013: ₹ 60.8 million), ICICI Securities Limited amounting to ₹ 67.9 million (March 31, 2014: ₹ 288.4 million, June 30, 2013: ₹ 78.0 million), ICICI Prudential Life Insurance Company Limited amounting to ₹ 57.3 million (March 31, 2014: ₹ 224.2 million, June 30, 2013: ₹ 49.3 million), ICICI Bank UK PLC amounting to ₹ 43.9 million (March 31, 2014: ₹ 180.8 million, June 30, 2013: ₹ 44.8 million) and with ICICI Lombard General Insurance Company Limited amounting to ₹ 41.4 million (March 31, 2014: ₹ 159.7 million, June 30, 2013: ₹ 41.0 million).

Secondment of employees

During the three months ended June 30, 2014, the Bank recovered towards deputation of employees from its subsidiaries an amount of ₹ 22.6 million (March 31, 2014: ₹ 71.5 million, June 30, 2013: ₹ 22.5 million) and from its associates/joint ventures/other related entities an amount of ₹ 3.1 million (March 31, 2014: ₹ 6.6 million, June 30, 2013: ₹ 2.9 million). The material transactions for the three months ended June 30, 2014 were with ICICI Investment Management Company Limited amounting to ₹ 14.9 million (March 31, 2014: ₹ 38.9 million, June 30, 2013: ₹ 17.1 million), ICICI Prudential Life Insurance Company Limited amounting to ₹ 4.6 million (March 31, 2014: ₹ 16.1 million, June 30, 2013: ₹ 0.3 million), ICICI Securities Limited amounting to ₹ 3.1 million (March 31, 2014: ₹ 15.4 million, June 30, 2013: ₹ 4.0 million) and with I-Process Services (India) Private Limited amounting to ₹ 3.1 million (March 31, 2014: ₹ 6.6 million, June 30, 2013: ₹ 2.9 million).

Purchase of investments

During the three months ended June 30, 2014, the Bank purchased certain investments from its subsidiaries amounting to ₹ 1,279.3 million (March 31, 2014: ₹ 10,087.0 million, June 30, 2013: ₹ 4,228.1 million). The material transactions for the three months ended June 30, 2014 were with ICICI Venture Funds Management Company Limited amounting to ₹ 917.0 million (March 31, 2014: Nil, June 30, 2013: Nil), ICICI Securities Primary Dealership Limited amounting to ₹ 362.3 million (March 31, 2014: ₹ 7,189.3 million, June 30, 2013: ₹ 2,772.6 million) and with ICICI Prudential Life Insurance Company Limited amounting to Nil (March 31, 2014: ₹ 2,448.4 million, June 30, 2013: ₹ 1,238.3 million).

During the three months ended June 30, 2014, the Bank invested in the units of India Advantage Fund-III amounting to ₹ 499.1 million.

Sale of investments

During the three months ended June 30, 2014, the Bank sold certain investments to its subsidiaries amounting to ₹ 2,466.2 million (March 31, 2014: ₹ 9,061.8 million, June 30, 2013: ₹ 5,539.6 million) and to its associates/joint ventures/other related entities amounting to Nil (March 31, 2014: ₹ 147.8 million, June 30, 2013: ₹ 50.5 million). The material transactions for the three months ended June 30, 2014 were with ICICI Securities Primary Dealership Limited amounting to ₹ 1,515.2 million (March 31, 2014: ₹ 1,649.4 million, June 30, 2013: ₹ 688.7 million), ICICI Lombard General Insurance Company Limited amounting to ₹ 697.5 million (March 31, 2014: ₹ 2,497.8 million, June 30, 2013: ₹ 1,454.1 million) and with ICICI Prudential Life Insurance Company Limited amounting to ₹ 252.6 million (March 31, 2014: ₹ 4,898.3 million, June 30, 2013: ₹ 3,396.8 million).

Redemption/buyback of investments

During the three months ended June 30, 2014, the Bank received a consideration from ICICI Bank Canada amounting to Nil (March 31, 2014: ₹ 4,070.4 million, June 30, 2013: ₹ 4,249.5 million) on account of buyback of equity shares by ICICI Bank Canada.

During the three months ended June 30, 2014, the Bank received a consideration from ICICI Bank UK PLC amounting to Nil (March 31, 2014: ₹ 2,995.8 million, June 30, 2013: ₹ 2,969.5 million) on account of redemption of bonds by ICICI Bank UK PLC.

During the year ended March 31, 2014, the Bank received a consideration from ICICI Emerging Sectors Fund amounting to ₹ 358.0 million (June 30, 2013: Nil) and from ICICI Eco-net Internet and Technology Fund amounting to ₹ 126.7 million (June 30, 2013: Nil) on account of redemption of units and distribution of gain/loss on units.

Reimbursement of expenses to subsidiaries

During the three months ended June 30, 2014, the Bank reimbursed expenses to its subsidiaries amounting to ₹ 4.8 million (March 31, 2014: ₹ 46.6 million, June 30, 2013: ₹ 13.4 million). The material transactions for the three months ended June 30, 2014 were with ICICI Bank UK PLC amounting to ₹ 4.0 million (March 31, 2014: ₹ 33.7 million, June 30, 2013: ₹ 8.4 million) and with ICICI Bank Canada amounting to ₹ 0.8 million (March 31, 2014: ₹ 12.9 million, June 30, 2013: ₹ 5.0 million).

Reimbursement of expenses to the Bank

During the three months ended June 30, 2014, subsidiaries reimbursed expenses to the Bank amounting to ₹ 0.4 million (March 31, 2014: ₹ 19.9 million, June 30, 2013: ₹ 2.4 million). The material transactions for the three months ended June 30, 2014 were with ICICI Bank UK PLC amounting to ₹ 0.4 million (March 31, 2014: ₹ 14.7 million, June 30, 2013: ₹ 2.2 million) and with ICICI Bank Canada amounting to Nil (March 31, 2014: ₹ 5.2 million, June 30, 2013: ₹ 0.2 million).

Brokerage, fees and other expenses

During the three months ended June 30, 2014, the Bank paid brokerage, fees and other expenses to its subsidiaries amounting to ₹ 203.9 million (March 31, 2014: ₹ 671.8 million, June 30, 2013: ₹ 130.5 million) and to its associates/joint ventures/other related entities amounting to ₹ 937.3 million (March 31, 2014: ₹ 3,179.4 million, June 30, 2013: ₹ 743.2 million). The material transactions for the three months ended June 30, 2014 were with I-Process Services (India) Private Limited amounting to ₹ 546.6 million (March 31, 2014: ₹ 1,664.2 million, June 30, 2013: ₹ 320.5 million), ICICI Merchant Services Private Limited amounting to ₹ 373.3 million (March 31, 2014: ₹ 1,353.3 million, June 30, 2013: ₹ 371.4 million) and with ICICI Home Finance Company Limited amounting to ₹ 174.9 million (March 31, 2014: ₹ 549.8 million, June 30, 2013: ₹ 104.9 million).

Income on custodial services

During the three months ended June 30, 2014, the Bank recovered custodial charges from its subsidiaries amounting to ₹ 3.3 million (March 31, 2014: ₹ 3.7 million, June 30, 2013: ₹ 1.2 million) and from its associates/joint ventures/other related entities amounting to ₹ 0.1 million (March 31, 2014: ₹ 0.5 million, June 30, 2013: ₹ 0.1 million). The material transactions for the three months ended June 30, 2014 were with ICICI Prudential Asset Management Company Limited amounting to ₹ 2.0 million (March 31, 2014: Nil, June 30, 2013: Nil) and with ICICI Securities Primary Dealership Limited amounting to ₹ 1.3 million (March 31, 2014: ₹ 3.6 million, June 30, 2013: ₹ 1.2 million).

Interest expenses

During the three months ended June 30, 2014, the Bank paid interest to its subsidiaries amounting to ₹ 125.4 million (March 31, 2014: ₹ 350.8 million, June 30, 2013: ₹ 92.5 million), to its associates/joint ventures/other related entities amounting to ₹ 67.8 million (March 31, 2014: ₹ 353.8 million, June 30, 2013: ₹ 93.0 million), to its key management personnel amounting to ₹ 0.2 million (March 31, 2014: ₹ 4.2 million, June 30, 2013: ₹ 0.2 million) and to relatives of key management personnel amounting to ₹ 0.1 million (March 31, 2014: ₹ 1.7 million, June 30, 2013: Nil). The material transactions for the three months ended June 30, 2014 were with ICICI Securities Limited amounting to ₹ 78.9 million (March 31, 2014: ₹ 284.2 million, June 30, 2013: ₹ 71.3 million), India Infradebt Limited amounting to ₹ 61.8 million (March 31, 2014: ₹ 268.6 million, June 30, 2013: ₹ 62.2 million), ICICI Prudential Life Insurance Company Limited amounting to ₹ 29.4 million (March 31, 2014: ₹ 19.9 million, June 30, 2013: ₹ 10.5 million). During the year ended March 31, 2014, the Bank paid interest to Mewar Aanchalik Gramin Bank amounting to ₹ 70.0 million (June 30, 2013: ₹ 27.9 million).

Interest income

During the three months ended June 30, 2014, the Bank received interest from its subsidiaries amounting to ₹ 337.1 million (March 31, 2014: ₹ 1,687.9 million, June 30, 2013: ₹ 487.2 million), from its associates/joint ventures/other related entities amounting to ₹ 12.1 million (March 31, 2014: ₹ 55.8 million, June 30, 2013: ₹ 18.0 million), from its key management personnel amounting to ₹ 0.3 million (March 31, 2014: ₹ 0.9 million, June 30, 2013: ₹ 0.1 million) and from relatives of key management personnel amounting to ₹ 0.1 million (March 31, 2014: ₹ 0.5 million, June 30, 2013: ₹ 0.2 million). The material transactions for the three months ended June 30, 2014 were with ICICI Home Finance Company Limited amounting to ₹ 257.7 million (March 31, 2014: ₹ 1,151.0 million, June 30, 2013: ₹ 346.1 million), ICICI Bank Canada amounting to ₹ 41.5 million (March 31, 2014: ₹ 168.9 million, June 30, 2013: ₹ 38.9 million) and with ICICI Bank Eurasia Limited Liability Company amounting to ₹ 11.8 million (March 31, 2014: ₹ 173.9 million, June 30, 2013: ₹ 61.3 million).

Other income

The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market. During the three months ended June 30, 2014, the net loss of the Bank on forex and derivative transactions entered with subsidiaries was ₹ 439.2 million (March 31, 2014: net loss of ₹ 743.7 million, June 30, 2013: net gain of ₹ 172.4 million). The material transactions for the three months ended June 30, 2014 were loss of ₹ 408.9 million (March 31, 2014: loss of ₹ 1,168.4 million, June 30, 2013: gain of ₹ 153.6 million) with ICICI Bank UK PLC, gain of ₹ 13.2 million (March 31, 2014: gain of ₹ 266.6 million, June 30, 2013: gain of ₹ 87.4 million) with ICICI Bank Canada, loss of ₹ 46.3 million (March 31, 2014: gain of ₹ 237.8 million, June 30, 2013: loss of ₹ 56.9 million) with ICICI Home Finance Company Limited and loss of ₹ 4.7 million (March 31, 2014: loss of ₹ 108.2 million, June 30, 2013: loss of ₹ 3.0 million) with ICICI Securities Primary Dealership Limited.

While the Bank within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.

Dividend income

During the three months ended June 30, 2014, the Bank received dividend from its subsidiaries amounting to ₹ 4,155.4 million (March 31, 2014: ₹ 12,956.2 million, June 30, 2013: ₹ 2,811.8 million). The material transactions for the three months ended June 30, 2014 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 2,216.2 million (March 31, 2014: ₹ 6,901.7 million, June 30, 2013: ₹ 1,044.8 million), ICICI Home Finance Company Limited amounting to ₹ 670.2 million (March 31, 2014: ₹ 1,137.2 million, June 30, 2013: ₹ 395.6 million), ICICI Securities Primary Dealership Limited ₹ 457.3 million (March 31, 2014: ₹ 179.8 million, June 30, 2013: ₹ 101.6 million), ICICI Securities Limited amounting to ₹ 450.2 million (March 31, 2014: ₹ 150.1 million, June 30, 2013: ₹ 50.1 million), ICICI Bank Canada amounting to Nil (March 31, 2014: ₹ 2,859.5 million, June 30, 2013: ₹ 1,173.9 million) and with ICICI Bank UK PLC amounting to Nil (March 31, 2014: ₹ 1,536.9 million, June 30, 2013: Nil).

Dividend paid

During the three months ended June 30, 2014, the Bank paid dividend to its key management personnel amounting to ₹ 10.0 million (March 31, 2014: ₹ 8.1 million, June 30, 2013: ₹ 8.1 million). The dividend paid during the three months ended June 30, 2014 to Ms. Chanda Kochhar was ₹ 7.9 million (March 31, 2014: ₹ 6.6 million, June 30, 2013: ₹ 6.6 million), Mr. N. S. Kannan was ₹ 1.1 million (March 31, 2014: ₹ 1.5 million, June 30, 2013: ₹ 1.5 million) and to Mr. Rajiv Sabharwal was ₹ 1.0 million (March 31, 2014: Nil, June 30, 2013: Nil).

Remuneration to whole-time directors

Remuneration paid to the whole-time directors of the Bank, excluding the perquisite value on account of employee stock options exercised, during the three months ended June 30, 2014 was ₹ 39.8 million (March 31, 2014: ₹ 144.5 million, June 30, 2013: ₹ 29.7 million). The remuneration paid for the three months ended June 30, 2014 to Ms. Chanda Kochhar was ₹ 12.9 million (March 31, 2014: ₹ 47.7 million, June 30, 2013: ₹ 9.4 million), to Mr. N. S. Kannan was ₹ 9.1 million (March 31, 2014: ₹ 32.4 million, June 30, 2013: ₹ 7.0 million), to Mr. K. Ramkumar was ₹ 9.4 million (March 31, 2014: ₹ 34.5 million, June 30, 2013: ₹ 6.9 million) and to Mr. Rajiv Sabharwal was ₹ 8.4 million (March 31, 2014: ₹ 29.9 million, June 30, 2013: ₹ 6.4 million).

Sale of fixed assets

During the three months ended June 30, 2014, the Bank sold fixed assets to its subsidiaries amounting to Nil (March 31, 2014: ₹ 2.6 million, June 30, 2013: ₹ 0.4 million) and to its associates/joint ventures/other related entities amounting to Nil (March 31, 2014: ₹ 2.7 million, June 30, 2013: ₹ 2.7 million). The material transactions for the three months ended June 30, 2014 were with India Infradebt Limited amounting to Nil (March 31, 2014: ₹ 2.7 million, June 30, 2013: ₹ 2.7 million), ICICI Prudential Life Insurance Company Limited amounting to Nil (March 31, 2014: ₹ 2.2 million, June 30, 2013: Nil) and with ICICI Prudential Asset Management Company Limited amounting to Nil (March 31, 2014: ₹ 0.4 million, June 30, 2013: ₹ 0.4 million).

Purchase of fixed assets

During the three months ended June 30, 2014, the Bank purchased fixed assets from ICICI Prudential Life Insurance Company Limited amounting to Nil (March 31, 2014: ₹ 4.2 million, June 30, 2013: ₹ 1.7 million).

Donation

During the three months ended June 30, 2014, the Bank has given donation to ICICI Foundation for Inclusive Growth amounting to ₹ 100.0 million (March 31, 2014: ₹ 125.0 million, June 30, 2013: Nil).

Purchase of loan

During the three months ended June 30, 2014, the Bank purchased loans from ICICI Bank UK PLC amounting to Nil (March 31, 2014: ₹ 3,820.4 million, June 30, 2013: ₹ 1,198.4 million).

Sale of loan

During the three months ended June 30, 2014, the Bank sold loan (including undisbursed loan commitment) to ICICI Bank UK PLC amounting to Nil (March 31, 2014: ₹ 2,696.2 million, June 30, 2013: Nil).

Letters of Comfort

The Bank has issued letters of comfort on behalf of its banking subsidiaries. The details of the letters are given below.

On behalf of	To	Purpose
ICICI Bank UK PLC	Financial Services Authority, UK ('FSA')	Financially support ICICI Bank UK PLC to ensure that it meets all of its obligations as they fall due.
ICICI Bank Canada	Canada Deposit Insurance Corporation ('CDIC')	To comply with the Bank Act and the CDIC regulations or by-laws thereunder and to indemnify CDIC against all losses, damages, reasonable costs and expenses arising from failure of ICICI Bank Canada in performing the same.

The Bank has issued an undertaking on behalf of ICICI Securities Inc. for Singapore dollar 10.0 million (currently equivalent to ₹ 482.3 million) to the Monetary Authority of Singapore (MAS) and has executed indemnity agreement on behalf of ICICI Bank Canada to its independent directors for a sum not exceeding Canadian dollar 2.5 million (currently equivalent to ₹ 140.9 million) each, aggregating to Canadian dollar 17.5 million (currently equivalent to ₹ 986.0 million). The aggregate amount of ₹ 1,468.3 million at June 30, 2014 (March 31, 2014: ₹ 2,564.0 million, June 30, 2013: ₹ 2,447.7 million) is included in the contingent liabilities.

During the three months ended June 30, 2014 a letter of comfort, which was undertaken on behalf of ICICI Bank Eurasia Limited Liability Company for an amount of USD 19.0 million, had expired on account of repayment of loan.

In addition to the above, the Bank has also issued letters of comfort in the nature of letters of awareness on behalf of its subsidiaries in respect of their borrowings made or proposed to be made and for other incidental business purposes. As they are in the nature of factual statements or confirmation of facts, they do not create any financial impact on the Bank.

The letters of comfort in the nature of letters of awareness that are outstanding at June 30, 2014 issued by the Bank on behalf of its subsidiaries, aggregate to ₹ 13,672.1 million (March 31, 2014: ₹ 14,530.2 million, June 30, 2013: ₹ 18,386.1 million). During the three months ended June 30, 2014, borrowings pertaining to letters of comfort aggregating ₹ 858.1 million were repaid.

Related party balances

The following table sets forth, the balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel at June 30, 2014.

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	9,964.2	2,405.2	72.2	45.9	12,487.5
Deposits of ICICI Bank	1,315.9	..	..	..	1,315.9
Call/term money lent	3,203.5	..	..	..	3,203.5
Call/term money Borrowed	..	..	..	..	..
Reverse	..	..	..	..	..

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
repurchase					
Advances	11,376.7	2.1	28.2	6.0	11,413.0
Investments of ICICI Bank	128,038.3	4,035.6	..	..	132,073.9
Investments of related parties in ICICI Bank	5.0	-	4.2	0.0 [3]	9.2
Receivables[1]	3,213.3	26.9	..	..	3,240.2
Payables[1]	0.1	146.7	..	..	146.8
Guarantees/ letter of credit/ indemnity	15,691.9	0.1	..	..	15,692.0
Swaps/forward contracts (notional amount)	134,779.3	..	..	..	134,779.3
Employee stock options outstanding (Numbers)[4]	..	..	3,676,000	..	3,676,000
Employee stock options exercised[2]	..	..	0.8	..	0.8

1. Excludes mark-to-market on outstanding derivative transactions.
2. During the three months ended June 30, 2014, 84,000 employee stock options were exercised, which have been reported at face value.
3. Insignificant amount.
4. Excludes 725,000 stock options granted to key management personnel pending RBI approval.

The following table sets forth, the maximum balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel during the three months ended June 30, 2014.

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	10,550.1	3,418.2	83.2	46.0	14,097.5
Deposits of ICICI Bank	2,863.8	..	..	..	2,863.8
Call/term money lent	7,500.0	..	..	..	7,500.0
Call/term money borrowed	..	..	..	..	..
Reverse repurchase	24,970.8	..	..	..	24,970.8
Advances	14,448.2	2.1	28.8	6.4	14,485.5
Investments of ICICI Bank	128,038.3	4,035.6	..	..	132,073.9
Investments of related parties in ICICI Bank[1]	5.0	..	4.2	0.0 [2]	9.2
Receivables	3,240.4	51.4 [1]	..	..	3,291.8
Payables[1]	0.1	146.7	..	..	146.8

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Guarantees/ letter of credit/ indemnity	16,570.7	0.1	..	..	16,570.8
Swaps/forward contracts (notional amount)	135,784.9	..	..	..	135,784.9

1. Maximum balances are determined based on comparison of the total outstanding balances at each quarter end during the financial year.
2. Insignificant amount.

The following table sets forth, the balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel at March 31, 2014.

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	7,137.0	4,566.5	51.0	28.7	11,783.2
Deposits of ICICI Bank	1,505.4	..	..	..	1,505.4
Call/term money lent	..	..	..	..	..
Call/term money Borrowed	..	..	..	..	..
Reverse repurchase	24,970.8	..	..	..	24,970.8
Advances	11,057.0	2.4	28.0	6.1	11,093.5
Investments of ICICI Bank	127,746.8	3,417.2	..	..	131,164.0
Investments of related parties in ICICI Bank	5.0	15.0	4.2	0.0 [3]	24.2
Receivables[1]	1,234.1	..	..	..	1,234.1
Payables[1]	23.3	259.4	..	..	282.7
Guarantees/ letter of credit/ indemnity	16,089.4	0.1	..	..	16,089.5
Swaps/forward contracts (notional amount)	100,813.3	..	..	..	100,813.3
Employee stock options outstanding (Numbers)	..	..	3,760,000	..	3,760,000
Employee stock options exercised[2]	..	..	0.4	..	0.4

1. Excludes mark-to-market on outstanding derivative transactions.
2. During the year ended March 31, 2014, 37,500 employee stock options were exercised, which have been reported at face value.
3. Insignificant amount.

The following table sets forth, the maximum balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel during the year ended March 31, 2014.

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	10,374.0	5,200.5	83.2	30.1	15,687.8
Deposits of ICICI Bank	1,962.3	..	..	..	1,962.3
Call/term money lent	10,000.0	..	..	..	10,000.0
Call/term money borrowed	927.1	..	..	..	927.1
Reverse repurchase	24,970.8	..	..	..	24,970.8
Advances	21,154.0	331.7	30.7	8.3	21,524.7
Investments of ICICI Bank	134,013.5	4,086.0	..	..	138,099.5
Investments of related parties in ICICI Bank[1]	380.6	15.0	4.2	0.0 [2]	399.8
Receivables	1,749.7	359.3 [1]	..	..	2,109.0
Payables[1]	82.7	679.2	..	..	761.9
Guarantees/ letter of credit/ indemnity	16,227.5	1,689.7	..	..	17,917.2
Swaps/forward contracts (notional amount)	174,240.1	..	..	..	174,240.1

1. Maximum balances are determined based on comparison of the total outstanding balances at each quarter end during the financial year.
2. Insignificant amount.

The following table sets forth, the balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel at June 30, 2013.

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	6,376.6	4,717.9	57.2	20.4	11,172.1
Deposits of ICICI Bank	509.8	.. -	.. -	..	509.8
Call/term money lent	..	..	..	..	..
Call/term money Borrowed	..	..	..	..	..
Advances	17,414.3	318.5	30.2	7.6	17,770.6
Investments of ICICI Bank	128,051.1	3,835.1	..	..	131,886.2
Investments of related parties in ICICI Bank	361.3	15.0	4.1	..	380.4

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Receivables[1]	707.3	..	..	..	707.3
Payables[1]	82.7	366.3	..	..	449.0
Guarantees/ letter of credit/ indemnity	12,765.4	1,689.6	..	..	14,455.0
Swaps/forward contracts (notional amount)	154,106.1	..	..	..	154,106.1
Employee stock options outstanding (Numbers)[2]	..	..	3,172,500	- ..	3,172,500.0
Employee stock options exercised[3]	..	..	..	..	..

1. Excludes mark-to-market on outstanding derivative transactions.
2. Excludes 625,000 stock options granted to key management personnel, pending RBI approval.
3. Excludes 7,500 employee stock options exercised by the key management personnel of the Bank during the three months ended June 30, 2013 which were allotted in the month of July 2013.

The following table sets forth, the maximum balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel during the three months ended June 30, 2013.

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	8,135.8	5,200.5	83.2	30.0	13,449.5
Deposits of ICICI Bank	1,315.9	..	..	..	1,315.9
Call/term money lent	..	..	..	..	..
Call/term money borrowed	..	..	..	..	..
Advances	21,154.0	331.7	30.7	8.3	21,524.7
Investments of ICICI Bank	134,013.5	3,862.3	..	..	137,875.8
Investments of related parties in ICICI Bank[1]	361.3	15.0	4.1	..	380.4
Receivables	1,083.1	359.3 [1]	..	..	1,442.4
Payables[1]	82.7	366.3	..	..	449.0
Guarantees/ letter of credit/ indemnity	12,765.4	1,689.6	..	..	14,455.0
Swaps/forward contracts (notional amount)	155,027.9	..	..	..	155,027.9

1. Maximum balances are determined based on comparison of the total outstanding balances at each quarter end during the financial year.

23. Appropriation of net profit

The Bank appropriates net profit towards various reserves only at year-end. For the three months ended June 30, 2014, appropriations required as per RBI guidelines would have been ₹ 6,639.0 million towards statutory reserve, ₹ 223.0 million towards capital reserve and ₹ 254.0 million towards investment reserve account. Additionally, the appropriation for Sri Lanka branch as per regulations applicable would have been ₹ 1.6 million towards statutory reserve and ₹ 2.9 million towards investment fund account. Further, the Bank also appropriates towards Special Reserve u/s 36 (1) (viii) of Income Tax Act, 1961 which is computed at the end of the year.

24. Penalties/fines imposed by RBI and other banking regulatory bodies

The penalty imposed by RBI and other banking regulatory bodies during the three months ended June 30, 2014 was Nil (March 31, 2014: ₹ 10.0 million, June 30, 2013: ₹ 10.0 million).

On July 25, 2014, RBI imposed a penalty of ₹ 4.0 million on the Bank, in exercise of the powers vested with it under the provisions of Section 47A (1) of the Banking Regulation Act, 1949 with respect to facilities extended to a corporate borrower by the Bank.

25. Comparative figures

Figures of the previous period/year have been re-grouped to conform to the current period presentation.

Signatures to Schedules 1 to 18

As per our report of even date.

For and on behalf of the Board of Directors

For B S R & Co. LLP Chartered Accountants ICAI Firm Registration no.: 101248W/W-100022	K. V. Kamath Chairman	Homi Khusrokhan Director	Chanda Kochhar Managing Director & CEO
Vijay Mathur Partner Membership no.: 46476	N. S. Kannan Executive Director	K. Ramkumar Executive Director	Rajiv Sabharwal Executive Director
	P. Sanker Senior General Manager (Legal) & Company Secretary	Rakesh Jha Chief Financial Officer	Ajay Mittal Chief Accountant

Place: Mumbai
Date: July 31, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of ICICI Bank Limited

Report on the Financial Statements

1. We have audited the attached Balance Sheet of ICICI Bank Limited (the 'Bank') as at 31 March 2014 and also the Profit and Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in the said financial statements are the returns of the Singapore, Bahrain, Hong Kong, Dubai, Qatar, Sri Lanka and New York-USA branches of the Bank, audited by other auditors.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ('the Act'), read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs and with guidelines issued by the Reserve Bank of India ('RBI') insofar as they are applicable to the Bank and in conformity with Form A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949 as applicable. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Banking Regulation Act, 1949 and the Act in the manner so required for banking companies, and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31 March 2014;
b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provision of section 29 of the Banking Regulation Act, 1949 read with section 211 of the Act.

8. We report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;
(b) In our opinion, the transactions of the Bank which have come to our notice have been within its powers;
(c) The financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches; we have visited 110 branches for the purpose of our audit;

9. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act, to the extent they are not inconsistent with the guidelines issued by RBI.

10. We further report that:

(a) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;

(b) The Balance Sheet, Profit and Loss Account, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(c) On the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Other Matter

11. We did not audit the financial statements of Singapore, Bahrain, Hong Kong, Dubai, Qatar, Sri Lanka and New York-USA branches, whose financial statements reflect total assets of Rs. 1,630,498 million as at 31 March 2014, the total revenue of Rs. 69,223 million for the year ended 31 March 2014 and net cash flows amounting to Rs. 209,916 million for the year ended 31 March 2014. These financial statements have been audited by other auditors, duly qualified to act as auditors in the country of incorporation of the said branches, whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E

per Shrawan Jalan
Partner
Membership No.: 102102
Place: Mumbai
Date: 25 April 2014

ICICI BANK LIMITED
Unconsolidated Balance Sheet at March 31, 2014

₹ in '000s

CAPITAL AND LIABILITIES	Schedule	At 31.03.2014	At 31.03.2013
Capital	1	11,550,446	11,536,362
Employees stock options outstanding		65,744	44,835
Reserves and surplus	2	720,517,086	655,478,392
Deposits	3	3,319,136,570	2,926,136,257
Borrowings	4	1,547,590,539	1,453,414,944
Other liabilities and provisions	5	347,555,454	321,336,021
TOTAL CAPITAL AND LIABILITIES		**5,946,415,839**	**5,367,946,811**
ASSETS			
Cash and balances with Reserve Bank of India	6	218,218,262	190,527,309
Balances with banks and money at call and short notice	7	197,077,695	223,647,879
Investments	8	1,770,218,164	1,713,935,993
Advances	9	3,387,026,492	2,902,494,351
Fixed assets	10	46,781,360	46,470,587
Other assets	11	327,093,866	290,870,692
TOTAL ASSETS		**5,946,415,839**	**5,367,946,811**
Contingent liabilities	12	7,814,304,451	7,899,893,146
Bills for collection		135,349,056	123,945,258
Significant accounting policies and notes to accounts	17 & 18		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For and on behalf of the Board of Directors

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration no.: 301003E

K. V. Kamath
Chairman

Homi Khusrokhan
Director

Chanda Kochhar
Managing Director & CEO

Shrawan Jalan
Partner
Membership no.:102102

N. S. Kannan
Executive Director

K. Ramkumar
Executive Director

Rajiv Sabharwal
Executive Director

Place: Mumbai
Date: April 25, 2014

P. Sanker
Senior General Manager
(Legal) & Company Secretary

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

ICICI BANK LIMITED
Unconsolidated Profit and Loss Account
for the year ended March 31, 2014

₹ in '000s

	Schedule	Year ended 31.03.2014	Year ended 31.03.2013
I. INCOME			
Interest earned	13	441,781,528	400,755,969
Other income	14	104,278,721	83,457,012
TOTAL INCOME		546,060,249	484,212,981
II. EXPENDITURE			
Interest expended	15	277,025,886	262,091,848
Operating expenses	16	103,088,614	90,128,837
Provisions and contingencies (refer note 18.35)		67,840,979	48,737,569
TOTAL EXPENDITURE		447,955,479	400,958,254
III. PROFIT/(LOSS)			
Net profit for the year		98,104,770	83,254,727
Profit brought forward		99,022,874	70,542,323
TOTAL PROFIT/(LOSS)		197,127,644	153,797,050
IV. APPROPRIATIONS/TRANSFERS			
Transfer to Statutory Reserve		24,530,000	20,820,000
Transfer to Reserve Fund		46,146	27,775
Transfer to Capital Reserve		760,000	330,000
Transfer to/(from) Investment Reserve Account		1,270,000	..
Transfer to Revenue and other reserves		..	..
Transfer to Special Reserve		9,000,000	7,600,000
Dividend (including corporate dividend tax) for the previous year paid during the year		(539,685)	2,491
Proposed equity share dividend		26,562,812	23,072,271
Proposed preference share dividend		35	35
Corporate dividend tax		2,312,451	2,921,604
Balance carried over to balance sheet		133,185,885	99,022,874
TOTAL		197,127,644	153,797,050
Significant accounting policies and notes to accounts	17 & 18		
Earnings per share (refer note 18.1)			
Basic (₹)		84.99	72.20
Diluted (₹)		84.65	71.93
Face value per share (₹)		10.00	10.00

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report of even date.

For and on behalf of the Board of Directors

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration no.:301003E

K. V. Kamath
Chairman

Homi Khusrokhan
Director

Chanda Kochhar
Managing Director & CEO

Shrawan Jalan
Partner
Membership no.:102102

N. S. Kannan
Executive Director

K. Ramkumar
Executive Director

Rajiv Sabharwal
Executive Director

Place: Mumbai
Date: April 25, 2014

P. Sanker
Senior General Manager
(Legal) & Company Secretary

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

ICICI BANK LIMITED
Unconsolidated Cash Flow Statement for the year ended March 31, 2014

₹ in '000s

		Year ended 31.03.2014	Year ended 31.03.2013
Cash flow from operating activities			
Profit before taxes		139,681,708	113,966,897
Adjustments for:			
Depreciation and amortisation		6,547,956	5,709,115
Net (appreciation)/depreciation on investments		(420,558)	4,647,716
Provision in respect of non-performing and other assets		22,522,704	13,948,385
Prudential provision for standard assets		2,487,696	1,439,082
Provision for contingencies & others		542,464	1,376,106
Income from subsidiaries, joint ventures and consolidated entities		(13,158,016)	(9,416,200)
(Profit)/loss on sale of fixed assets		(1,363,815)	(352,510)
Employees stock options grants		20,909	20,981
	(i)	156,861,048	131,339,572
Adjustments for:			
(Increase)/decrease in investments		78,314,244	(22,717,062)
(Increase)/decrease in advances		(510,443,893)	(380,239,011)
Increase/(decrease) in deposits		393,000,313	371,136,697
(Increase)/decrease in other assets		(50,813,059)	12,992,477
Increase/(decrease) in other liabilities and provisions		21,377,255	30,496,358
	(ii)	(68,565,140)	11,669,459
Refund/(payment) of direct taxes	(iii)	(41,609,922)	(31,988,940)
Net cash flow from/(used in) operating activities (i)+(ii)+(iii)	(A)	46,685,986	111,020,091
Cash flow from investing activities			
Redemption from/(Investments in) subsidiaries and/or joint ventures (including application money)		6,129,087	4,050,772
Income from subsidiaries, joint ventures and consolidated entities		13,158,016	9,416,200
Purchase of fixed assets		(6,784,647)	(5,883,595)
Proceeds from sale of fixed assets		1,992,598	1,241,898
(Purchase)/sale of held to maturity securities		(136,959,843)	(103,140,846)
Net cash used in investing activities	(B)	(122,464,789)	(94,315,571)
Cash flow from financing activities			
Proceeds from issue of share capital (including ESOPs)		761,819	447,516
Net proceeds/(repayment) of borrowings		93,076,098	50,676,148
Dividend and dividend tax paid		(25,454,225)	(21,226,474)
Net cash generated from/(used in) financing activities	(C)	68,383,692	29,897,190
Effect of exchange fluctuation on translation reserve	(D)	8,515,880	5,280,344

Unconsolidated Cash Flow Statement for the year ended March 31, 2014

₹ in '000s

		Year ended 31.03.2014	Year ended 31.03.2013
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C) + (D)		1,120,769	51,882,054
Cash and cash equivalents at beginning of the year		414,175,188	362,293,134
Cash and cash equivalents at end of the year		415,295,957	414,175,188

Significant accounting policies and notes to accounts (refer schedule 17 & 18)

1. Refer item no. 15 in Schedule 17 Significant accounting policies.

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For and on behalf of the Board of Directors

For S.R. Batliboi & Co. LLP
Chartered Accountants

K. V. Kamath
Chairman

Homi Khusrokhan
Director

Chanda Kochhar
Managing Director & CEO

Shrawan Jalan
Partner
Membership no.:102102

N. S. Kannan
Executive Director

K. Ramkumar
Executive Director

Rajiv Sabharwal
Executive Director

Place: Mumbai
Date: April 25, 2014

P. Sanker
Senior General Manager
(Legal) & Company Secretary

Rakesh Jha
Chief Financial Officer

Ajay Mittal
Chief Accountant

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2014	At 31.03.2013
SCHEDULE 1 - CAPITAL		
Authorised capital		
1,275,000,000 equity shares of ₹ 10 each (March 31, 2013: 1,275,000,000 equity shares of ₹ 10 each)	12,750,000	12,750,000
15,000,000 shares of ₹ 100 each (March 31, 2013: 15,000,000 shares of ₹ 100 each)[1]	1,500,000	1,500,000
350 preference shares of ₹ 10 million each (March 31, 2013: 350 preference shares of ₹ 10 million each)[2]	3,500,000	3,500,000
Equity share capital Issued, subscribed and paid-up capital 1,153,581,715 equity shares of ₹ 10 each (March 31, 2013: 1,152,714,442 equity shares)	11,535,817	11,527,144
Add: 1,405,540 equity shares of ₹ 10 each (March 31, 2013: 867,273 equity shares) issued pursuant to exercise of employee stock options	14,055	8,673
Less: 154,486 equity shares of ₹ 10 each forfeited (March 31, 2013: Nil)	1,545	..
	11,548,327	11,535,817
Less: Calls unpaid	..	(225)
Add: 266,089 equity shares of ₹ 10 each forfeited (March 31, 2013: 111,603 equity shares)	2,119	770
TOTAL CAPITAL	11,550,446	11,536,362

1. These shares will be of such class and with such rights, privileges, conditions or restrictions as may be determined by the Bank in accordance with the Articles of Association of the Bank and subject to the legislative provisions in force for the time being in that behalf.
2. Pursuant to RBI circular the issued and paid-up preference shares are grouped under Schedule 4 - "Borrowings".

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2014	At 31.03.2013
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory reserve		
Opening balance	110,736,519	89,916,519
Additions during the year	24,530,000	20,820,000
Deductions during the year	..	..
Closing balance	135,266,519	110,736,519
II. Special reserve		
Opening balance	45,790,000	38,190,000
Additions during the year	9,000,000	7,600,000
Deductions during the year	..	..
Closing balance	54,790,000	45,790,000
III. Securities premium		
Opening balance	314,030,282	313,591,445
Additions during the year[1]	945,935	438,837
Deductions during the /year	..	..
Closing balance	314,976,217	314,030,282
IV. Investment reserve account		
Opening balance	..	..
Additions during the year	1,270,000	..
Deductions during the year	..	..
Closing balance	1,270,000	..
V. Capital reserve		
Opening balance	22,172,500	21,842,500
Additions during the year[2]	760,000	330,000
Deductions during the year	..	..
Closing balance	22,932,500	22,172,500
VI. Foreign currency translation reserve		
Opening balance	13,825,964	8,545,620
Additions during the year	10,738,333	5,280,344
Deductions during the year[3]	(2,222,453)	..
Closing balance	22,341,844	13,825,964
VII. Reserve fund		
Opening balance	49,719	21,944
Additions during the year[4]	46,146	27,775
Deductions during the year	..	..
Closing balance	95,865	49,719
VIII. Revenue and other reserves		
Opening balance	49,850,534	49,850,534
Additions during the year	..	..
Deductions during the year[5]	(14,192,278)	..
Closing balance	35,658,256	49,850,534
IX. Balance in profit and loss account	133,185,885	99,022,874
TOTAL RESERVES AND SURPLUS	720,517,086	655,478,392

1. Includes ₹ 731.7 million (March 31, 2013: ₹ 435.1 million) on exercise of employee stock options.
2. Includes appropriations made for profit on sale of investments in held-to-maturity category, net of taxes and transfer to Statutory Reserve and profit on sale of land and buildings, net of taxes and transfer to Statutory Reserve.
3. Represents exchange profit on repatriation of retained earnings from overseas branches.
4. Includes appropriations made to Reserve Fund and Investment Fund Account in accordance with regulations applicable to Sri Lanka branch.
5. Represents amount utilised for creation of deferred tax liability on balance in Special Reserve at March 31, 2013 in accordance with RBI circular dated December 20, 2013.

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2014	At 31.03.2013
SCHEDULE 3 - DEPOSITS		
A. I. Demand deposits		
i) From banks	25,476,803	20,385,877
ii) From others	406,977,333	348,869,273
II. Savings bank deposits	991,329,979	856,507,376
III. Term deposits		
i) From banks	102,299,809	117,888,455
ii) From others	1,793,052,646	1,582,485,276
TOTAL DEPOSITS	3,319,136,570	2,926,136,257
B. I. Deposits of branches in India	3,161,544,668	2,750,258,700
II. Deposits of branches outside India	157,591,902	175,877,557
TOTAL DEPOSITS	3,319,136,570	2,926,136,257

₹ in '000s

	At 31.03.2014	At 31.03.2013
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	85,800,000	156,250,000
ii) Other banks	2,995,750	18,714,125
iii) Other institutions and agencies		
a) Government of India	..	..
b) Financial institutions	99,395,771	60,590,413
iv) Borrowings in the form of bonds and debentures (excluding subordinated debt)	15,713,962	15,517,800
v) Application money-bonds	..	..
vi) Capital instruments		
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as Tier 1 capital)	13,010,000	13,010,000
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as upper Tier 2 capital)	98,166,998	98,174,210
c) Redeemable Non-Cumulative Preference Shares (RNCPS) (350 RNCPS of ₹ 10 million each issued to preference share holders of erstwhile ICICI Limited on amalgamation, redeemable at par on April 20, 2018)	3,500,000	3,500,000
d) Unsecured redeemable debentures/bonds (subordinated debt included in Tier 2 capital)	216,411,732	218,168,041
TOTAL BORROWINGS IN INDIA	534,994,213	583,924,589
II. Borrowings outside India		
i) Capital instruments		
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as Tier 1 capital)	20,336,164	18,413,008
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as upper Tier 2 capital)	53,923,500	48,856,500
ii) Bonds and notes	382,510,395	306,197,996
iii) Other borrowings[1]	555,826,267	496,022,851
TOTAL BORROWINGS OUTSIDE INDIA	1,012,596,326	869,490,355
TOTAL BORROWINGS	1,547,590,539	1,453,414,944

1. Includes borrowings guaranteed by Government of India for the equivalent of ₹ 16,353.2 million (March 31, 2013: ₹ 15,815.0 million).
2. Secured borrowings in I and II above amount to Nil (March 31, 2013: Nil) except borrowings of ₹ 83,307.7 million (March 31, 2013: ₹ 150,003.7 million) under Collateralised Borrowing and Lending Obligation, market repurchase transactions with banks and financial institutions and transactions under Liquidity Adjustment Facility.

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2014	At 31.03.2013
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	48,448,212	39,160,376
II. Inter-office adjustments (net)	..	1,347,187
III. Interest accrued	38,695,810	29,178,174
IV. Sundry creditors	45,130,364	62,336,969
V. Provision for standard assets	19,317,632	16,235,086
VI. Others[1]	195,963,436	173,078,229
TOTAL OTHER LIABILITIES AND PROVISIONS	347,555,454	321,336,021

1. Includes:

a) Proposed dividend amounting to ₹ 26,562.8 million (March 31, 2013: ₹ 23,072.3 million).

b) Corporate dividend tax payable amounting to ₹ 2,312.5 million (March 31, 2013: ₹ 2,921.6 million).

₹ in '000s

	At 31.03.2014	At 31.03.2013
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	51,869,228	46,774,823
II. Balances with Reserve Bank of India in current accounts	166,349,034	143,752,486
TOTAL CASH AND BALANCES WITH RESERVE BANK OF INDIA	218,218,262	190,527,309

₹ in '000s

	At 31.03.2014	At 31.03.2013
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with banks		
a) In current accounts	4,529,211	3,462,734
b) In other deposit accounts	27,032	36,008,368
ii) Money at call and short notice		
a) With banks	4,793,200	53,000,000
b) With other institutions	27,865,322	..
TOTAL	37,214,765	92,471,102
II. Outside India		
i) In current accounts	29,188,494	19,249,648
ii) In other deposit accounts	44,399,063	87,128,213
iii) Money at call and short notice	86,275,373	24,798,916
TOTAL	159,862,930	131,176,777
TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	197,077,695	223,647,879

ICICI Bank

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2014	At 31.03.2013
SCHEDULE 8 - INVESTMENTS		
I. Investments in India [net of provisions]		
i) Government securities	951,820,555	923,762,915
ii) Other approved securities	..	..
iii) Shares (includes equity and preference shares)	24,017,918	25,050,852
iv) Debentures and bonds	121,203,629	174,775,171
v) Subsidiaries and/or joint ventures	65,482,766	65,482,766
vi) Others (commercial paper, mutual fund units, pass through certificates, security receipts, certificate of deposits, Rural Infrastructure Development Fund deposits and other related investments)	533,636,254	447,127,306
TOTAL INVESTMENTS IN INDIA	1,696,161,122	1,636,199,010
II. Investments outside India [net of provisions]		
i) Government securities	7,095,945	6,574,742
ii) Subsidiaries and/or joint ventures abroad (includes equity and preference shares)	59,553,372	62,475,493
iii) Others (equity shares, bonds and certificate of deposits)	7,407,725	8,686,748
TOTAL INVESTMENTS OUTSIDE INDIA	74,057,042	77,736,983
TOTAL INVESTMENTS	1,770,218,164	1,713,935,993
A. Investments in India		
Gross value of investments	1,719,617,326	1,663,577,178
Less: Aggregate of provision/depreciation/(appreciation)	23,456,204	27,378,168
Net investments	1,696,161,122	1,636,199,010
B. Investments outside India		
Gross value of investments	74,375,855	77,981,759
Less: Aggregate of provision/depreciation/(appreciation)	318,813	244,776
Net investments	74,057,042	77,736,983
TOTAL INVESTMENTS	1,770,218,164	1,713,935,993

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2014	At 31.03.2013
SCHEDULE 9 - ADVANCES [net of provisions]		
A. i) Bills purchased and discounted	83,655,926	61,532,333
ii) Cash credits, overdrafts and loans repayable on demand	552,132,982	451,092,674
iii) Term loans	2,751,237,584	2,389,869,344
TOTAL ADVANCES	3,387,026,492	2,902,494,351
B. i) Secured by tangible assets (includes advances against book debts)	2,858,197,549	2,471,296,382
ii) Covered by bank/government guarantees	41,650,261	22,221,201
iii) Unsecured	487,178,682	408,976,768
TOTAL ADVANCES	3,387,026,492	2,902,494,351
C. I. Advances in India		
i) Priority sector	645,517,532	597,940,480
ii) Public sector	27,754,783	13,438,496
iii) Banks	287,641	187,857
iv) Others	1,816,506,450	1,557,357,190
TOTAL ADVANCES IN INDIA	2,490,066,406	2,168,924,023
II. Advances outside India		
i) Due from banks	5,935,596	18,107,068
ii) Due from others		
a) Bills purchased and discounted	33,737,778	17,437,061
b) Syndicated and term loans	752,854,831	680,864,553
c) Others	104,431,881	17,161,646
TOTAL ADVANCES OUTSIDE INDIA	896,960,086	733,570,328
TOTAL ADVANCES	3,387,026,492	2,902,494,351

₹ in '000s

	At 31.03.2014	At 31.03.2013
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
At cost at March 31 of preceding year	38,822,279	38,625,073
Additions during the period/year	1,448,393	1,124,842
Deductions during the period/year	(631,434)	(927,636)
Depreciation to date[1]	(8,668,942)	(7,543,258)
Net block[2]	30,970,296	31,279,021
II. Other fixed assets (including furniture and fixtures)		
At cost at March 31 of preceding year	40,314,014	38,319,238
Additions during the period/year	4,986,935	4,521,473
Deductions during the period/year	(2,733,674)	(2,526,697)
Depreciation to date[3]	(29,089,823)	(27,470,762)
Net block	13,477,452	12,843,252
III. Assets given on lease		
At cost at March 31 of preceding year	17,299,544	17,299,544
Additions during the period/year	..	..
Deductions during the period/year	..	..
Depreciation to date, accumulated lease adjustment and provisions[4]	(14,965,932)	(14,951,230)
Net block	2,333,612	2,348,314
TOTAL FIXED ASSETS	46,781,360	46,470,587

1. Includes depreciation charge amounting to ₹ 1,222.7 million (March 31, 2013: ₹ 1,137.0 million).
2. Includes assets of ₹ 12.7 million (March 31, 2013: Nil) which are held for sale.
3. Includes depreciation charge amounting to ₹ 4,220.0 million (March 31, 2013: ₹ 3,436.4 million).
4. Includes depreciation charge/lease adjustment amounting to ₹ 317.0 million (March 31, 2013: ₹ 328.2 million).

Schedules forming part of the balance sheet

₹ in '000s

		At 31.03.2014	At 31.03.2013
SCHEDULE 11 - OTHER ASSETS			
I.	Inter-office adjustments (net)	1,816,918	..
II.	Interest accrued	47,159,107	44,902,010
III.	Tax paid in advance/tax deducted at source (net)	39,263,411	36,098,478
IV.	Stationery and stamps	2,995	10,045
V.	Non-banking assets acquired in satisfaction of claims[1]	671,126	576,833
VI.	Advances for capital assets	936,223	1,154,106
VII.	Deposits	11,123,670	10,868,027
VIII.	Deferred tax asset (net)[2]	7,468,610	24,793,018
IX.	Others	218,651,805	172,468,175
TOTAL OTHER ASSETS		327,093,866	290,870,692

1. Includes certain non-banking assets acquired in satisfaction of claims which are in the process of being transferred in the Bank's name.
2. At March 31, 2014, net of deferred tax liabilities amounting to ₹ 14,192.3 million created on balance in Special Reserve at March 31, 2013 and ₹ 3,042.6 million on amount transferred to Special Reserve for the year ended March 31, 2014 in accordance with the RBI circular dated December 20, 2013.

₹ in '000s

		At 31.03.2014	At 31.03.2013
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the Bank not acknowledged as debts	42,236,215	36,373,051
II.	Liability for partly paid investments	65,787	128,050
III.	Liability on account of outstanding forward exchange contracts[1]	2,691,373,680	2,838,503,955
IV.	Guarantees given on behalf of constituents		
	a) In India	759,132,326	717,848,338
	b) Outside India	262,927,479	226,321,011
V.	Acceptances, endorsements and other obligations	505,542,096	621,180,725
VI.	Currency swaps[1]	594,394,058	565,474,647
VII.	Interest rate swaps, currency options and interest rate futures[1]	2,919,036,799	2,855,937,706
VIII.	Other items for which the Bank is contingently liable	39,596,011	38,125,663
TOTAL CONTINGENT LIABILITIES		7,814,304,451	7,899,893,146

1. Represents notional amount.

Schedules forming part of the profit and loss account

₹ in '000s

	At 31.03.2014	At 31.03.2013
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	314,279,281	273,411,095
II. Income on investments	115,570,556	110,092,680
III. Interest on balances with Reserve Bank of India and other inter-bank funds	1,999,808	5,429,767
IV. Others[1,2]	9,931,883	11,822,427
TOTAL INTEREST EARNED	441,781,528	400,755,969

1. Includes interest on income tax refunds amounting to ₹ 1,824.1 million (March 31, 2013: ₹ 2,575.5 million).
2. Includes interest and amortisation of premium on non-trading interest rate swaps and foreign currency swaps.

₹ in '000s

	At 31.03.2014	At 31.03.2013
SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	63,073,383	54,616,556
II. Profit/(loss) on sale of investments (net)	4,173,819	5,651,026
III. Profit/(loss) on revaluation of investments (net)	3,479,783	(1,286,689)
IV. Profit/(loss) on sale of land, buildings and other assets (net)[1]	1,363,815	352,510
V. Profit/(loss) on exchange transactions (net)[2]	18,265,273	13,330,644
VI. Income earned by way of dividends, etc. from subsidiary companies and/or joint ventures abroad/in India	12,956,193	9,117,637
VII. Miscellaneous income (including lease income)	966,455	1,675,328
TOTAL OTHER INCOME	104,278,721	83,457,012

1. Includes profit/(loss) on sale of assets given on lease.
2. Includes profit on repatriation of retained earnings from overseas branches.

₹ in '000s

	At 31.03.2014	At 31.03.2013
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	178,681,896	168,889,489
II. Interest on Reserve Bank of India/inter-bank borrowings	21,496,888	20,865,555
III. Others (including interest on borrowings of erstwhile ICICI Limited)	76,847,102	72,336,804
TOTAL INTEREST EXPENDED	277,025,886	262,091,848

₹ in '000s

	At 31.03.2014	At 31.03.2013
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	42,201,084	38,932,853
II. Rent, taxes and lighting[1]	8,339,594	7,368,037
III. Printing and stationery	1,480,840	1,175,023
IV. Advertisement and publicity	1,834,023	1,891,608
V. Depreciation on Bank's property	5,442,682	4,573,380
VI. Depreciation (including lease equalisation) on leased assets	316,981	328,220
VII. Directors' fees, allowances and expenses	4,440	3,985
VIII. Auditors' fees and expenses	56,898	49,363
IX. Law charges	431,654	405,906
X. Postages, courier, telephones, etc.	2,629,880	2,188,627
XI. Repairs and maintenance	7,305,725	6,661,542
XII. Insurance	2,980,844	2,243,842
XIII. Direct marketing agency expenses	5,754,856	3,464,848
XIV. Other expenditure	24,309,113	20,841,603
TOTAL OPERATING EXPENSES	103,088,614	90,128,837

1. Includes lease payment of ₹ 5,774.8 million (March 31, 2013: ₹ 5,065.8 million).

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

OVERVIEW

ICICI Bank Limited (ICICI Bank or the Bank), incorporated in Vadodara, India is a publicly held banking company engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ICICI Bank is a banking company governed by the Banking Regulation Act, 1949. The Bank also has overseas branches in Bahrain, Dubai, Hong Kong, Qatar, Sri Lanka, Singapore, United States of America and Offshore Banking Unit.

Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of ICICI Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and notified under the Companies (Accounting Standards) Rules, 2006 to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the historical cost convention and the accrual method of accounting, except in the case of interest income on non-performing assets (NPAs) where it is recognised upon realisation.

The preparation of financial statements requires the management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

SIGNIFICANT ACCOUNTING POLICIES

1. Revenue recognition

a) Interest income is recognised in the profit and loss account as it accrues except in the case of non-performing assets (NPAs) where it is recognised upon realisation, as per the income recognition and asset classification norms of RBI.

b) Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding on the lease over the primary lease period. Finance leases entered into prior to April 1, 2001 have been accounted for as per the Guidance Note on Accounting for Leases issued by ICAI. The finance leases entered post April 1, 2001 have been accounted for as per Accounting Standard 19 - Leases.

c) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.

d) Dividend income is accounted on accrual basis when the right to receive the dividend is established.

e) Loan processing fee is accounted for upfront when it becomes due.

f) Project appraisal/structuring fee is accounted for on the completion of the agreed service.

g) Arranger fee is accounted for as income when a significant portion of the arrangement/syndication is completed.

h) Commission received on guarantees issued is amortised on a straight-line basis over the period of the guarantee.

i) All other fees are accounted for as and when they become due.

j) Net income arising from sell-down/securitisation of loan assets prior to February 1, 2006 has been recognised upfront as interest income. With effect from February 1, 2006, net income arising from securitisation of loan assets is amortised over the life of securities issued or to be issued by the special purpose vehicle/special purpose entity to which the assets are sold. Net income arising from sale of loan assets through direct assignment with recourse obligation is amortised over the life of underlying assets sold and net income from sale of loan assets through direct assignment, without any recourse obligation, is recognised at the time of sale. Net loss arising on account of the sell-down/securitisation and direct assignment of loan assets is recognised at the time of sale.

k) The Bank deals in bullion business on a consignment basis. The difference between price recovered from customers and cost of bullion is accounted for at the time of sales to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on accrual basis.

2. Investments

Investments are accounted for in accordance with the extant RBI guidelines on investment classification and valuation as given below.

a) All investments are classified into ‘Held to Maturity’, ‘Available for Sale’ and ‘Held for Trading’. Reclassifications, if any, in any category are accounted for as per RBI guidelines. Under each classification, the investments are further categorised as (a) government securities, (b) other approved securities, (c) shares, (d) bonds and debentures, (e) subsidiaries and joint ventures and (f) others.

b) ‘Held to Maturity’ securities are carried at their acquisition cost or at amortised cost, if acquired at a premium over the face value. Any premium over the face value of fixed rate and floating rate securities acquired is amortised over the remaining period to maturity on a constant yield basis and straight line basis respectively.

c) ‘Available for Sale’ and ‘Held for Trading’ securities are valued periodically as per RBI guidelines. Any premium over the face value of fixed rate and floating rate investments in government securities, classified as ‘Available for Sale’, is amortised over the remaining period to maturity on constant yield basis and straight line basis respectively. Quoted investments are valued based on the trades/quotes on the recognised stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association (FIMMDA), periodically.

The market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio (SLR) securities included in the ‘Available for Sale’ and ‘Held for Trading’ categories is as per the rates published by FIMMDA. The valuation of other unquoted fixed income securities wherever linked to the Yield-to-Maturity (YTM) rates, is computed with a mark-up (reflecting associated credit risk) over the YTM rates for government securities published by FIMMDA.

Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available, or at ₹ 1, as per RBI guidelines.

Securities are valued scrip-wise and depreciation/appreciation is aggregated for each category. Net appreciation in each category, if any, being unrealised, is ignored, while net depreciation is provided for. Non-performing investments are identified based on the RBI guidelines.

d) Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the profit and loss account. Cost of investments is computed based on the First-In-First-Out (FIFO) method.

e) Equity investments in subsidiaries/joint ventures are categorised as 'Held to Maturity' in accordance with RBI guidelines. The Bank assesses these investments for any permanent diminution in value and appropriate provisions are made.

f) Profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the profit and loss account.

g) Market repurchase and reverse repurchase transactions are accounted for as borrowing and lending transactions respectively in accordance with the extant RBI guidelines. The transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as borrowing and lending transactions.

h) Broken period interest (the amount of interest from the previous interest payment date till the date of purchase/sale of instruments) on debt instruments is treated as a revenue item.

i) At the end of each reporting period, security receipts issued by the asset reconstruction companies are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction companies are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting period end.

j) The Bank follows trade date method of accounting for purchase and sale of investments, except for government of India and state government securities where settlement date method of accounting is followed in accordance with RBI guidelines.

3. Provision/write-offs on loans and other credit facilities

a) The Bank classifies its loans and investments, including at overseas branches and overdues arising from crystallised derivative contracts, into performing and NPAs in accordance with RBI guidelines. Loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.

In the case of corporate loans and advances, provisions are made for sub-standard and doubtful assets at rates prescribed by RBI. Loss assets and the unsecured portion of doubtful assets are provided/written-off as per the extant RBI guidelines. For loans and advances booked in overseas branches, which are standard as per the extant RBI guidelines but are classified as NPAs based on host country guidelines, provisions are made as per the host country regulations. For loans and advances booked in overseas branches, which are NPAs as per the extant RBI guidelines and as per host country guidelines, provisions are made at the higher of the provisions required under RBI regulations and host country regulations. Provisions on homogeneous retail loans and advances, subject to minimum provisioning requirements of RBI, are assessed at a borrower level, on the basis of the ageing of the loans in the non-performing category.

The Bank holds specific provisions against non-performing loans and advances, general provision against performing loans and advances and floating provision taken over from erstwhile Bank of Rajasthan upon amalgamation. The assessment of incremental specific provisions is made after taking into consideration the existing specific provision held. The specific provisions on retail loans and advances held by the Bank are higher than the minimum regulatory requirements.

b) Provision on loans and advances restructured/rescheduled is made in accordance with the applicable RBI guidelines on restructuring of loans and advances by Banks.

   In respect of non-performing loans and advances accounts subjected to restructuring, the account is upgraded to standard 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 later, falls due, subject to satisfactory performance of the account during the period. A standard restructured loan is upgraded to the standard category when satisfactory payment performance is evidenced during the specified period and after the loan reverts to the normal level of standard asset provisions/risk weights.

c) Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the profit and loss account.

d) In addition to the specific provision on NPAs, the Bank maintains a general provision on performing loans and advances at rates prescribed by RBI. For performing loans and advances in overseas branches, the general provision is made at higher of host country regulations requirement and RBI requirement.

e) In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposures including indirect country risk (other than for home country exposure). The countries are categorised into seven risk categories namely insignificant, low, moderately low, moderate, moderately high, high and very high, and provisioning is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 25%. For exposures with contractual maturity of less than 180 days, provision is required to be held at 25% of the rates applicable to exposures exceeding 180 days. The indirect exposures is reckoned at 50% of the exposure. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is required on such country exposure.

4. Transfer and servicing of assets

The Bank transfers commercial and consumer loans through securitisation transactions. The transferred loans are de-recognised and gains/losses are accounted for only if the Bank surrenders the rights to benefits specified in the underlying securitised loan contract.

Recourse and servicing obligations are accounted for net of provisions.

In accordance with the RBI guidelines for securitisation of standard assets, with effect from February 1, 2006, the Bank accounts for any loss arising from securitisation immediately at the time of sale and the profit/premium arising from securitisation is amortised over the life of the securities issued or to be issued by the special purpose vehicle to which the assets are sold. In the case of loans sold to an asset reconstruction company, the excess provision is not reversed but is utilised to meet the shortfall/loss on account of sale of other financial assets to securitisation company (SC)/reconstruction company (RC).

In accordance with the RBI guidelines dated May 7, 2012 for securitisation of standard assets, with effect from May 7, 2012, the Bank accounts for any loss arising from securitisation immediately at the time of sale and the profit/premium arising from securitisation is amortised over the life of the transaction based on the method prescribed by RBI guidelines.

5. Fixed assets and depreciation

Premises and other fixed assets are carried at cost less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The rates of depreciation for fixed assets, which are not lower than the rates prescribed in Schedule XIV of the Companies Act, 1956, are given below.

Asset	Depreciation Rate
Premises owned by the Bank	1.63%
Improvements to leasehold premises	1.63% or over the lease period, whichever is higher
ATMs	12.50%
Plant and machinery like air conditioners, photo-copying machines	10.00%
Computers	33.33%
Furniture and fixtures	15.00%
Motor vehicles	20.00%
Others (including Software and system development expenses)	25.00%

a. Depreciation on leased assets and leasehold improvements is recognised on a straight-line basis using rates determined with reference to the primary period of lease or rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher.
b. Assets purchased/sold during the year are depreciated on a pro-rata basis for the actual number of days the asset has been put to use.
c. Items costing upto ₹ 5,000/- are depreciated fully over a period of 12 months from the date of purchase.
d. Assets at residences of Bank's employees are depreciated at 20% per annum.
e. In case of revalued/impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised assets values.

6. Transactions involving foreign exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations (representative offices) are translated at daily closing rates, and income and expenditure items of non-integral foreign operations (foreign branches and offshore banking units) are translated at quarterly average closing rates.

Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing exchange rates notified by Foreign Exchange Dealers' Association of India (FEDAI) relevant to the balance sheet date and the resulting gains/losses are included in the profit and loss account.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI relevant to the balance sheet date and the resulting gains/losses from exchange differences are accumulated in the foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operations. On the disposal/partial disposal of a non-integral foreign operation, the cumulative/proportionate amount of the exchange differences which has been accumulated in the foreign currency translation reserve and which relates to that operation are recognised as income or expenses in the same period in which the gain or loss on disposal is recognised.

The premium or discount arising on inception of forward exchange contracts that are entered into to establish the amount of reporting currency required or available at the settlement date of a transaction is amortised over the life of the contract. All other outstanding forward exchange contracts are revalued based on the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of interim maturities. The contracts of longer maturities where exchange rates are not notified by FEDAI are revalued based on the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognised in the profit and loss account.

Contingent liabilities on account of guarantees, endorsements and other obligations denominated in foreign currencies are disclosed at the closing exchange rates notified by FEDAI relevant to the balance sheet date.

7. Accounting for derivative contracts

The Bank enters into derivative contracts such as foreign currency options, interest rate and currency swaps, credit default swaps and cross currency interest rate swaps.

The swap contracts entered to hedge on-balance sheet assets and liabilities are structured such that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of underlying assets and liabilities and accounted pursuant to the principles of hedge accounting. Hedged swaps are accounted for on an accrual basis.

Foreign currency and rupee derivative contracts entered into for trading purposes are marked to market and the resulting gain or loss (net of provisions, if any) is accounted for in the profit and loss account. Pursuant to RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed through profit and loss account.

8. Employee Stock Option Scheme (ESOS)

The Employees Stock Option Scheme (the Scheme) provides for grant of options on the Bank's equity shares to wholetime directors and employees of the Bank and its subsidiaries. The Scheme provides that employees are granted an option to subscribe to equity shares of the Bank that vest in a graded manner. The options may be exercised within a specified period. The Bank follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and amortised over the vesting period. The fair market price is the latest closing price, immediately prior to the grant date, which is generally the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

9. Employee Benefits

Gratuity

The Bank pays gratuity to employees who retire or resign after a minimum prescribed period of continuous service and in case of employees at overseas locations as per the rules in force in the respective countries. The Bank makes contribution to a trust which administers the funds on its own account or through insurance companies.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Actuarial valuation of the gratuity liability is determined by an actuary appointed by the Bank. Actuarial valuation of gratuity liability is determined based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

Superannuation Fund

The Bank contributes 15.00% of the total annual basic salary of certain employees to superannuation funds managed and administered by insurance companies for its employees. The Bank also gives an option to its employees, allowing them to receive the amount contributed by the Bank along with their monthly salary during their employment.

The amount so contributed/paid by the Bank to the superannuation fund or to employee during the year is recognised in the profit and loss account.

Pension

The Bank provides for pension, a defined benefit plan covering eligible employees of erstwhile Bank of Madura, erstwhile Sangli Bank and erstwhile Bank of Rajasthan The Bank makes contribution to a trust which administers the funds on its own account or through insurance companies. The plan provides for pension payment including dearness relief on a monthly basis to these employees on their retirement based on the respective employee’s years of service with the Bank and applicable salary.

Actuarial valuation of the pension liability is determined by an actuary appointed by the Bank. Actuarial valuation of pension liability is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Employees covered by the pension plan are not eligible for employer’s contribution under the provident fund plan.

Provident Fund

The Bank is statutorily required to maintain a provident fund as a part of retirement benefits to its employees. Each employee contributes a certain percentage of his or her basic salary and the Bank contributes an equal amount for eligible employees. The Bank makes contribution as required by The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 to Employees' Pension Scheme administered by the Regional Provident Fund Commissioner. The Bank makes balance contributions to a fund administered by trustees. The funds are invested according to the rules prescribed by the Government of India.

Actuarial valuation for the interest rate guarantee on the provident fund balances is determined by an actuary appointed by the Bank.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Leave encashment

The Bank provides for leave encashment benefit based on actuarial valuation conducted by an independent actuary.

10. Income Taxes

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively. Deferred tax adjustments comprise changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgement as to whether their realisation is considered as reasonably/virtually certain.

11. Impairment of Assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset with future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

12. Provisions, contingent liabilities and contingent assets

The Bank estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available up to the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are determined based on management estimates of amounts required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statements. The Bank does not account for or disclose contingent assets, if any.

13. Earnings per share (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard 20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

14. Lease transactions

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss account over the lease term on straight line basis.

15. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

SCHEDULE 18

NOTES FORMING PART OF THE ACCOUNTS

The following additional disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines in this regard.

1. Earnings per share

Basic and diluted earnings per equity share are computed in accordance with AS 20–Earnings per share. Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. The diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year.

The following table sets forth, for the periods indicated, the computation of earnings per share.

₹ in million, except per share data

	Year ended March 31, 2014	**Year ended March 31, 2013**
Basic		
Weighted average no. of equity shares outstanding	1,154,317,577	1,153,066,422
Net profit	98,104.8	83,254.7
Basic earnings per share (₹)	84.99	72.20
Diluted		
Weighted average no. of equity shares outstanding	1,158,893,790	1,157,455,610
Net profit	98,104.8	83,254.7
Diluted earnings per share (₹)	84.65	71.93
Nominal value per share (₹)	10.00	10.00

The dilutive impact is due to options granted to employees by the Bank.

2. Business/information ratios

The following table sets forth, for the periods indicated, the business/information ratios.

		Year ended March 31, 2014	**Year ended March 31, 2013**
(i)	Interest income to working funds[1]	8.00%	8.17%
(ii)	Non-interest income to working funds[1]	1.89%	1.70%
(iii)	Operating profit to working funds[1]	3.00%	2.69%
(iv)	Return on assets[2]	1.78%	1.70%
(v)	Profit per employee[3] (₹ in million)	1.4	1.4
(vi)	Business (average deposits plus average advances) per employee[3,4] (₹ in million)	74.7	73.5

1. For the purpose of computing the ratio, working funds represent the monthly average of total assets as reported in Form X to RBI under Section 27 of the Banking Regulation Act, 1949.
2. For the purpose of computing the ratio, assets represent monthly average of total assets as reported in Form X to RBI under Section 27 of the Banking Regulation Act, 1949.
3. The number of employees includes sales executives, employees on fixed term contracts and interns.
4. The average deposits and the average advances represent the simple average of the figures reported in Form A to RBI under Section 42(2) of the Reserve Bank of India Act, 1934.

3. Capital adequacy ratio

The Bank is subject to the Basel III capital adequacy guidelines stipulated by RBI with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till March 31, 2019. As per the guidelines, the Tier-1 capital is made up of Common Equity Tier-1 (CET1) and Additional Tier-1.

At March 31, 2014, Basel III guidelines require the Bank to maintain a minimum capital to risk-weighted assets ratio (CRAR) of 9.0% with minimum CET1 of 5.0% and minimum Tier-1 CRAR of 6.5%.

The following table sets forth, for the period indicated, computation of capital adequacy as per Basel III framework.

₹ in million, except percentages

	At March 31, 2014
Common Equity Tier 1 capital ratio (%)	12.78%
Tier-1 capital ratio (%)	12.78%
Tier-2 capital ratio (%)	4.92%
Total Capital ratio (CRAR) (%)	17.70%
Amount of equity capital raised	..
Amount of Additional Tier-1 capital raised; of which	
Perpetual Non-Cumulative Preference Shares	..
Perpetual Debt Instruments	..
Amount of Tier-2 capital raised; of which	
Debt capital instrument	..
Preference Share Capital Instruments [Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)]	..

Till March 31, 2013, the Bank was subject to the Basel II capital adequacy guidelines stipulated by RBI with effect from March 31, 2008. The RBI guidelines on Basel II required the Bank to maintain a minimum CRAR of 9.0% and a minimum Tier-1 CRAR of 6.0% on an ongoing basis.

The following table sets forth, for the periods indicated, computation of capital adequacy as per Basel II framework.

₹ in million, except percentages

	At March 31, 2014	At March 31, 2013
Tier-1 capital	665,400.0	565,615.9
Lower Tier-1	33,346.2	31,423.0
Tier-2 capital	264,884.5	262,739.2
Upper Tier-2	152,025.5	146,958.5
Lower Tier-2 subordinated debt	160,355.5	176,506.1
Total capital	930,284.5	828,355.1
Total risk weighted assets	4,876,968.1	4,419,435.0
CRAR (%)	19.08%	18.74%
CRAR – Tier-1 capital (%)	13.65%	12.80%
CRAR – Tier-2 capital (%)	5.43%	5.94%
Amount raised by issue of Innovative Perpetual Debt Instruments (IPDI) during the year	..	..
Amount raised by issue of upper Tier-2 Instruments during the year	..	..
Amount of subordinated debt raised as Tier-2 capital during the year	..	38,000.0

4. Information about business and geographical segments

Business Segments

Pursuant to the guidelines issued by RBI on Accounting Standard 17-(Segment Reporting)- Enhancement of Disclosures dated April 18, 2007, effective from year ended March 31, 2008, the following business segments have been reported.

- Retail Banking includes exposures which satisfy the four criteria of orientation, product, granularity and low value of individual exposures for retail exposures laid down in Basel Committee on Banking Supervision document "International Convergence of Capital Measurement and Capital Standards: A Revised Framework".
- Wholesale Banking includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under Retail Banking.
- Treasury includes the entire investment and derivative portfolio of the Bank.
- Other Banking includes leasing operations and other items not attributable to any particular business segment.

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

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.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

The following tables set forth, for the periods indicated, the business segment results on this basis.

₹ in million

For the year ended March 31, 2014						
Particulars		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1	Revenue	274,116.0	324,024.8	392,682.6	9,363.4	1,000,186.8
2	Less: Inter-segment revenue					454,126.6
3	Total revenue (1)–(2)					546,060.2
4	Segment results	18,295.2	65,886.3	52,522.7	2,977.5	139,681.7
5	Unallocated expenses					..
6	Operating profit (4)-(5)					139,681.7
7	Income tax expenses (Including deferred tax)					41,576.9
8	Net profit (6)-(7)					98,104.8
9	Segment assets	991,908.9	2,426,741.3	2,371,079.1	109,954.5	5,899,683.8
10	Unallocated assets[1]					46,732.0
11	Total assets (9)+(10)					5,946,415.8
12	Segment liabilities	2,388,971.3	1,048,445.5	2,408,745.2[2]	100,253.8	5,946,415.8
13	Unallocated liabilities					..

For the year ended March 31, 2014						
Particulars		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
14	Total liabilities (12)+(13)					5,946,415.8
15	Capital expenditure	5,765.3	628.6	18.8	22.6	6,435.3
16	Depreciation	4,357.2	1,044.3	12.5	345.7	5,759.7

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax asset (net).
2. Includes share capital and reserves and surplus.

₹ in million

For the year ended March 31, 2013						
Particulars		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1	Revenue	225,856.3	313,687.6	355,862.8	6,238.4	901,645.1
2	Less: Inter-segment revenue					417,432.1
3	Total revenue (1)–(2)					484,213.0
4	Segment results	9,545.5	66,188.6	36,539.2	1,693.6	113,966.9
5	Unallocated expenses					..
6	Operating profit (4)-(5)					113,966.9
7	Income tax expenses (Including deferred tax)					30,712.2
8	Net profit (6)-(7)					83,254.7
9	Segment assets	729,750.3	2,269,628.7	2,274,859.6	32,816.7	5,307,055.3
10	Unallocated assets[1]					60,891.5
11	Total assets (9)+(10)					5,367,946.8
12	Segment liabilities	2,043,187.5	1,071,994.1	2,243,734.8[2]	9,030.4	5,367,946.8
13	Unallocated liabilities					..
14	Total liabilities (12)+(13)					5,367,946.8
15	Capital expenditure	4,426.2	1,188.2	10.8	21.1	5,646.3
16	Depreciation	3,540.8	991.8	18.4	350.6	4,901.6

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax asset (net).
2. Includes share capital and reserves and surplus.

Geographical segments

The Bank reports its operations under the following geographical segments.

- Domestic operations comprise branches in India.
- Foreign operations comprise branches outside India and offshore banking unit in India.

The following table sets forth, for the periods indicated, geographical segment revenues.

₹ in million

Revenue	Year ended March 31, 2014	Year ended March 31, 2013
Domestic operations	487,110.5	437,287.2
Foreign operations	58,949.7	46,925.8
Total	546,060.2	484,213.0

The following table sets forth, for the periods indicated, geographical segment assets.

₹ in million

Assets	At March 31, 2014	At March 31, 2013
Domestic operations	4,853,261.8	4,371,958.3
Foreign operations	1,046,422.0	935,097.0
Total	5,899,683.8	5,307,055.3

Segment assets do not include tax paid in advance/tax deducted at source (net) and deferred tax asset (net).

The following table sets forth, for the periods indicated, capital expenditure and depreciation thereon for the geographical segments.

₹ in million

	Capital expenditure incurred during		Depreciation provided during	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Domestic operations	6,357.7	5,566.3	5,710.7	4,863.2
Foreign operations	77.6	80.0	49.0	38.4
Total	6,435.3	5,646.3	5,759.7	4,901.6

5. Maturity pattern

- In compiling the information of maturity pattern, certain estimates and assumptions have been made by the management.
- Assets and liabilities in foreign currency exclude off-balance sheet assets and liabilities.

The following table sets forth, the maturity pattern of assets and liabilities of the Bank at March 31, 2014.

₹ in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1,2]	Total foreign currency assets	Total foreign currency liabilities
Day 1	7,090.4	100,869.4	30,987.9	173.8	83,845.9	3,628.9
2 to 7 days	15,166.4	129,722.6	124,279.6	78,866.5	58,461.8	6,619.5
8 to 14 days	11,959.4	63,889.9	80,752.1	3,004.0	11,590.2	12,801.0
15 to 28 days	45,665.4	102,418.3	85,790.7	8,006.7	20,316.2	23,962.2
29 days to 3 months	200,983.8	74,321.1	232,027.7	99,579.6	94,827.5	114,376.6
3 to 6 months	253,002.3	110,122.2	243,371.3	165,350.3	79,410.7	152,308.7
6 months to 1 year	358,047.7	218,245.0	427,548.7	197,353.7	65,366.6	215,464.8
1 to 3 years	1,297,203.9	222,735.7	499,966.0	306,698.1	303,865.2	416,447.5
3 to 5 years						

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1,2]	Total foreign currency assets	Total foreign currency liabilities
	596,859.7	243,349.4	817,290.8	191,218.9	237,859.4	171,501.1
Above 5 years	601,047.5	504,544.6	777,121.8	497,338.9	279,832.0	265,202.2
Total	3,387,026.5	1,770,218.2	3,319,136.6	1,547,590.5	1,235,375.5	1,382,312.5

1. Includes foreign currency balances.
2. Includes borrowings in the nature of subordinated debts and preference shares.

The following table sets forth the maturity pattern of assets and liabilities of the Bank at March 31, 2013.

₹ in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings [1,2]	Total foreign currency assets	Total foreign currency liabilities
Day 1	9,112.9	48,665.0	27,643.7	..	31,676.4	6,857.7
2 to 7 days	17,209.7	216,271.1	88,557.0	156,492.0	57,443.0	24,006.9
8 to 14 days	14,952.5	66,915.8	64,225.5	31,737.6	41,757.7	55,617.7
15 to 28 days	56,985.4	117,812.7	78,776.1	8,271.2	29,492.2	25,583.6
29 days to 3 months	185,648.6	98,700.0	303,018.0	84,903.6	84,484.9	107,712.0
3 to 6 months	204,592.9	77,242.1	265,480.7	126,686.4	71,474.5	151,527.4
6 months to 1 year	319,463.0	158,405.5	459,085.7	158,589.4	59,533.2	199,375.4
1 to 3 years	1,185,745.7	241,872.3	442,488.6	208,659.0	206,040.3	212,432.6
3 to 5 years	493,899.9	212,552.0	600,623.9	232,053.6	194,085.6	163,472.9
Above 5 years	414,883.8	475,499.5	596,237.1	446,022.1	249,487.3	189,654.3
Total	2,902,494.4	1,713,936.0	2,926,136.3	1,453,414.9	1,025,475.1	1,136,240.5

1. Includes foreign currency balances.
2. Includes borrowings in the nature of subordinated debts and preference shares.

6. Preference shares

Certain government securities amounting to ₹ 2,970.9 million at March 31, 2014 (March 31, 2013: ₹ 2,749.9 million) have been earmarked against redemption of preference shares issued by the Bank, which fall due for redemption on April 20, 2018, as per the original issue terms.

7. Employee Stock Option Scheme (ESOS)

In terms of the ESOS, as amended, the maximum number of options granted to any eligible employee in a financial year shall not exceed 0.05% of the issued equity shares of the Bank at the time of grant of the options and aggregate of all such options granted to the eligible employees shall not exceed 10% of the aggregate number of the issued equity shares of the Bank on the date(s) of the grant of options. Under the stock option scheme, eligible employees are entitled to apply for equity shares. Options granted till March 31, 2004 vested in a graded manner over a three-year period, with 20%, 30% and 50% of the grants vesting in each year commencing from the end of 12 months from the date of grant. Options granted after April 1, 2004 vest in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant. Options granted in April 2009 vest in a graded manner over a five year period with 20%, 20%, 30% and 30% of grant vesting each year, commencing from the end of 24 months from the date of grant. Options granted in September, 2011 vest in a graded manner over a five years period with 15%, 20%, 20% and 45% of grant vesting each year, commencing from the end of 24 months from the date of the grant. The options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. The exercise price of Bank's options was the last closing price on the stock exchange, which recorded highest trading volume preceding the date of grant of options. Hence, there was no compensation cost based on intrinsic value of options.

In February, 2011, the Bank granted 3,035,000 options to eligible employees and whole-time Directors of ICICI Bank and certain of its subsidiaries at an exercise price of ₹ 967. Of these options granted, 50% would vest on April 30, 2014 and the balance 50% would vest on April 30, 2015. The options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. Based on intrinsic value of options, compensation cost of ₹ 20.9 million was recognised during the year ended March 31, 2014 (March 31, 2013: ₹ 21.0 million).

If ICICI Bank had used the fair value of options based on binomial tree model, compensation cost in the year ended March 31, 2014 would have been higher by ₹ 2,359.8 million and proforma profit after tax would have been ₹ 95.74 billion. On a proforma basis, ICICI Bank's basic and diluted earnings per share would have been ₹ 82.95 and ₹ 82.62 respectively. The key assumptions used to estimate the fair value of options granted during the year ended March 31, 2014 are given below.

Risk-free interest rate	7.60% to 9.12%
Expected life	6.35 years
Expected volatility	48.70% to 48.96%
Expected dividend yield	1.70% to 1.96%

The weighted average fair value of options granted during the year ended March 31, 2014 is ₹ 592.94 (March 31, 2013: ₹ 434.91).

The following table sets forth, for the periods indicated, the summary of the status of the Banks's stock option plan.

₹ except number of options

Particulars	Stock options outstanding			
	Year ended March 31, 2014		Year ended March 31, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	25,980,453	855.18	23,199,545	846.94
Add: Granted during the year	4,419,650	1,177.17	4,450,200	844.53
Less: Lapsed during the year, net of re-issuance	890,210	961.65	802,019	929.35
Less: Exercised during the year	1,405,540	530.56	867,273	511.63
Outstanding at the end of the year	28,104,353	918.68	25,980,453	855.18
Options exercisable	14,608,343	833.48	13,597,383	793.57

The following table sets forth, the summary of stock options outstanding at March 31, 2014.

Range of exercise price (₹ per share)	Number of shares arising out of options	Weighted average exercise price (₹ per share)	Weighted average remaining contractual life (Number of years)
300-599	4,082,048	482.39	2.44
600-999	16,041,045	917.49	5.66
1,000-1,399	7,981,260	1,144.22	8.15

The following table sets forth, the summary of stock options outstanding at March 31, 2013.

Range of exercise price (₹ per share)	Number of shares arising out of options	Weighted average exercise price (₹ per share)	Weighted average remaining contractual life (Number of years)
105-299	12,675	132.05	0.07
300-599	5,229,338	470.26	3.35
600-999	16,827,750	917.10	6.66
1,000-1,399	3,910,690	1,105.80	8.06

The options were exercised regularly throughout the period and weighted average share price as per NSE price volume data during the year ended March 31, 2014 was ₹ 1,046.61 (March 31, 2013: ₹ 1,000.21)

8. Subordinated debt

During the year ended March 31, 2014, the Bank has not raised subordinated debt qualifying for Tier-2 capital.

During the year ended March 31, 2013, the Bank raised subordinated debt qualifying for Tier-2 capital amounting to ₹ 38,000.0 million. The following table sets forth, the details of these bonds.

₹ in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Lower Tier-2	December 31, 2012	9.15% (annually)	10 years	38,000.0
Total				38,000.0

9. Repurchase transactions

The following tables set forth for the periods indicated, the details of securities sold and purchased under repo and reverse repo transactions respectively including transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF).

₹ in million

		Minimum outstanding balance during the	Maximum outstanding balance during the	Daily average outstanding balance during the	Outstanding balance at March 31, 2014
		Year ended March 31, 2014			
Securities sold under Repo, LAF and MSF					
i)	Government Securities	5,003.7	199,735.6	84,099.8	71,810.8
ii)	Corporate Debt Securities	..	550.0	3.2	..
Securities purchased under Reverse Repo and LAF					
i)	Government Securities	43.3	50,227.0	5,978.8	29,955.9
ii)	Corporate Debt Securities	..	1,050.0	6.2	..

1. Amounts reported are based on face value of securities under repo, reverse repo, LAF and MSF.

₹ in million

		Minimum outstanding balance during the	Maximum outstanding balance during the	Daily average outstanding balance during the	Outstanding balance at March 31, 2013
		Year ended March 31, 2013			
Securities sold under Repo and LAF					
i)	Government Securities	1.1	189,003.7	93,603.4	150,003.7
ii)	Corporate Debt Securities	..	..	..	..
Securities purchased under Reverse Repo and LAF					
i)	Government Securities	..	50,211.3	4,475.4	50,211.3
ii)	Corporate Debt Securities	..	..	..	..

1. Amounts reported are based on face value of securities under repo, reverse repo and LAF.

10. Investments

The following table sets forth, for the periods indicated, the details of investments and the movement of provision held towards depreciation on investments of the Bank.

₹ in million

Particulars			At March 31, 2014	At March 31, 2013
1.	Value of Investments			
i)	Gross value of investments			
	a)	In India	1,719,617.3	1,663,577.2
	b)	Outside India	74,375.9	77,981.8
ii)	Provision for depreciation			
	c)	In India	23,456.2	(27,378.2)
	d)	Outside India	318.8	(244.8)
iii)	Net value of investments			
	e)	In India	1,696,161.1	1,636,199.0
	f)	Outside India	74,057.1	77,737.0
2.	Movement of provisions held towards depreciation on investments			
i)	Opening balance		27,623.0	26,003.2
ii)	Add: Provisions made during the year		1,112.8	1,925.3
iii)	Less: Write-off/(write-back) of excess provisions during the year		(4,960.8)	(305.5)
iv)	Closing balance		23,775.0	27,623.0

RBI has as an one time measure permitted the banks to transfer Statutory Liquidity Ratio (SLR) securities from AFS/HFT category to 'Held to Maturity' (HTM) category. Accordingly, during the year ended March 31, 2014, the Bank has transferred SLR securities of ₹ 23,285.4 million from AFS/HFT category to HTM category. The Bank has booked a loss of ₹ 102.4 million on the transfer of such securities.

11. Investment in securities, other than government and other approved securities (Non-SLR investments)

i) Issuer composition of investments in securities, other than government and other approved securities

The following table sets forth, the issuer composition of investments of the Bank in securities, other than government and other approved securities at March 31, 2014.

₹ in million

Sr. No.	Issuer	Amount	Extent of private placement[2]	Extent of 'below investment grade' securities	Extent of 'unrated' securities[3,4]	Extent of 'unlisted' securities[4]
			(a)	(b)	(c)	(d)
1	PSUs	27,510.9	23,311.0	..	..	..
2	FIs	25,421.2	23,007.1	..	..	..
3	Banks	139,816.8	129,718.0	..	..	..
4	Private corporates	107,977.7	96,624.5	4,415.7	4,385.7	7,538.0
5	Subsidiaries/ Joint ventures	127,746.7	..	..	..	7,519.7
6	Others[5,6,7]	405,366.0	153,885.7	17,769.5	..	..
7	Provision held towards depreciation	(22,537.6)	..	..	..	..
	Total	811,301.7	426,546.3	22,185.2	4,385.7	15,057.7

1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
2. Includes ₹ 44,898.3 million of application money towards corporate bonds/debentures and pass through certificates.
3. Excludes investments, amounting to ₹ 4,809.1 million in preference shares of subsidiaries and ₹ 2,710.6 million in subordinated bonds of subsidiary ICICI Bank Canada.
4. Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates, security receipts, commercial papers, certificates of deposit, non-convertible debentures (NCDs) with original or initial maturity up to one year issued by corporate (including NBFCs), unlisted convertible debentures and securities acquired by way of conversion of debt.
5. "Others" include deposits under rural infrastructure development fund/rural housing development fund (RIDF/RHDF) deposit schemes amounting to ₹ 248,192.8 million.
6. Excludes investments in non-Indian government securities by overseas branches amounting to ₹ 7,095.9 million
7. Excludes investments in non-SLR Indian government securities amounting to ₹ 167.8 million.

The following table sets forth, the issuer composition of investments of the Bank in securities, other than government and other approved securities at March 31, 2013.

₹ in million

Sr. No.	Issuer	Amount	Extent of private placement[3]	Extent of 'below investment grade' securities	Extent of 'unrated' securities [4,5]	Extent of 'unlisted' securities [4,5]
			(a)	(b)	(c)	(d)
1	PSUs	59,394.0	42,261.8	..	..	4.8
2	FIs	42,987.8	33,325.5	..	..	..
3	Banks	141,396.9	111,926.2	..	..	..
4	Private corporates	129,135.3	109,980.9	2,788.2	5,477.8	8,263.6
5	Subsidiaries/ Joint ventures	133,339.4	..	..	..	..
6	Others[5,6]	303,717.9	95,849.9	20,343.0	..	..
7	Provision held towards depreciation	(26,372.9)	..	..	..	..
	Total	783,598.4	393,344.3	23,131.2	5,477.8	8,268.4

1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
2. Includes ₹ 26,075.7 million of application money towards corporate bonds/debentures and pass through certificates.
3. Excludes investments, amounting to ₹ 4,738.4 million, in preference shares of subsidiaries and ₹ 5,381.2 million in subordinated bonds of subsidiaries, namely ICICI Bank UK PLC and ICICI Bank Canada.
4. Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates, security receipts, commercial papers, certificates of deposit, non-convertible debentures (NCDs) with original or initial maturity up to one year issued by corporate (including NBFCs), unlisted convertible debentures and securities acquired by way of conversion of debt.
5. "Others" include deposits under RIDF/RHDF schemes amounting to ₹ 201,983.2 million.
6. Excludes investments in non-Indian government securities by overseas branches amounting to ₹ 6,574.7 million.

ii) Non-performing investments in securities, other than government and other approved securities

The following table sets forth, for the periods indicated, the movement in gross non-performing investments in securities, other than government and other approved securities.

₹ in million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Opening balance	4,936.4	5,428.4
Additions during the year	708.4	913.5
Reduction during the year	(1,230.8)	(1,405.5)
Closing balance	4,414.0	4,936.4
Total provision held	4,272.3	4,661.4

12. Sales and transfers of securities to/from Held to Maturity (HTM) category

During the year ended March 31, 2014, the value of sales and transfers of securities to/from HTM category (excluding one time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year, sale to RBI under pre-announced Open Market Operation auctions, repurchase of Government securities by Government of India and one time transfer of SLR securities from Available for Sale (AFS)/Held for Trading (HFT) to HTM securities in terms of RBI circular no. DBOD.BP.BC.No.41/21.04.141/2013-14 dated August 23, 2013) did not exceed 5% of the book value of the investments held in HTM category at the beginning of the year.

13. CBLO transactions

Collateralised Borrowing and Lending Obligation (CBLO) is a discounted money market instrument, established by The Clearing Corporation of India Limited (CCIL) and approved by RBI, which involves secured borrowings and lending transactions. At March 31, 2014, the Bank had outstanding borrowings amounting to ₹ 11,496.9 million (March 31, 2013: Nil) and outstanding lending of Nil (March 31, 2013: Nil) in the form of CBLO. The amortised book value of securities given as collateral by the Bank to CCIL for availing the CBLO facility was ₹ 86,251.8 million at March 31, 2014 (March 31, 2013: ₹ 86,752.0 million).

14. Derivatives

ICICI Bank is a major participant in the financial derivatives market. The Bank deals in derivatives for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers, enabling them to hedge their risks.

Dealing in derivatives is carried out by identified groups in the treasury of the Bank based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Treasury Control and Service Group (TCSG) conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting and ensures compliance with various internal and regulatory guidelines.

The market making and the proprietary trading activities in derivatives are governed by the Investment Policy and Derivative policy of the Bank, which lays down the position limits, stop loss limits as well as other risk limits. The Risk Management Group (RMG) lays down the methodology for computation and monitoring of risk. The Risk Committee of the Board (RCB) reviews the Bank's risk management policy in relation to various risks including credit and recovery policy, investment policy, derivative policy, Asset Liability Management (ALM) policy and operational risk management policy. The RCB comprises independent directors and the Managing Director and CEO.

The Bank measures and monitors risk of its derivatives portfolio using such risk metrics as Value at Risk (VAR), stop loss limits and relevant greeks for options. Risk reporting on derivatives forms an integral part of the management information system.

The use of derivatives for hedging purposes is governed by the hedge policy approved by Asset Liability Management Committee (ALCO). Subject to prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate, floating rate or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter.

Hedge derivative transactions are accounted for pursuant to the principles of hedge accounting. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the profit and loss account. The premium on option contracts is accounted for as per Foreign Exchange Dealers Association of India (FEDAI) guidelines.

Derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with the respective counter parties. The exposure on account of derivative transactions is computed as per RBI guidelines and is marked against the credit limits approved for the respective counter-parties.

The following table sets forth, for the period indicated, the details of derivative positions.

₹ in million

Sr. No.	Particulars	At March 31, 2014	
		Currency derivatives[1]	Interest rate derivatives[2]
1	Derivatives (Notional principal amount)		
	a) For hedging	18,866.1	403,298.3
	b) For trading	1,025,968.1	2,065,298.3
2	Marked to market positions[3]		
	a) Asset (+)	55,248.0	25,994.1
	b) Liability (-)	(57,603.6)	(26,320.9)
3	Credit exposure[4]	128,606.7	69,221.6
4	Likely impact of one percentage change in interest rate (100*PV01)[5]		
	a) On hedging derivatives[6]	269.0	14,263.6
	b) On trading derivatives	812.0	241.5
5	Maximum and minimum of 100*PV01 observed during the year		
	a) On hedging[6]		
	Maximum	(208.1)	(12,626.8)
	Minimum	(457.0)	(15,131.8)
	b) On trading		
	Maximum	859.2	1,334.1
	Minimum	(379.8)	(408.1)

1. Exchange traded and Over the Counter (OTC) options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest.
4. Includes accrued interest and has been computed based on Current Exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and offsetting impact with the underlying on-balance sheet items.

The following table sets forth, for the period indicated, the details of derivative positions.

₹ in million

Sr. No.	Particulars	At March 31, 2013	
		Currency derivatives[1]	Interest rate derivatives[2]
1	Derivatives (Notional principal amount)		
	a) For hedging	9,542.3	289,235.8
	b) For trading	960,781.2	2,162,061.6
2	Marked to market positions[3]		
	a) Asset (+)	40,132.1	25,141.2
	b) Liability (-)	(38,894.3)	(21,768.6)
3	Credit exposure[4]	103,047.2	73,436.3
4	Likely impact of one percentage change in interest rate (100*PV01)[5]		
	a) On hedging derivatives[6]	211.7	13,248.2
	b) On trading derivatives	364.8	1,060.9
5	Maximum and minimum of 100*PV01 observed during the year		
	a) On hedging[6]		
	Maximum	(44.4)	(11,690.5)
	Minimum	(226.0)	(14,194.8)
	b) On trading		
	Maximum	(243.9)	2,145.2

Sr. No.	Particulars	At March 31, 2013	
		Currency derivatives[1]	Interest rate derivatives[2]
	Minimum	(1,395.5)	796.1

1. Exchange traded and OTC options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest.
4. Includes accrued interest and has been computed based on Current Exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and offsetting impact with the underlying on-balance sheet items.

The Bank has exposure in credit derivative instruments including credit default swaps (CDS) and principal protected structures. The notional principal amount of these credit derivatives outstanding at March 31, 2014 was Nil (March 31, 2013: Nil) in funded instrument and Nil (March 31, 2013: ₹ 3,065.6 million) in non-funded instruments.

The profit and loss impact on the above portfolio on account of mark-to-market and realised gain/losses during the year ended March 31, 2014 was net loss of ₹ 11.8 million (March 31, 2013: net profit ₹ 75.0 million). At March 31, 2014, the total outstanding mark-to-market position of the above portfolio was Nil (March 31, 2013: net gain of ₹ 10.8 million). Non Rupee denominated credit derivatives are marked-to-market by the Bank based on counter-party valuation quotes, or internal models using inputs from market sources such as Bloomberg/Reuters, counter-parties and Fixed Income Money Market and Derivative Association (FIMMDA). Rupee denominated credit derivatives are marked-to-market by the Bank based on FIMMDA published CDS curve.

The Bank offers deposits to customers of its offshore branches with structured returns linked to interest, forex, credit or equity benchmarks. The Bank covers these exposures in the inter-bank market. At March 31, 2014, the net open position on this portfolio was Nil (March 31, 2013: Nil) with mark-to-market position of ₹ 6.2 million (March 31, 2013: ₹ 13.9 million). The profit and loss impact on account of mark-to-market and realised profit and loss during the year ended March 31, 2014 was a net loss of ₹ 22.0 million (March 31, 2013: net loss of ₹ 18.7 million).

The notional principal amount of forex contracts classified as non-trading at March 31, 2014 amounted to ₹ 515,313.7 million (March 31, 2013: ₹ 526,615.8 million). For these non-trading forex contracts, at March 31, 2014, marked-to-market position was asset of ₹ 8,549.7 million (March 31, 2013: ₹ 2,855.4 million) and liability of ₹ 9,654.1 million (March 31, 2013: ₹ 6,652.4 million), credit exposure of ₹ 10,899.3 million (March 31, 2013: ₹ 16,131.9 million) and likely impact of one percentage change in interest rate (100*PV01) was ₹ 396.1 million (March 31, 2013: ₹ 52.3 million).

The notional principal amount of forex contracts classified as trading at March 31, 2014 amounted to ₹ 2,176,060.0 million (March 31, 2013: ₹ 2,311,888.1 million). For these trading forex contracts, at March 31, 2014, marked-to-market position was asset of ₹ 38,418.7 million (March 31, 2013: ₹ 38,526.6 million) and liability of ₹ 32,983.5 million (March 31, 2013: ₹ 32,462.9 million), credit exposure of ₹ 95,046.9 million (March 31, 2013: ₹ 97,274.0 million) and likely impact of one percentage change in interest rate (100*PV01) was ₹ 72.4 million (March 31, 2013: ₹ 58.9 million). The net overnight open position at March 31, 2014 was ₹ 511.7 million (March 31, 2013: ₹ 573.8 million).

15. Exchange traded interest rate derivatives and currency options

Exchange traded interest rate derivatives

The following table sets forth, for the periods indicated, the details of exchange traded interest rate derivatives.

₹ in million

Particulars		At March 31, 2014	At March 31, 2013
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year	10,057.6	..
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding	..	..
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	N.A.	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	N.A.	N.A.

Exchange traded currency options

The following table sets forth, for the periods indicated, the details of exchange traded currency options.

₹ in million

Particulars		At March 31, 2014	At March 31, 2013
i)	Notional principal amount of exchange traded currency options undertaken during the year	37,806.3	257,249.4
ii)	Notional principal amount of exchange traded currency options outstanding	..	2,084.3
iii)	Notional principal amount of exchange traded currency options outstanding and not “highly effective”	N.A.	N.A.
iv)	Mark-to-market value of exchange traded currency options outstanding and not “highly effective”	N.A.	N.A.

16. Forward rate agreement (FRA)/Interest rate swaps (IRS)

The Bank enters into FRA and IRS contracts for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers to enable them to hedge their interest rate risk within the prevalent regulatory guidelines.

A FRA is a financial contract between two parties to exchange interest payments for a `notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date, cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is London Inter-Bank Offered Rate (LIBOR) of various currencies.

An IRS is a financial contract between two parties exchanging or swapping a stream of interest payments for a ‘notional principal’ amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offered Rate (MIBOR), Indian government securities Benchmark rate (INBMK), Mumbai Inter Bank Forward Offer Rate (MIFOR) and LIBOR of various currencies.

These contracts are subject to the risks of changes in market interest rates as well as the settlement risk with the counterparties.

The following table sets forth, for the periods indicated, the details of the forward rate agreements/interest rate swaps.

₹ in million

Particulars		At March 31, 2014	At March 31, 2013
i)	The notional principal of FRA/IRS	2,401,993.1	2,368,069.4
ii)	Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement[1]	29,809.2	24,232.5
iii)	Collateral required by the Bank upon entering into FRA/IRS	..	..
iv)	Concentration of credit risk[2]	1,766.6	1,971.2
v)	The fair value of FRA/IRS[3]	13,005.0	21,530.0

1. For trading portfolio both mark-to-market and accrued interest have been considered and for hedging portfolio, only accrued interest has been considered.
2. Credit risk concentration is measured as the highest net receivable under swap contracts from a particular counter party.
3. Fair value represents mark-to-market including accrued interest.

17. Non-Performing Assets

The following table sets forth, for the periods indicated, the details of movement of gross non-performing assets (NPAs), net NPAs and provisions.

₹ in million

Particulars		At March 31, 2014	At March 31, 2013
i)	Net NPAs (funded) to net advances (%)	0.97%	0.77%
ii)	Movement of NPAs (Gross)		
	a) Opening balance[1]	96,077.5	94,753.3
	b) Additions: Fresh NPAs during the year[2]	45,314.4	35,870.6
	Sub-total (1)	141,391.9	130,623.9
	c) Reductions during the year[2]		
	• Upgradations	(3,856.7)	(6,600.8)
	• Recoveries (excluding recoveries made from upgraded accounts)	(10,707.3)	(11,486.7)
	• Write-offs	(21,769.5)	(16,458.9)
	Sub-total (2)	(36,333.5)	(34,546.4)
	d) Closing balance[1] (1-2)	105,058.4	96,077.5
iii)	Movement of Net NPAs		
	a) Opening balance[1]	22,305.6	18,608.4
	b) Additions during the year[2]	26,316.4	20,469.0
	c) Reductions during the year[2]	(15,642.4)	(16,771.8)
	d) Closing balance[1]	32,979.6	22,305.6
iv)	Movement of provision for NPAs (excluding provision on standard assets)		
	a) Opening balance[1]	73,771.9	76,144.9
	b) Addition during the year[2]	26,379.3	22,513.4
	Sub-total (1)	100,151.2	98,658.3
	c) Write-off/(write-back) of excess provisions[2]		
	• Write-back of excess provision on account of upgradations	(1,084.5)	(1,543.3)
	• Write-back of excess provision on account of reduction in NPAs	(5,333.2)	(7,072.7)
	• Provision utilised for write-offs	(21,654.7)	(16,270.4)
	Sub-total (2)	(28,072.4)	(24,886.4)
	d) Closing balance[1] (1-2)	72,078.8	73,771.9

1. Net of write-off.
2. For NPAs in credit cards, the difference between the opening and closing balances (other than accounts written off during the year) is included in additions/(reductions) during the year.

In accordance with RBI guidelines, the loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country.

18. Provision on standard assets

The Bank has made provision amounting to ₹ 2,487.7 million during the year ended March 31, 2014 (March 31, 2013: 1,439.1 million) as per applicable RBI guidelines.

The provision on standard assets held by the Bank at March 31, 2014 is ₹ 19,317.6 million (March 31, 2013: ₹ 16,235.1 million).

19. Provision Coverage Ratio

The provision coverage ratio of the Bank at March 31, 2014 computed as per the extant RBI guidelines is 68.6% (March 31, 2013: 76.8%).

20. Securitisation

The Bank sells loans through securitisation and direct assignment. The following tables set forth, for the periods indicated, the information on securitisation and direct assignment activity of the Bank as an originator till May 7, 2012.

₹ in million, except number of loans securitised

	Year ended March 31, 2014	Year ended March 31, 2013
Total number of loan assets securitised	..	..
Total book value of loan assets securitised	..	..
Sale consideration received for the securitised assets	..	..
Net gain/(loss) on account of securitisation[1]	177.9	(283.7)

1. Includes gain/(loss) on deal closures, gain amortised during the year and expenses relating to utilisation of credit enhancement.

₹ in million

	Year ended March 31, 2014	Year ended March 31, 2013
Outstanding credit enhancement (funded)	4,970.4	4,970.4
Outstanding liquidity facility	..	..
Net outstanding servicing asset/(liability)	(84.5)	(88.9)
Outstanding subordinate contributions	1,624.1	3,017.8

The outstanding credit enhancement in the form of guarantees amounted to Nil at March 31, 2014 (March 31, 2013: ₹ 8,234.1 million) and outstanding liquidity facility in the form of guarantees amounted to ₹ 261.0 million at March 31, 2014 (March 31, 2013: ₹ 3,937.7 million).

Outstanding credit enhancement in the form of guarantees for third party originated securitisation transactions amounted to ₹ 8,578.8 million at March 31, 2014 (March 31, 2013: ₹ 8,132.0 million) and outstanding liquidity facility for third party originated securitisation transactions amounted to Nil at March 31, 2014 (March 31, 2013: Nil).

The following table sets forth, for the periods indicated, the details of provision for securitisation and direct assignment transactions.

₹ in million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Opening balance	2,052.5	1,786.7
Additions during the year	396.4	1,688.6
Deductions during the year	(1,616.9)	(1,422.8)
Closing balance	832.1	2,052.5

The information on securitisation and direct assignment activity of the Bank as an originator as per RBI guidelines "Revisions to the Guidelines on Securitisation Transactions" dated May 7, 2012 are given below.

a. The Bank, as an originator, had not sold any loan through securitisation after May 7, 2012.

b. The following table sets forth, for the periods indicated, the information on the loans sold through direct assignment after May 7, 2012.

₹ in million

Particulars	At March 31, 2014	At March 31, 2013
Total amount of assets sold through direct assignment during the year ended	..	731.3
Total amount of exposures retained by the Bank to comply with Minimum Retention Requirement (MRR)		
a) Off-balance sheet exposures • First loss • Others		 .. ..
b) On-balance sheet exposures • First loss • Others	 68.6	 73.1

Overseas branch of the Bank, as an originator, has sold two loans through direct assignment amounting to ₹ 4,012.8 million during the year ended March 31, 2014 (March 31, 2013: Nil).

21. Financial assets transferred during the year to securitisation company (SC)/reconstruction company (RC)

The Bank has transferred certain assets to Asset Reconstruction Companies (ARCs) in terms of the guidelines issued by RBI governing such transfer. For the purpose of the valuation of the underlying security receipts issued by the underlying trusts managed by ARCs, the security receipts are valued at their respective NAVs as advised by the ARCs.

The following table sets forth, for the periods indicated, the details of the assets transferred.

₹ in million, except number of accounts

	Year ended March 31, 2014	Year ended March 31, 2013
Number of accounts[1]	2	4
Aggregate value (net of provisions) of accounts sold to SC/RC	1,508.6	82.9
Aggregate consideration	1,776.0	116.5
Additional consideration realised in respect of accounts transferred in earlier years[2]	..	..
Aggregate gain/(loss) over net book value	267.4	33.6

1. Excludes accounts previously written-off.
2. During the year ended March 31, 2014, asset reconstruction companies have fully redeemed five security receipts. The Bank incurred net loss ₹ 6.2 million (March 31, 2013: Nil).

22. Details of non-performing assets purchased/sold, excluding those sold to SC/RC

The Bank has not purchased any non-performing assets in terms of the guidelines issued by the RBI circular no. DBOD.No.BP.BC.16/21.04.048/2005-06 dated July 13, 2005. The Bank has sold certain non-performing assets in terms of the above RBI guidelines.

The following table sets forth, for the periods indicated, details of non-performing assets sold, excluding those sold to SC/RC.

₹ in million, except number of accounts

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
No. of accounts	1	2
Aggregate value (net of provisions) of accounts sold, excluding those sold to SC/RC	Nil	78.8
Aggregate consideration	199.0	100.1
Aggregate gain/(loss) over net book value	199.0	21.3

23. Information in respect of restructured assets

The following tables set forth, for the year ended March 31, 2014 details of loan assets subjected to restructuring.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2013[1]					
	No. of borrowers	33	..	9	2	44
	Amount outstanding	40,571.4	..	3,201.2	120.1	43,892.7
	Provision thereon	4,320.9	..	2,064.6	120.1	6,505.6
2.	Fresh restructuring during the year ended March 31, 2014					
	No. of borrowers	19	..	..	..	19
	Amount outstanding	39,852.0	..	..	..	39,852.0
	Provision thereon	4,216.2	..	..	..	4,216.2
3.	Upgradations to restructured standard category during the year ended March 31, 2014[2]					
	No. of borrowers	1	..	(1)	..	..
	Amount outstanding	74.8	..	(53.6)	..	21.2
	Provision thereon	1.9	..	(25.1)	..	(23.2)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during year ended March 31, 2014[3]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	2,711.9	..	(54.5)	..	2,657.4
	Provision thereon	615.7	..	362.1	..	977.8
5.	Restructured standard advances at April 1, 2013, which cease to attract higher provisioning and/or additional risk weight at March 31, 2014 and hence need not be shown as restructured standard advances at April 1, 2014					
	No. of borrowers	(1)	N.A.	N.A.	N.A.	(1)
	Amount outstanding	(0.7)	N.A.	N.A.	N.A.	(0.7)
	Provision thereon	(0.4)	N.A.	N.A.	N.A.	(0.4)
6.	Downgradations of restructured accounts during the year ended March 31, 2014[2]					
	No. of borrowers	(6)	..	6	..	..

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
	Amount outstanding	(2,218.8)	..	2,157.6	..	(61.2)
	Provision thereon	(341.6)	..	1,407.6	..	1,066.0
7.	Write-offs/recovery/sold of restructured accounts during the year ended March 31, 2014					
	No. of borrowers	(1)	..	(1)	(1)	(3)
	Amount outstanding	(45.0)	..	(26.5)	(99.0)	(170.5)
	Provision thereon	..	..	(6.6)	(99.0)	(105.6)
8.	Restructured Accounts at March 31, 2014					
	No. of borrowers	45	..	13	1	59
	Amount outstanding	80,945.6	..	5,224.2	21.1	86,190.9
	Provision thereon	8,812.7	..	3,802.6	21.1	12,636.4

1. One borrower with amount outstanding of ₹ 5,214.3 million and provision of ₹ 686.1 million at March 31, 2013 was reported in "others" mechanism in FY2013. Subsequently the account has been reclassified under "CDR" mechanism at April 1, 2013.
2. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2013 and that shown in addition represents outstanding at March 31, 2014.
3. Increase/(decrease) in borrower level outstanding of existing restructured accounts is due to utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement etc.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured Accounts at April 1, 2013					
	No. of borrowers	1	..	3	1	5
	Amount outstanding	4.1	..	153.0	58.0	215.1
	Provision thereon	..	..	153.0	58.0	211.0
2.	Fresh restructuring during the year ended March 31, 2014					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during the year ended March 31, 2014[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during year ended March 31, 2014[2]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	(0.1)	..	(10.4)	..	(10.5)
	Provision thereon	0.2	..	(10.4)	..	(10.2)
5.	Restructured standard advances at April 1, 2013, which cease to attract higher provisioning and/or additional risk weight at March 31, 2014 and hence need not be shown as restructured standard advances at April 1, 2014					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
6.	Downgradations of restructured accounts during the year ended March 31, 2014[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
7.	Write-offs/recovery/sale of restructured accounts during the year ended March 31, 2014					
	No. of borrowers	..	..	(2)	(1)	(3)

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Amount outstanding	..	..	(108.6)	(58.0)	(166.6)
	Provision thereon	..	..	(108.6)	(58.0)	(166.6)
8.	Restructured Accounts at March 31, 2014					
	No. of borrowers	1	..	1	..	2
	Amount outstanding	4.0	..	34.0	..	38.0
	Provision thereon	0.2	..	34.0	..	34.2

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2013 and that shown in addition represents outstanding at March 31, 2014.
2. Increase/(decrease) in borrower level outstanding of existing restructured accounts is due to utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement etc.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification / Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2013[1]					
	No. of borrowers	140	8	283	4	435
	Amount outstanding	17,676.7	1,855.9	5,650.6	138.1	25,321.3
	Provision thereon	782.9	159.6	3,738.0	138.1	4,818.6
2.	Fresh restructuring during the year ended March 31, 2014					
	No. of borrowers	726	..	1	..	727
	Amount outstanding	22,458.6	..	1,534.0	..	23,992.6
	Provision thereon	1,638.2	..	562.7	..	2,200.9
3.	Upgradations to restructured standard category during the year ended March 31, 2014[2]					
	No. of borrowers	53	(2)	(51)	..	..
	Amount outstanding	78.7	(2.4)	(80.6)	..	(4.3)
	Provision thereon	2.9	(0.4)	(70.3)	..	(67.8)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during year ended March 31, 2014[3]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	1,304.2	..	(26.6)	9.4	1,287.0
	Provision thereon	150.5	..	501.1	9.4	661.0
5.	Restructured standard advances at April 1, 2013, which cease to attract higher provisioning and/or additional risk weight at March 31, 2014 and hence need not be shown as restructured standard advances at April 1, 2014					
	No. of borrowers	(72)	N.A.	N.A.	N.A.	(72)
	Amount outstanding	(661.2)	N.A.	N.A.	N.A.	(661.2)
	Provision thereon	(3.8)	N.A.	N.A.	N.A.	(3.8)
6.	Downgradations of restructured accounts during the year ended March 31, 2014[2]					
	No. of borrowers	(18)	2	7	9	..
	Amount outstanding	(5,055.9)	(1,565.9)	6,386.4	456.1	220.7
	Provision thereon	(438.4)	(80.9)	3,306.8	203.8	2,991.3
7.	Write-offs/recovery/sold of restructured accounts during the year ended March 31, 2014					
	No. of borrowers	(19)	..	(52)	..	(71)
	Amount outstanding	(226.0)	..	(1,729.2)	..	(1,955.2)
	Provision thereon	..	..	(1,002.8)	..	(1,002.8)
8.	Restructured Accounts at March 31, 2014					
	No. of borrowers	810	8	188	13	1,019
	Amount outstanding	35,575.1	287.6	11,734.6	603.6	48,200.9

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
	Provision thereon	2,132.3	78.3	7,035.5	351.3	9,597.4

1. One borrower with amount outstanding of ₹ 5,214.3 million and provision of ₹ 686.1 million at March 31, 2013 was reported in "others" mechanism in FY2013. Subsequently the account has been reclassified under "CDR" mechanism at April 1, 2013.
2. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2013 and that shown in addition represents outstanding at March 31, 2014.
3. Increase/(decrease) in borrower level outstanding of existing restructured accounts is due to utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement etc.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured Accounts at April 1, 2013[1]					
	No. of borrowers	174	8	295	7	484
	Amount outstanding	58,252.2	1,855.9	9,004.8	316.2	69,429.1
	Provision thereon	5,103.8	159.6	5,955.6	316.2	11,535.2
2.	Fresh restructuring during the year ended March 31, 2014					
	No. of borrowers	745	..	1	..	746
	Amount outstanding	62,310.6	..	1,534.0	..	63,844.6
	Provision thereon	5,854.4	..	562.7	..	6,417.1
3.	Upgradations to restructured standard category during the year ended March 31, 2014[1]					
	No. of borrowers	54	(2)	(52)	..	..
	Amount outstanding	153.5	(2.4)	(134.2)	..	16.9
	Provision thereon	4.8	(0.4)	(95.4)	..	(91.0)
4.	Increase/(Decrease) in borrower level outstanding of existing restructured cases during year ended March 31, 2014[2]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	4,016.0	..	(91.5)	9.4	3,933.9
	Provision thereon	766.4	..	852.8	9.4	1,628.6
5.	Restructured standard advances at April 1, 2013, which cease to attract higher provisioning and/or additional risk weight at March 31, 2014 and hence need not be shown as restructured standard advances at April 1, 2014					
	No. of borrowers	(73)	N.A.	N.A.	N.A.	(73)
	Amount outstanding	(661.9)	N.A.	N.A.	N.A.	(661.9)
	Provision thereon	(4.2)	N.A.	N.A.	N.A.	(4.2)
6.	Downgradations of restructured accounts during the year ended March 31, 2014[1]					
	No. of borrowers	(24)	2	13	9	..
	Amount outstanding	(7,274.7)	(1,565.9)	8,544.0	456.1	159.5
	Provision thereon	(780.0)	(80.9)	4,714.4	203.8	4,057.3
7.	Write-offs/recovery/sold of restructured accounts during the year ended March 31, 2014					
	No. of borrowers	(20)	..	(55)	(2)	(77)
	Amount outstanding	(271.0)	..	(1,864.3)	(157.0)	(2,292.3)
	Provision thereon	..	..	(1,118.0)	(157.0)	(1,275.0)
8.	Restructured Accounts at March 31, 2014					
	No. of borrowers	856	8	202	14	1,080
	Amount outstanding	116,524.7	287.6	16,992.8	624.7	134,429.8
	Provision thereon	10,945.2	78.3	10,872.1	372.4	22,268.0

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2013 and that shown in addition represents outstanding at March 31, 2014.

2. Increase/(decrease) in borrower level outstanding of existing restructured accounts is due to utilisation of cash credit facility, exchange rate fluctuation, accrued interest, fresh disbursement, non-fund based devolvement etc.

The following tables set forth, for the year ended March 31, 2013 details of loan assets subjected to restructuring.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset classification details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2012					
	No. of borrowers	24	1	6	1	32
	Amount outstanding	27,452.1	154.9	1,209.3	17.0	28,833.3
	Provision thereon	3,547.6	128.3	705.1	17.0	4,398.0
2.	Fresh restructuring during the year ended March 31, 2013					
	No. of borrowers	14	..	..	..	14
	Amount outstanding	10,082.1	..	..	..	10,082.1
	Provision thereon	819.2	..	..	..	819.2
3.	Upgradations to restructured standard category during the year ended March 31, 2013[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Restructured standard advances at April 1, 2012, which cease to attract higher provisioning and/or additional risk weight at March 31, 2013 and hence need not be shown as restructured standard advances at April 1, 2013					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
5.	Downgradations of restructured accounts during the year ended March 31, 2013[1]					
	No. of borrowers	(5)	(1)	5	1	..
	Amount outstanding	(2,054.3)	(154.9)	2,191.5	99.0	N.A.[2]
	Provision thereon	(177.6)	(128.3)	1,186.0	99.0	N.A.[2]
6.	Write-offs of restructured accounts during the year ended March 31, 2013					
	No. of borrowers	..	..	(2)	..	(2)
	Amount outstanding	..	..	(158.1)	..	(158.1)
7.	Restructured Accounts at March 31 2013					
	No. of borrowers	32	..	9	2	43
	Amount outstanding	35,357.1	..	3,201.2	120.1	38,678.4
	Provision thereon	3,634.8	..	2,064.6	120.1	5,819.5

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2012 and that shown in addition represents outstanding at March 31, 2013.
2. The amounts outstanding and the provision thereon are not presented as the number of borrowers is Nil.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset classification details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2012					
	No. of borrowers	3	..	4	1	8
	Amount outstanding	112.1	..	323.8	96.9	532.8
	Provision thereon	..	..	94.7	96.9	191.6
2.	Fresh restructuring during year ended March 31, 2013					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under SME Debt Restructuring Mechanism				
	Asset classification details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during year ended March 31, 2013[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Restructured standard advances at April 1, 2012, which cease to attract higher provisioning and/or additional risk weight at March 31, 2013 and hence need not be shown as restructured standard advances at April 1, 2013					
	No. of borrowers	(1)	N.A.	N.A.	N.A.	(1)
	Amount outstanding	(61.2)	N.A.	N.A.	N.A.	(61.2)
	Provision thereon	(0.1)	N.A.	N.A.	N.A.	(0.1)
5.	Downgradations of restructured accounts during year ended March 31, 2013[1]					
	No. of borrowers	..	..	(1)	1	..
	Amount outstanding	..	..	(58.0)	58.0	N.A.[2]
	Provision thereon	..	..	(14.5)	58.0	N.A.[2]
6.	Write-offs of restructured accounts during year ended March 31, 2013					
	No. of borrowers	..	..	..	(1)	(1)
	Amount outstanding	..	..	..	(76.9)	(76.9)
7.	Restructured Accounts at March 31 2013					
	No. of borrowers	1	..	3	1	5
	Amount outstanding	4.1	..	153.0	58.0	215.1
	Provision thereon	..	..	153.0	58.0	211.0

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2012 and that shown in addition represents outstanding at March 31, 2013.
2. The amounts outstanding and the provision thereon are not presented as the number of borrowers is Nil.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset classification details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2012					
	No. of borrowers	36	3	494	..	533
	Amount outstanding	22,509.1	577.4	3,085.5	..	26,172.0
	Provision thereon	981.3	86.6	2,136.9	..	3,204.8
2.	Fresh restructuring during year ended March 31, 2013					
	No. of borrowers	9	2	1	..	12
	Amount outstanding	8,057.7	1,851.5	387.1	..	10,296.3
	Provision thereon	745.7	158.9	387.1	..	1,291.7
3.	Upgradations to restructured standard category during year ended March 31, 2013[1]					
	No. of borrowers	148	..	(148)	..	..
	Amount outstanding	197.0	..	(232.7)	..	N.A.[2]
	Provision thereon	6.1	..	(129.5)	..	N.A.[2]
4.	Restructured standard advances at April 1, 2012, which cease to attract higher provisioning and/or additional risk weight at March 31, 2013 and hence need not be shown as restructured standard advances at April 1, 2013					
	No. of borrowers	(6)	N.A.	N.A.	N.A.	(6)
	Amount outstanding	(2,397.4)	N.A.	N.A.	N.A.	(2,397.4)
	Provision thereon	(117.5)	N.A.	N.A.	N.A.	(117.5)
5.	Downgradations of restructured accounts during year ended March 31, 2013[1]					

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset classification details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	No. of borrowers	(31)	3	24	4	..
	Amount outstanding	(2,481.7)	(573.0)	2,745.2	138.1	N.A.[2]
	Provision thereon	(303.4)	(85.9)	1,108.9	138.1	N.A.[2]
6.	Write-offs of restructured accounts during year ended March 31, 2013					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
7.	Restructured Accounts at March 2013					
	No. of borrowers	141	8	283	4	436
	Amount outstanding	22,891.0	1,855.9	5,650.6	138.1	30,535.6
	Provision thereon	1,469.0	159.6	3,738.0	138.1	5,504.7

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2012 and that shown in addition represents outstanding at March 31, 2013.
2. The amounts outstanding and the provision thereon are not presented as the number of borrowers is Nil.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset classification details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2012					
	No. of borrowers	63	4	504	2	573
	Amount outstanding	50,073.3	732.3	4,618.6	113.9	55,538.1
	Provision thereon	4,528.9	214.9	2,936.7	113.9	7,794.4
2.	Fresh restructuring during year ended March 31, 2013					
	No. of borrowers	23	2	1	..	26
	Amount outstanding	18,139.8	1,851.5	387.1	..	20,378.4
	Provision thereon	1,564.9	158.9	387.1	..	2,110.9
3.	Upgradations to restructured standard category during year ended March 31, 2013[1]					
	No. of borrowers	148	..	(148)	..	..
	Amount outstanding	197.0	..	(232.7)	..	N.A.[2]
	Provision thereon	6.1	..	(129.5)	..	N.A.[2]
4.	Restructured standard advances at April 1, 2012, which cease to attract higher provisioning and/or additional risk weight at March 31, 2013 and hence need not be shown as restructured standard advances at April 1, 2013					
	No. of borrowers	(7)	N.A.	N.A.	N.A.	(7)
	Amount outstanding	(2,458.6)	N.A.	N.A.	N.A.	(2,458.6)
	Provision thereon	(117.6)	N.A.	N.A.	N.A.	(117.6)
5.	Downgradations of restructured accounts during year ended March 31, 2013[1]					
	No. of borrowers	(36)	2	28	6	..
	Amount outstanding	(4,536.0)	(727.9)	4,878.7	295.1	N.A.[2]
	Provision thereon	(481.0)	(214.2)	2,280.4	295.1	N.A.[2]
6.	Write-offs of restructured accounts during year ended March 31, 2013					
	No. of borrowers	..	..	(2)	(1)	(3)
	Amount outstanding	..	..	(158.1)	(76.9)	(235.0)
7.	Restructured Accounts at March 2013					
	No. of borrowers	174	8	295	7	484
	Amount outstanding	58,252.2	1,855.9	9,004.8	316.2	69,429.1
	Provision thereon	5,103.8	159.6	5,955.6	316.2	11,535.2

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2012 and that shown in addition represents outstanding at March 31, 2013.

2. The amounts outstanding and the provision thereon are not presented as the number of borrowers is Nil.

24. Floating provision

The Bank holds floating provision of ₹ 1.9 million at March 31, 2014 (March 31, 2013:₹ 1.9 million) taken over from erstwhile Bank of Rajasthan on amalgamation.

25. Concentration of Deposits, Advances, Exposures and NPAs

(I) Concentration of deposits, advances, exposures and NPAs

₹ in million

Concentration of deposits	At March 31, 2014	At March 31, 2013
Total deposits of 20 largest depositors	242,537.6	280,257.1
Deposits of 20 largest depositors as a percentage of total deposits of the Bank	7.31%	9.58%

₹ in million

Concentration of advances[1]	At March 31, 2014	At March 31, 2013
Total advances to 20 largest borrowers (including banks)	1,154,740.4	1,095,316.4
Advances to 20 largest borrowers as a percentage of total advances of the Bank	15.73%	15.44%

1. Represents credit exposure (funded and non-funded) including derivatives exposures as per RBI guidelines on exposure norms.

₹ in million

Concentration of exposures[1]	At March 31, 2014	At March 31, 2013
Total exposure to 20 largest borrowers/customers (including banks)	1,190,611.6	1,126,427.8
Exposures to 20 largest borrowers/customers as a percentage of total exposure of the Bank	15.21%	14.85%

1. Represents credit and investment exposures as per RBI guidelines on exposure norms.

₹ in million

Concentration of NPAs	At March 31, 2014	At March 31 2013
Total exposure[1] to top 4 NPA accounts	17,486.9	12,511.3

1. Represents gross exposure (funded and non-funded).

(II) Sector-wise NPAs

Sr. no.	Sector	Percentage of NPAs to total advances in that sector			
		At March 31, 2014		At March 31, 2013	
		Gross	Net	Gross	Net
1.	Agriculture and allied activities[1]	3.62%	0.93%	3.60%	0.75%
2.	Industry (Micro & small, medium and large)	3.04%	1.22%	2.28%	0.70%
3.	Services	3.45%	1.14%	2.47%	1.05%
4.	Personal loans[2]	2.49%	0.41%	5.80%	0.56%
	Total	3.03%	0.97%	3.22%	0.77%

1. Represents loans towards agriculture and allied activities that qualify for priority sector lending.
2. Excludes retail loans towards agriculture and allied activities that qualify for priority sector lending. Excludes commercial business loans, developer financing and dealer funding.

(III) Overseas assets, NPAs and revenue

₹ in million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Total assets[1]	1,046,422.0	935,097.0
Total NPAs (net)	6,086.6	3,624.0
Total revenue[1]	58,949.7	46,925.8

1. Represents the total assets and total revenue of foreign operations as reported in Schedule 18 notes to accounts note no. 4 on information about business and geographical segments, of the financial statements.

(IV) Off-balance sheet special purpose vehicles (SPVs) sponsored (which are required to be consolidated as per accounting norms)

(a) The following table sets forth, the names of SPVs/trusts sponsored by the Bank/subsidiaries which are consolidated.

Sr. no.	Name of the SPV sponsored[1]
A	Domestic
	1. ICICI Equity Fund
	2. ICICI Strategic Investments Fund
B	Overseas
	None

1. The nature of business of the above entities is venture capital fund.
2. During the three months ended December 31, 2013, ICICI Venture Value Fund ceased to be a consolidating entity and accordingly, has not been consolidated.
3. During the three months ended March 31, 2014, ICICI Eco-net Internet and Technology Fund and ICICI Emerging Sectors Fund ceased to be a consolidating entity and accordingly, have not been consolidated.

(b) The Following table set forth, the names of SPVs/trusts which are not sponsored by the Bank/subsidiaries and are consolidated.

Sr. no.	Name of the SPV[1]
A	Domestic
	None
B	Overseas
	None

1. During the three months ended March 31, 2014, Rainbow fund ceased to be a consolidating entity and accordingly, has not been consolidated

26. Exposure to sensitive sectors

The Bank has exposure to sectors, which are sensitive to asset price fluctuations. The sensitive sectors include capital markets and real estate.

The following table sets forth, for the periods indicated, the position of exposure to capital market sector.

₹ in million

Capital Market Sector		At March 31, 2014	At March 31, 2013
I.	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds, the corpus of which is not exclusively invested in corporate debt	17,821.5	16,345.8

Capital Market Sector		At March 31, 2014	At March 31, 2013
II.	Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	11,614.4	11,791.5
III.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	56,833.3	30,736.6
IV.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/ convertible debentures/units of equity oriented mutual funds does not fully cover the advances	..	..
V.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	33,073.2	40,716.7
VI.	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	..	..
VII.	Bridge loans to companies against expected equity flows/issues	..	..
VIII.	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	..	..
IX.	Financing to stockbrokers for margin trading	..	..
X.	All exposures to Venture Capital Funds (both registered and unregistered)	9,436.0	9,415.4
XI.	Others	43,958.5	83,448.4
	Total exposure to capital market	172,736.9	192,454.4

The following table sets forth, for the periods indicated, the summary of exposure to real estate sector.

₹ in million

	Real estate sector	At March 31, 2014	At March 31, 2013
I	Direct exposure	1,092,006.3	890,029.8
	i) Residential mortgages	752,096.2	607,569.0
	of which: individual housing loans eligible for priority sector advances	162,487.3	164,309.0
	ii) Commercial real estate[1]	300,215.1	278,036.8
	iii) Investments in mortgage backed securities (MBS) and other securitised exposure	39,695.0	4,424.0
	a. Residential	37,205.1	4,424.0
	b. Commercial real estate	2,489.9	..
II	Indirect exposure	71,901.4	74,283.0
	i) Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	71,901.4	73,046.0
	ii) Others	..	1,237.0
	Total exposure to real estate sector[2]	1,163,907.7	964,312.8

1. Commercial real estate exposure include loans to individuals against non-residential premises, loans given to land and building developers for construction, corporate loans for development of special economic zone, loans to borrowers where servicing of loans is from a real estate activity and exposures to mutual funds/venture capital funds/private equity funds investing primarily in the real estate companies.
2. Excludes non-banking assets acquired in satisfaction of claims.

27. Risk category-wise country exposure

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. The funded country exposure (net) of the Bank as a percentage of total funded assets for Singapore was 1.45% (March 31, 2013: 1.45%) and United Kingdom was 0.79% (March 31, 2013: 1.34%). As the net funded exposure to Singapore exceeds 1.0% of total funded assets, the Bank held a provision of ₹ 135.0 million on country exposure at March 31, 2014 (March 31, 2013: ₹ 230.0 million) based on RBI guidelines.

The following table sets forth, for the periods indicated, the details of exposure (net) and provision held by the bank.

₹ in million

Risk category	Exposure (net) at March 31, 2014	Provision held at March 31, 2014	Exposure (net) at March 31, 2013	Provision held at March 31, 2013
Insignificant	713,811.9	135.0	546,787.0	230.0
Low	158,427.8	..	184,890.4	..
Moderately Low	73,278.3	..	41,721.0	..
Moderate	..	..	1,906.7	..
Moderately High	..	..	..	..
High	..	..	..	..
Very High	..	..	..	..
Total	945,518.0	135.0	775,305.1	230.0

28. Details of Single Borrower Limit and Borrower Group Limit exceeded by the Bank

During the year ended March 31, 2014 and March 31, 2013, the Bank has complied with the Reserve Bank of India guidelines on single borrower and borrower group limit.

29. Unsecured advances against intangible assets

The Bank has not made advances against intangible collaterals of the borrowers, which are classified as 'unsecured' in its financial statements at March 31, 2014 (March 31, 2013:Nil) and the estimated value of the intangible collaterals was Nil at March 31, 2014 (March 31, 2013: Nil).

30. Fixed Assets

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets.

₹ in million

Particulars	At March 31, 2014	At March 31, 2013
At cost at March 31st of preceding year	8,508.0	7,055.2
Additions during the year	925.7	1,462.3
Deductions during the year	..	(9.5)
Depreciation to date	(7,298.8)	(6,379.5)
Net block	2,134.9	2,128.5

31. Description of contingent liabilities

The following table describes the nature of contingent liabilities of the Bank.

Sr. no.	Contingent liability	Brief Description
1.	Claims against the Bank, not acknowledged as debts	This item represents certain demands made in certain tax and legal matters against the Bank in the normal course of business and customer claims arising in fraud cases. In accordance with the Bank's accounting policy and Accounting Standard 29, the Bank has reviewed and classified these items as possible obligations based on legal opinion/judicial precedents/assessment by the Bank.
2.	Liability for partly paid investments	This item represents amounts remaining unpaid towards liability for partly paid investments. These payment obligations of the Bank do not have any profit/loss impact.
3.	Liability on account of outstanding forward exchange contracts	The Bank enters into foreign exchange contracts in its normal course of business, to exchange currencies at a pre-fixed price at a future date. This item represents the notional principal amount of such contracts, which are derivative instruments. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the inter-bank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.
4	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	This item represents the guarantees and documentary credits issued by the Bank in favour of third parties on behalf of its customers, as part of its trade finance banking activities with a view to augment the customers' credit standing. Through these instruments, the Bank undertakes to make payments for its customers' obligations, either directly or in case the customer fails to fulfill their financial or performance obligations.
5	Currency swaps, interest rate swaps, currency options and interest rate futures	This item represents the notional principal amount of various derivative instruments which the Bank undertakes in its normal course of business. The Bank offers these products to its customers to enable them to transfer, modify or reduce their foreign exchange and interest rate risks. The Bank also undertakes these contracts to manage its own interest rate and foreign exchange positions. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the inter-bank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.
6	Other items for which the Bank is contingently liable	Other items for which the Bank is contingently liable primarily include the amount of Government securities bought/sold and remaining to be settled on the date of financial statements. This also includes the value of sell down options and other facilities pertaining to securitization, the notional principal amounts of credit derivatives, amount applied in public offers under Application Supported by Blocked Amounts (ASBA), bill re-discounting and the amount that the Bank is obligated to pay under capital contracts. Capital contracts are job orders of a capital nature which have been committed.

32. Bancassurance

The following table sets forth, for the periods indicated, the break-up of income derived from bancassurance business.

₹ in million

Sr. No.	Nature of income	Year ended March 31, 2014	Year ended March 31, 2013
1.	Income from selling life insurance policies	4,786.5	3,786.6
2.	Income from selling non life insurance policies	539.5	466.0
3.	Income from selling mutual fund/collective investment scheme products	1,371.4	1,004.3

33. Employee benefits

Pension

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for pension benefits.

₹ in million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Opening obligations	10,392.5	9,602.7
Service cost	240.3	250.6
Interest cost	833.7	793.7
Actuarial (gain)/loss	998.5	2 ,017.8
Liabilities extinguished on settlement	(2,012.8)	(1,960.1)
Benefits paid	(242.3)	(312.2)
Obligations at the end of year	10,209.9	10,392.5
Opening plan assets, at fair value	9,526.8	9,379.5
Expected return on plan assets	772.0	728.5
Actuarial gain/(loss)	(29.1)	102.3
Assets distributed on settlement	(2,236.5)	(2,177.9)
Contributions	1,227.9	1,806.6
Benefits paid	(242.3)	(312.2)
Closing plan assets, at fair value	9,018.8	9,526.8
Fair value of plan assets at the end of the year	9,018.8	9,526.8
Present value of the defined benefit obligations at the end of the year	10,209.9	10,392.5
Amount not recognised as an asset (limit in Para 59(b)of AS-15 on 'employee benefits')	..	..
Asset/(liability)	(1,191.1)	(865.7)
Cost for the year		
Service cost	240.3	250.6
Interest cost	833.7	793.7
Expected return on plan assets	(772.0)	(728.5)
Actuarial (gain)/loss	1,027.6	1,915.5
Curtailments & settlements (gain)/loss	223.7	217.8
Effect of the limit in para 59(b) of AS-15 on 'employee benefits'	..	..
Net cost	1,553.3	2,449.1

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Actual return on plan assets	742.9	828.7
Expected employer's contribution next year	1,000.0	670.0
Investment details of plan assets		
Insurer Managed Funds[1]	80.86%	77.74%
Government of India securities	7.50%	7.62%
Corporate Bonds	9.00%	9.31%
Others	2.64%	5.33%
Assumptions		
Discount rate	9.25%	8.00%
Salary escalation rate:		
On Basic Pay	1.50%	1.50%
On Dearness Relief	7.00%	7.00%
Estimated rate of return on plan assets	8.00%	8.00%

1. Majority of the funds are invested in Government of India securities and corporate bonds.

Estimated rate of return on plan assets is based on the expected average long-term rate of return on investments of the Fund during the estimated term of the obligations.

Experience adjustment

₹ in million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Plan assets	9,018.8	9,526.8	9,379.5	8,467.4	1,839.9
Defined benefit obligations	10,209.9	10,392.5	9,602.7	8,842.9	1,748.7
Amount not recognized as an asset (limit in para 59(b) of AS-15 on 'employee benefits')	..	..	..	..	7.7
Surplus/(deficit)	(1,191.1)	(865.7)	(223.2)	(375.5)	83.5
Experience adjustment on plan assets	(29.1)	102.3	51.7	69.1	(130.7)
Experience adjustment on plan liabilities	2,549.6	1,525.2	2,692.3	689.7	196.9

Gratuity

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for gratuity benefits.

₹ in million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Opening obligations	5,643.1	5,247.2
Add: Adjustment for exchange fluctuation on opening obligations	5.8	3.8
Adjusted opening obligations	5,648.9	5,251.0
Service cost	473.6	368.8

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest cost	453.6	428.1
Actuarial (gain)/loss	(135.4)	267.2
Past service cost	..	0.6
Liability transferred from/to other companies	(6.2)	4.1
Benefits paid	(616.0)	(676.7)
Obligations at the end of the year	5,818.5	5,643.1
Opening plan assets, at fair value	5,530.5	5,027.4
Expected return on plan assets	426.5	375.8
Actuarial gain/(loss)	(29.5)	34.4
Contributions	424.6	764.6
Asset transferred from/to other companies	(6.2)	5.0
Benefits paid	(616.0)	(676.7)
Closing plan assets, at fair value	5,729.9	5,530.5
Fair value of plan assets at the end of the year	5,729.9	5,530.5
Present value of the defined benefit obligations at the end of the year	5,818.5	5,643.1
Amount not recognised as an asset (limit in Para 59(b) of AS-15 on 'employee benefits')	..	..
Asset/(liability)	(88.6)	(112.6)
Cost for the year		
Service cost	473.6	368.8
Interest cost	453.6	428.1
Expected return on plan assets	(426.5)	(375.8)
Actuarial (gain)/loss	(105.9)	232.8
Past service cost	..	0.6
Exchange fluctuation loss/(gain)	5.8	3.8
Losses/(Gains) on "Acquisition/Divestiture"	..	..
Effect of the limit in para 59(b) of AS15 on 'employee benefits'	..	..
Net cost	400.6	658.3
Actual return on plan assets	397.0	410.2
Expected employer's contribution next year	504.7	403.9
Investment details of plan assets		
Insurer Managed Funds	9.46%	9.95%
Government of India securities	16.75%	28.07%
Corporate Bonds	30.33%	27.81%
Special Deposit schemes	5.08%	5.26%
Equity	12.55%	12.89%
Others	25.83%	16.02%
Assumptions		
Discount rate	9.00%	7.95%
Salary escalation rate	7.00%	7.00%
Estimated rate of return on plan assets	8.00%	8.00%

Estimated rate of return on plan assets is based on the expected average long-term rate of return on investments of the Fund during the estimated term of the obligations.

Experience adjustment

₹ in million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Plan assets	5,729.9	5,530.5	5,027.4	5,182.4	2,507.5
Defined benefit obligations	5,818.5	5,643.1	5,247.2	5,082.7	2,310.5
Amount not recognised as an asset (limit in para 59(b) of AS-15 on 'employee benefits')	..	..	..	..	47.9
Surplus/(deficit)	(88.6)	(112.6)	(219.8)	99.7	149.1
Experience adjustment on plan assets	(29.5)	34.4	20.1	(63.2)	168.8
Experience adjustment on plan liabilities	217.6	153.6	44.1	79.0	(0.8)

The estimates of future salary increases, considered in actuarial valuation, take into consideration inflation, seniority, promotion and other relevant factors.

Provident Fund (PF)

As there is liability towards interest rate guarantee on exempt provident fund on the basis of actuarial valuation, Bank has made a provision for the year ended March 31, 2014 amounting to ₹ 3.5 million (March 31, 2013: Nil).

The following tables set forth, for the periods indicated, reconciliation of opening and closing balance of the present value of the defined benefit obligation for provident fund.

₹ in million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Opening obligations	13,719.5	12,147.6
Service cost	974.9	783.4
Interest cost	1,096.5	1,003.8
Actuarial (gain)/loss	(49.1)	(26.4)
Employees contribution	1,681.4	1,380.7
Liability transferred from/to other companies	74.8	104.8
Benefits paid	(1,804.7)	(1,674.4)
Obligations at end of the year	15,693.3	13,719.5
Opening plan assets	13,719.5	12,129.8
Expected return on plan assets	1,194.4	1,017.2
Actuarial gain/(loss)	(150.5)	(22.0)
Employer contributions	974.9	783.4
Employees contributions	1,681.4	1,380.7
Asset transferred from/to other companies	74.8	104.8
Benefits paid	(1,804.7)	(1,674.4)
Closing plan assets	15,689.8	13,719.5
Plan assets at the end of the year	15,689.8	13,719.5
Present value of the defined benefit obligations at the end of the year	15,693.3	13,719.5

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Asset/(liability)	(3.5)	..
Cost for the year		
Service cost	974.9	783.4
Interest cost	1,096.5	1,003.8
Expected return on plan assets	(1,194.4)	(1,017.2)
Actuarial (gain)/loss	101.4	(4.4)
Net cost	978.4	765.6
Actual Return on Plan Assets	1,043.9	995.2
Expected employer's contribution next year	1,041.9	838.2
Investment details of plan assets		
Government of India securities	38.82%	39.20%
Corporate bonds	51.72%	50.14%
Special deposit scheme	3.38%	3.87%
Others	6.08%	6.79%
Assumption		
Discount rate	9.00%	7.95%
Expected rate of return on assets	8.60%	8.45%
Discount rate for the remaining term to maturity of investments	9.05%	8.05%
Average historic yield on the investment	8.65%	8.55%
Guaranteed rate of return	8.75%	8.50%

Experience adjustment

₹ in million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Plan assets	15,689.8	13,719.5
Defined benefit obligations	15,693.3	13,719.5
Amount not recognised as an asset (limit in para 59(b) of AS-15 on 'employee benefits')	..	..
Surplus/(deficit)	(3.5)	..
Experience adjustment on plan assets	(150.5)	(22.1)
Experience adjustment on plan liabilities	(49.1)	(26.4)

Bank has contributed ₹1,412.8 million to provident fund for the year ended March 31, 2014 (March 31, 2013: ₹ 1,244.6 million), which includes compulsory contribution made towards employee pension scheme under Employees Provident Fund and Miscellaneous Provisions Act, 1952.

Superannuation Fund

Bank has contributed ₹118.1 million for the year March 31, 2014 (March 31, 2013: ₹100.5 million) to superannuation fund.

34. Movement in provision for credit card/debit card/savings account reward points

The following table sets forth, for the periods indicated, movement in provision for credit card/debit card/savings account reward points.

₹ in million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Opening provision for reward points	745.9	712.5
Provision for reward points made during the year	745.3	637.1
Utilisation/write-back of provision for reward points	(655.2)	(603.7)
Closing provision for reward points[1]	836.0	745.9

1. The closing provision is based on the actuarial valuation of accumulated credit card/debit card/savings account reward points. This amount will be utilised towards redemption of the credit card/debit card/savings accounts reward points.

35. Provisions and contingencies

The following table sets forth, for the periods indicated, the break-up of provisions and contingencies included in profit and loss account.

₹ in million

	Year ended March 31, 2014	Year ended March 31, 2013
Provisions for depreciation of investments	711.2	1,261.8
Provision towards non-performing and other assets[1]	22,522.7	13,948.4
Provision towards income tax	38,395.0	29,982.0
Deferred tax adjustment	3,131.9	660.2
Provision towards wealth tax	50.0	70.0
Other provisions and contingencies[2]	3,030.2	2,815.2
Total provisions and contingencies	67,841.0	48,737.6

1. Includes provision towards NPA amounting to ₹ 17,148.0 million (March 31, 2013: ₹ 12,835.2 million)
2. Includes provision towards standard assets amounting to ₹ 2,487.7 million (March 31, 2013: ₹1,439.1 million)

36. Provisions for income tax

The provision for income tax (including deferred tax) for the year ended March 31, 2014 amounted to ₹ 41,526.7 million (March 31, 2013: ₹ 30,642.2 million).

The Bank has a comprehensive system of maintenance of information and documents required by transfer pricing legislation under section 92-92F of the Income-tax Act, 1961. The Bank is of the opinion that all transactions with international related parties and specified transactions with domestic related parties are primarily at arm's length so that the above legislation do not have material impact on the financial statements.

37. Deferred tax

At March 31, 2014, the Bank has recorded net deferred tax asset of ₹ 7,468.6 million (March 31, 2013: ₹ 24,793.0 million), which has been included in other assets.

The following table sets forth, for the periods indicated, the break-up of deferred tax assets and liabilities into major items.

₹ in million

	At March 31, 2014	At March 31, 2013
Deferred tax asset		
Provision for bad and doubtful debts	27,621.5	27,146.3
Capital loss	49.6	63.1
Others	2,196.7	2,265.4
Total deferred tax asset	29,867.8	29,474.8
Deferred tax liability		
Special Reserve deduction[1]	17,234.9	..
Depreciation on fixed assets	5,172.3	4,682.5
Total deferred tax liability	22,407.3	4,682.5
Deferred tax asset/(liability) pertaining to foreign branches	8.1	0.7
Total net deferred tax asset/(liability)	7,468.6	24,793.0

1. The Bank creates Special Reserve through appropriation of profits, in order to avail tax deduction as per Section 36(1)(viii) of the Income Tax Act, 1961. The Reserve Bank of India, through its circular dated December 20, 2013, advised banks to create deferred tax liability (DTL) on the amount outstanding in Special Reserve, as a matter of prudence. In accordance with these RBI guidelines, the Bank has created DTL of ₹ 14,192.3 million on Special Reserve outstanding at March 31, 2013, by reducing the reserves. Further, the tax expense for the year ended March 31, 2014 is higher by ₹ 3,042.6 million due to creation of DTL on amount appropriated to Special Reserve for the year ended March 31, 2014.

38. Dividend distribution tax

Dividend received from Indian subsidiaries, on which dividend distribution tax has been paid by the Indian subsidiaries and dividend received from offshore subsidiaries, on which tax has been paid under section 115BBD of the Income Tax Act, 1961, has been reduced from dividend to be distributed by the Bank for the purpose of computation of dividend distribution tax as per section 115-O of the Income Tax Act, 1961.

39. Related Party Transactions

The Bank has transactions with its related parties comprising subsidiaries, associates/joint ventures/other related entities, key management personnel and relatives of key management personnel.

Subsidiaries

ICICI Bank UK PLC, ICICI Bank Canada, ICICI Bank Eurasia Limited Liability Company, ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Prudential Asset Management Company Limited, ICICI Securities Limited, ICICI Securities Primary Dealership Limited, ICICI Home Finance Company Limited, ICICI Venture Funds Management Company Limited, ICICI International Limited, ICICI Trusteeship Services Limited, ICICI Investment Management Company Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Prudential Trust Limited and ICICI Prudential Pension Funds Management Company Limited.

Associates/joint ventures/other related entities

ICICI Equity Fund[1], ICICI Eco-net Internet and Technology Fund[1] (up to December 31, 2013), ICICI Emerging Sectors Fund[1] (up to December 31, 2013), ICICI Strategic Investments Fund[1], ICICI Kinfra Limited[1], FINO PayTech Limited, TCW/ICICI Investment Partners Limited (up to June 30, 2013), I-Process Services (India) Private Limited, NIIT Institute of Finance, Banking and Insurance Training Limited, ICICI Venture Value Fund[1] (up to September 30, 2013), Comm Trade Services Limited, ICICI Foundation for Inclusive Growth, I-Ven Biotech Limited[1], Rainbow Fund (up to December 31, 2013), ICICI Merchant Services Private Limited, Mewar Aanchalik Gramin Bank and India Infradebt Limited[2].

1. Entities consolidated as per Accounting Standard (AS) 21 on ‘Consolidated Financial Statements’.
2. This entity was incorporated and identified as a related party during the three months ended December 31, 2012.

Key management personnel

Ms. Chanda Kochhar, Mr. N. S. Kannan, Mr. K. Ramkumar, Mr. Rajiv Sabharwal.

Relatives of key management personnel

Mr. Deepak Kochhar, Mr. Arjun Kochhar, Ms. Aarti Kochhar, Mr. Mahesh Advani, Ms. Varuna Karna, Late Ms. Sunita R. Advani, Ms. Rangarajan Kumudalakshmi, Ms. Aditi Kannan, Mr. Narayanan Raghunathan, Mr. Narayanan Rangarajan, Mr. Narayanan Krishnamachari, Mr. R. Shyam, Ms. R. Suchithra, Mr. K. Jayakumar, Mr. R. Krishnaswamy, Ms. J. Krishnaswamy, Ms. Sangeeta Sabharwal.

The following were the significant transactions between the Bank and its related parties for the year ended March 31, 2014. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

Insurance services

During the year ended March 31, 2014, the Bank paid insurance premium to insurance subsidiaries amounting to ₹ 1,072.6 million (March 31, 2013: ₹ 969.6 million). The material transactions for the year ended March 31, 2014 were payment of insurance premium to ICICI Lombard General Insurance Company Limited amounting to ₹ 978.5 million (March 31, 2013: ₹ 871.8 million) and to ICICI Prudential Life Insurance Company Limited amounting to ₹ 94.1 million (March 31, 2013: ₹ 97.8 million).

During the year ended March 31, 2014, the Bank's insurance claims (including the claims received by the Bank on behalf of key management personnel) from the insurance subsidiaries amounted to ₹ 396.6 million (March 31, 2013: ₹ 503.6 million). The material transactions for the year ended March 31, 2014 were with ICICI Lombard General Insurance Company Limited amounting to ₹ 326.7 million (March 31, 2013: ₹ 444.3 million) and with ICICI Prudential Life Insurance Company Limited amounting to ₹ 69.9 million (March 31, 2013: ₹ 59.3 million).

Fees and commission income

During the year ended March 31, 2014, the Bank received fees from its subsidiaries amounting to ₹ 5,880.4 million (March 31, 2013: ₹ 4,726.6 million), from its associates/joint ventures/other related entities amounting to ₹ 9.7 million (March 31, 2013: ₹ 13.9 million) and from relatives of key management personnel amounting to ₹ 0.1 million (March 31, 2013: ₹ 0.1 million). The material transactions for the year ended March 31, 2014 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 4,876.0 million (March 31, 2013: ₹ 3,860.1 million) and with ICICI Lombard General Insurance Company Limited amounting to ₹ 597.9 million (March 31, 2013: ₹ 516.6 million).

During the year ended March 31, 2014, the Bank received commission on bank guarantees from its subsidiaries amounting to ₹ 48.1 million (March 31, 2013: ₹ 41.8 million). The material transactions for the year ended March 31, 2014 were with ICICI Bank UK PLC amounting to ₹ 39.1 million (March 31, 2013: ₹ 35.1 million) and with ICICI Bank Eurasia Limited Liability Company amounting to ₹ 7.7 million (March 31, 2013: ₹ 5.6 million).

Lease of premises, common corporate and facilities expenses

During the year ended March 31, 2014, the Bank recovered from its subsidiaries an amount of ₹ 1,257.9 million (March 31, 2013: ₹ 1,099.3 million), from its associates/joint ventures/other related entities an amount of ₹ 72.3 million (March 31, 2013: ₹ 147.9 million) and from its key management personnel amounting to Nil (March 31, 2013: ₹ 0.1 million) for lease of premises, common corporate and facilities expenses. The material transactions for the year ended March 31, 2014 were with ICICI Securities Limited amounting to ₹ 288.4 million (March 31, 2013: ₹ 229.1 million), ICICI Home Finance Company Limited amounting to ₹ 276.1 million (March 31, 2013: ₹ 273.3 million), ICICI Prudential Life Insurance Company Limited amounting to ₹ 224.2 million (March 31, 2013: ₹ 164.0 million), ICICI Bank UK PLC amounting to ₹ 180.8 million (March 31, 2013: ₹ 151.2 million), ICICI Lombard General Insurance Company Limited amounting to ₹ 159.7 million (March 31, 2013: ₹ 143.6 million) and with ICICI Merchant Services Private Limited amounting to ₹ 0.7 million (March 31, 2013: ₹ 147.9 million).

Secondment of employees

During the year ended March 31, 2014, the Bank recovered towards deputation of employees from its subsidiaries an amount of ₹ 71.5 million (March 31, 2013: ₹ 52.2 million) and from its associates/joint ventures/other related entities an amount of ₹ 6.6 million (March 31, 2013: ₹ 6.6 million). The material transactions for the year ended March 31, 2014 were with ICICI Investment Management Company Limited amounting to ₹ 38.9 million (March 31, 2013: ₹ 35.6 million), ICICI Prudential Life Insurance Company Limited amounting to ₹ 16.1 million (March 31, 2013: ₹ 1.0 million), ICICI Securities Limited amounting to ₹ 15.4 million (March 31, 2013: ₹ 14.5 million) and with I-Process Services (India) Private Limited amounting to ₹ 6.6 million (March 31, 2013: ₹ 6.6 million).

Purchase of investments

During the year ended March 31, 2014, the Bank purchased certain investments from its subsidiaries amounting to ₹ 10,087.0 million (March 31, 2013: ₹ 23,702.1 million). The material transactions for the year ended March 31, 2014 were with ICICI Securities Primary Dealership Limited amounting to ₹ 7,189.3 million (March 31, 2013: ₹ 17,330.7 million), ICICI Prudential Life Insurance Company Limited amounting to ₹ 2,448.4 million (March 31, 2013: ₹ 3,056.9 million) and with ICICI Lombard General Insurance Company Limited amounting to ₹ 392.5 million (March 31, 2013: ₹ 3,314.5 million).

During the year ended March 31, 2014, the Bank invested in the equity shares of India Infradebt Limited amounting to Nil (March 31, 2013: ₹ 900.0 million), ICICI Lombard General Insurance Company Limited amounting to Nil (March 31, 2013: ₹ 740.0 million) and Mewar Aanchalik Gramin Bank amounting to Nil (March 31, 2013: ₹ 18.6 million).

Sale of investments

During the year ended March 31, 2014, the Bank sold certain investments to its subsidiaries amounting to ₹ 9,061.8 million (March 31, 2013: ₹ 12,119.1 million) and to its associates/joint ventures/other related entities amounting to ₹ 147.8 million (March 31, 2013: Nil). The material transactions for the year ended March 31, 2014 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 4,898.3 million (March 31, 2013: ₹ 4,088.0 million), ICICI Lombard General Insurance Company Limited amounting to ₹ 2,497.8 million (March 31, 2013: ₹ 1,321.2 million) and with ICICI Securities Primary Dealership Limited amounting to ₹ 1,649.4 million (March 31, 2013: ₹ 6,459.7 million).

Investment in Certificate of Deposits (CDs)/bonds issued by ICICI Bank

During the year ended March 31, 2014, subsidiaries have invested in CDs/bonds issued by the Bank amounting to Nil (March 31, 2013: ₹ 1,914.0 million). The material transactions for the year ended March 31, 2014 were with ICICI Prudential Life Insurance Company Limited amounting to Nil (March 31, 2013: ₹ 1,407.2 million) and with ICICI Securities Primary Dealership Limited amounting to Nil (March 31, 2013: ₹ 506.8 million).

During the year ended March 31, 2014, the Bank received a consideration from ICICI Bank Canada amounting to ₹ 4,070.4 million (equivalent to CAD 75.0 million) (March 31, 2013: Nil) on account of buyback of equity shares by ICICI Bank Canada.

During the year ended March 31, 2014, the Bank received a consideration from ICICI Bank UK PLC amounting to ₹ 2,995.8 million (equivalent to USD 50 million) (March 31, 2013: Nil) on account of redemption of bonds by ICICI Bank UK PLC.

During the year ended March 31, 2014, the Bank received a consideration from ICICI Bank UK PLC amounting to Nil [March 31, 2013: ₹ 5,428.5 million (equivalent to USD 100.0 million)] on account of buyback of equity/preference shares by ICICI Bank UK PLC.

During the year ended March 31, 2014, the Bank received a consideration from ICICI Emerging Sectors Fund amounting to ₹ 358.0 million (March 31, 2013: Nil) and from ICICI Eco-net Internet and Technology Fund amounting to ₹ 126.7 million (March 31, 2013: Nil) on account of redemption of units and distribution of gain/loss on units.

Reimbursement of expenses to subsidiaries

During the year ended March 31, 2014, the Bank reimbursed expenses to its subsidiaries amounting to ₹ 46.6 million (March 31, 2013: ₹ 29.6 million). The material transactions for the year ended March 31, 2014 were with ICICI Bank UK PLC amounting to ₹ 33.7 million (March 31, 2013: ₹ 5.8 million), ICICI Bank Canada amounting to ₹ 12.9 million (March 31, 2013: ₹ 7.3 million) and with ICICI Home Finance Company Limited amounting to Nil (March 31, 2013: ₹ 16.5 million).

Reimbursement of expenses to the Bank

During the year ended March 31, 2014, subsidiaries reimbursed expenses to the Bank amounting to ₹ 19.9 million (March 31, 2013: ₹ 29.1 million). The material transactions for the year ended March 31, 2014 were with ICICI Bank UK PLC amounting to ₹ 14.7 million (March 31, 2013: ₹ 18.0 million), ICICI Bank Canada amounting to ₹ 5.2 million (March 31, 2013: ₹ 5.0 million) and with ICICI Home Finance Company Limited amounting to Nil (March 31, 2013: ₹ 6.1 million).

Brokerage, fees and other expenses

During the year ended March 31, 2014, the Bank paid brokerage, fees and other expenses to its subsidiaries amounting to ₹ 671.8 million (March 31, 2013: ₹ 557.3 million) and to its associates/joint ventures/other related entities amounting to ₹ 3,179.4 million (March 31, 2013: ₹ 2,653.2 million). The material transactions for the year ended March 31, 2014 were with I-Process Services (India) Private Limited amounting to ₹ 1,664.2 million (March 31, 2013: ₹ 1,045.2 million), ICICI Merchant Services Private Limited amounting to ₹ 1,353.3 million (March 31, 2013: ₹ 1,305.2 million) and with ICICI Home Finance Company Limited amounting to ₹ 549.8 million (March 31, 2013: ₹ 373.7 million).

Income on custodial services

During the year ended March 31, 2014, the Bank recovered custodial charges from its subsidiaries amounting to ₹ 3.7 million (March 31, 2013: ₹ 5.1 million) and from its associates/joint ventures/other related entities amounting to ₹ 0.5 million (March 31, 2013: ₹ 0.9 million). The material transactions for the year ended March 31, 2014 were with ICICI Securities Primary Dealership Limited amounting to ₹ 3.6 million (March 31, 2013: ₹ 4.8 million).

Interest expenses

During the year ended March 31, 2014, the Bank paid interest to its subsidiaries amounting to ₹ 350.8 million (March 31, 2013: ₹ 390.9 million), to its associates/joint ventures/other related entities amounting to ₹ 353.8 million (March 31, 2013: ₹ 272.5 million), to its key management personnel amounting to ₹ 4.2 million (March 31, 2013: ₹ 2.9 million) and to relatives of key management personnel amounting to ₹ 1.7 million (March 31, 2013: ₹ 1.7 million). The material transactions for the year ended March 31, 2014 were with ICICI Securities Limited amounting to ₹ 284.2 million (March 31, 2013: ₹ 184.5 million), India Infradebt Limited amounting to ₹ 268.6 million (March 31, 2013: ₹ 84.5 million), Mewar Aanchalik Gramin Bank amounting to ₹ 70.0 million (March 31, 2013: ₹ 162.4 million) and with ICICI Prudential Life Insurance Company Limited amounting to ₹ 19.9 million (March 31, 2013: ₹ 148.4 million).

Interest income

During the year ended March 31, 2014, the Bank received interest from its subsidiaries amounting to ₹ 1,687.9 million (March 31, 2013: ₹ 1,781.2 million), from its associates/joint ventures/other related entities amounting to ₹ 55.8 million (March 31, 2013: ₹ 95.1 million), from its key management personnel amounting to ₹ 0.9 million (March 31, 2013: ₹ 0.4 million) and from relatives of key management personnel amounting to ₹ 0.5 million (March 31, 2013: ₹ 0.7 million). The material transactions for the year ended March 31, 2014 were with ICICI Home Finance Company Limited amounting to ₹ 1,151.0 million (March 31, 2013: ₹ 1,202.0 million) and with ICICI Bank Eurasia Limited Liability Company amounting to ₹ 173.9 million (March 31, 2013: ₹ 245.9 million).

Other income

The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market. During the year ended March 31, 2014, the net loss of the Bank on forex and derivative transactions entered with subsidiaries was ₹ 743.7 million (March 31, 2013: net gain of ₹ 304.5 million). The material transactions for the year ended March 31, 2014 were loss of ₹ 1,168.4 million (March 31, 2013: gain of ₹ 235.7 million) with ICICI Bank UK PLC, gain of ₹ 266.6 million (March 31, 2013: gain of ₹ 170.4 million) with ICICI Bank Canada, gain of ₹ 237.8 million (March 31, 2013: loss of ₹ 162.5 million) with ICICI Home Finance Company Limited and loss of ₹ 108.2 million (March 31, 2013: gain of ₹ 31.6 million) with ICICI Securities Primary Dealership Limited.

While the Bank within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.

Dividend income

During the year ended March 31, 2014, the Bank received dividend from its subsidiaries amounting to ₹ 12,956.2 million (March 31, 2013: ₹ 9,117.6 million). The material transactions for the year ended March 31, 2014 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 6,901.7 million (March 31, 2013: ₹ 3,271.5 million), ICICI Bank Canada amounting to ₹ 2,859.5 million (March 31, 2013: ₹ 1,666.2 million), ICICI Bank UK PLC amounting to ₹ 1,536.9 million (March 31, 2013: ₹ 1,307.3 million) and with ICICI Home Finance Company Limited amounting to ₹ 1,137.2 million (March 31, 2013: ₹ 1,389.9 million).

Dividend paid

During the year ended March 31, 2014, the Bank paid dividend to its key management personnel amounting to ₹ 8.1 million (March 31, 2013: ₹ 6.7 million). The dividend paid during the year ended March 31, 2014 to Ms. Chanda Kochhar was ₹ 6.6 million (March 31, 2013: ₹ 5.1 million), to Mr. N. S. Kannan was ₹ 1.5 million (March 31, 2013: ₹ 1.2 million) and to Mr. K. Ramkumar was Nil (March 31, 2013: ₹ 0.4 million).

Remuneration to whole-time directors

Remuneration paid to the whole-time directors of the Bank during the year ended March 31, 2014 was ₹ 168.7 million (March 31, 2013: ₹ 154.9 million). The remuneration paid for the year ended March 31, 2014 to Ms. Chanda Kochhar was ₹ 58.3 million (March 31, 2013: ₹ 54.2 million), to Mr. N. S. Kannan was ₹ 33.6 million (March 31, 2013: ₹ 32.2 million), to Mr. K. Ramkumar was ₹ 46.9 million (March 31, 2013: ₹ 42.7 million) and to Mr. Rajiv Sabharwal was ₹ 29.9 million (March 31, 2013: ₹ 25.8 million).

Sale of fixed assets

During the year ended March 31, 2014, the Bank sold fixed assets to its subsidiaries amounting to ₹ 2.6 million (March 31, 2013: ₹ 2.1 million), to its associates/joint ventures/other related entities amounting to ₹ 2.7 million (March 31, 2013: Nil) and to its key management personnel amounting to Nil (March 31, 2013: ₹ 0.7 million). The material transactions for the year ended March 31, 2014 were with India Infradebt Limited amounting to ₹ 2.7 million (March 31, 2013: Nil), ICICI Prudential Life Insurance Company Limited amounting to ₹ 2.2 million (March 31, 2013: ₹ 0.1 million), ICICI Securities Limited amounting to Nil (March 31, 2013: ₹ 1.9 million) and with Mr. K. Ramkumar amounting to Nil (March 31, 2013: ₹ 0.7 million).

Purchase of fixed assets

During the year ended March 31, 2014, the Bank purchased fixed assets from its subsidiaries amounting to ₹ 4.2 million (March 31, 2013: ₹ 2.6 million). The material transactions for the year ended March 31, 2014 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 4.2 million (March 31, 2013: Nil), ICICI Venture Funds Management Company Limited amounting to Nil (March 31, 2013: ₹ 1.8 million) and with ICICI Prudential Asset Management Company Limited amounting to Nil (March 31, 2013: ₹ 0.8 million).

Sale of gold coins

During the year ended March 31, 2014, the Bank sold gold coins to ICICI Prudential Life Insurance Company Limited amounting to Nil (March 31, 2013: ₹ 1.7 million).

Donation

During the year ended March 31, 2014, the Bank has given donation to ICICI Foundation for Inclusive Growth amounting to ₹ 125.0 million (March 31, 2013: ₹ 80.0 million).

Purchase of loan

During the year ended March 31, 2014, the Bank purchased loans from ICICI Bank UK PLC amounting to ₹ 3,820.4 million (March 31, 2013: Nil).

Sale of loan

During the year ended March 31, 2014, the Bank sold loan (including undisbursed loan commitment) to ICICI Bank UK PLC amounting to ₹ 2,696.2 million (March 31, 2013: ₹ 1,357.1 million).

Purchase of bank guarantees

Bank guarantees issued by ICICI Bank UK PLC on behalf of its clients amounting to Nil were transferred to the Bank during the year ended March 31, 2014 (March 31, 2013: ₹ 12,221.2 million).

Letters of Comfort

The Bank has issued letters of comfort on behalf of its banking subsidiaries. The details of the letters are given below.

On behalf of	To	Purpose
ICICI Bank UK PLC	Financial Services Authority, UK (‘FSA’)	Financially support ICICI Bank UK PLC to ensure that it meets all of its obligations as they fall due.
ICICI Bank Canada	Canada Deposit Insurance Corporation (‘CDIC’)	To comply with the Bank Act and the CDIC regulations or by-laws thereunder and to indemnify CDIC against all losses, damages, reasonable costs and expenses arising from failure of ICICI Bank Canada in performing the same.

The Bank has issued an undertaking on behalf of ICICI Securities Inc. for Singapore dollar 10.0 million (currently equivalent to ₹ 475.8 million) to the Monetary Authority of Singapore (MAS) and has executed indemnity agreement on behalf of ICICI Bank Canada to its independent directors for a sum not exceeding Canadian dollar 2.5 million (currently equivalent to ₹ 135.7 million) each, aggregating to Canadian dollar 17.5 million (currently equivalent to ₹ 949.8 million). The Bank has furnished an undertaking on behalf of ICICI Bank Eurasia Limited Liability Company, for an amount of USD 19.0 million (currently equivalent to ₹ 1,138.4 million) in relation to its borrowing. The aggregate amount of ₹ 2,564.0 million at March 31, 2014 (March 31, 2013: ₹ 2,270.2 million) is included in the contingent liabilities.

During the year, the Bank has issued an indemnity letter to one independent director on behalf of ICICI Bank Canada.

In addition to the above, the Bank has also issued letters of comfort in the nature of letters of awareness on behalf of its subsidiaries in respect of their borrowings made or proposed to be made and for other incidental business purposes. As they are in the nature of factual statements or confirmation of facts, they do not create any financial impact on the Bank.

The letters of comfort in the nature of letters of awareness that are outstanding at March 31, 2014 issued by the Bank on behalf of its subsidiaries, aggregate to ₹ 14,530.2 million (March 31, 2013: ₹ 18,640.5 million). During the year ended March 31, 2014, borrowings pertaining to letters of comfort aggregating ₹ 4,110.3 million were repaid.

Related party balances

The following table sets forth, the balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel at March 31, 2014.

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	7,137.0	4,566.5	51.0	28.7	11,783.2
Deposits of ICICI Bank	1,505.4	..	..	..	1,505.4
Call/term money lent	..	..	..	..	..
Call/term money borrowed	..	..	..	..	..
Reverse repurchase	24,970.8	..	..	..	24,970.8
Advances	11,057.0	2.4	28.0	6.1	11,093.5
Investments of ICICI Bank	127,746.8	3,417.2	..	..	131,164.0
Investments of related parties in ICICI Bank	5.0	15.0	4.2	0.0[3]	24.2
Receivables[1]	1,234.1	..	..	..	1,234.1
Payables[1]	23.3	259.4	..	..	282.7
Guarantees/ letter of credit/ indemnity	16,089.4	0.1	..	..	16,089.5
Swaps/forward contracts (notional amount)	100,813.3	..	..	..	100,813.3
Employee stock options outstanding (Numbers)	..	..	3,760,000	..	3,760,000
Employee stock options exercised[2]	..	..	0.4	..	0.4

1. Excludes mark-to-market on outstanding derivative transactions.
2. During the year ended March 31, 2014, 37,500 employee stock options were exercised, which have been reported at face value.
3. Insignificant amount

The following table sets forth, the maximum balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel during the year ended March 31, 2014.

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	10,374.0	5,200.5	83.2	30.1	15,687.8
Deposits of ICICI Bank	1,962.3	..	..	..	1,962.3
Call/term money lent	10,000.0	..	..	..	10,000.0
Call/term money borrowed	927.1	..	..	..	927.1
Reverse repurchase	24,970.8	..	..	..	24,970.8
Advances	21,154.0	331.7	30.7	8.3	21,524.7
Investments of ICICI Bank	134,013.5	4,086.0	..	..	138,099.5
Investments of related parties in ICICI Bank[1]	380.6	15.0	4.2	0.0[2]	399.8
Receivables	1,749.7	359.3 [1]	..	..	2,109.0
Payables[1]	82.7	679.2	..	..	761.9
Guarantees/ letter of credit/ indemnity	16,227.5	1,689.7	..	..	17,917.2
Swaps/forward contracts (notional amount)	174,240.1	..	..	..	174,240.1

1. Maximum balances are determined based on comparison of the total outstanding balances at each quarter end during the financial year.
2. Insignificant amount.

The following table sets forth, the balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel at March 31, 2013.

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	8,365.4	5,166.5	60.5	23.6	13,616.0
Deposits of ICICI Bank	100.4	..	..	..	100.4
Call/term money lent	..	..	..	..	..
Call/term money borrowed	..	..	..	..	..
Advances	18,982.0	305.5	5.7	6.9	19,300.1
Investments of ICICI Bank	133,339.4	3,862.3	..	..	137,201.7
Investments of related parties in	430.7	15.0	4.1	..	449.8

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
ICICI Bank					
Receivables[1]	929.0	..	..	..	929.0
Payables[1]	56.5	1,199.9	..	..	1,256.4
Guarantees/ letter of credit/ indemnity	9,273.4	1,689.7	..	..	10,963.1
Swaps/forward contracts (notional amount)	133,492.5	..	..	..	133,492.5
Employee stock options outstanding (Numbers)	..	..	3,172,500	..	3,172,500
Employee stock options exercised[2]	..	..	0.5	..	0.5

1. Excludes mark-to-market on outstanding derivative transactions.
2. During the year ended March 31, 2013, 54,000 employee stock options were exercised, which have been reported at face value.

The following table sets forth, the maximum balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel during the year ended March 31, 2013.

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	8,365.4	5,170.1	74.3	44.6	13,654.4
Deposits of ICICI Bank	1,245.2	..	..	..	1,245.2
Call/term money lent	10,068.7	..	..	..	10,068.7
Call/term money borrowed	..	..	..	..	..
Advances	24,544.5	2,004.5	10.4	7.9	26,567.3
Investments of ICICI Bank	137,689.2	4,157.4	..	..	141,846.6
Investments of related parties in ICICI Bank[1]	1,285.0	15.0	4.1	..	1,304.1
Receivables	1,759.1	0.4 [1]	..	..	1,759.5
Payables[1]	56.5	1,199.9	..	..	1,256.4
Guarantees/ letter of credit/ indemnity	13,635.1	1,689.7	..	..	15,324.8
Swaps/forward contracts (notional amount)	191,242.6	..	..	..	191,242.6

1. Maximum balances are determined based on comparison of the total outstanding balances at each quarter end during the financial year.

40. Small and micro enterprises

Under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to enterprises covered under the Act. During the year ended March 31, 2014, the amount paid after the due date to vendors registered under the MSMED Act, 2006 was ₹ 0.9 million (March 31, 2013: ₹ 6.0 million). An amount of ₹ 0.01 million (March 31, 2013: ₹ 0.2 million) has been charged to profit & loss account towards accrual of interest on these delayed payments.

41. Penalties/fines imposed by RBI and other banking regulatory bodies

The penalty imposed by RBI and other banking regulatory bodies during the year ended March 31, 2014 was ₹ 10.0 million (March 31, 2013: ₹ 3.1 million).

During the year ended March 31, 2014, RBI imposed a penalty of ₹ 10.0 million, in exercise of powers vested with it under the provisions of section 47(A)(1)(c) read with section 46(4)(i)of the Banking Regulation Act, 1949 and subsection (3) of section 11 of Foreign Exchange Management Act, 1999 (FEMA) on operating matters pertaining to Know Your Customer (KYC).The Bank has paid this penalty to RBI.

42. Disclosure on Remuneration

Compensation policy and practices

(A) Qualitative disclosures

a) Information relating to the composition and mandate of the Remuneration Committee

The Board Governance, Remuneration & Nomination Committee (BGRNC) comprises three independent Directors. The functions of the Committee include recommendation of appointments of Directors to the Board, evaluation of the performance of the Whole Time Directors (WTDs) (Including the Managing Director & CEO) on predetermined parameters, recommendation to the Board of the remuneration (including performance bonus and perquisites) to WTDs, 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 (ESOS) and recommendation of grant of the Bank's stock options to employees and WTDs of the Bank and its subsidiary companies.

b) Information relating to design and structure of remuneration processes and the key features and objectives of remuneration policy

The Bank has under the guidance of the Board and the BGRNC, followed compensation practices intended to drive meritocracy within the framework of prudent risk management. This approach has been incorporated in the Compensation Policy approved by the Board on January 31, 2012, pursuant to the guidelines issued by RBI.

The key elements of the Bank's compensation practices are:

- Effective governance of compensation: The BGRNC has oversight over compensation. The Committee defines Key Performance Indicators (KPIs) for WTDs and equivalent positions and the organisational performance norms for bonus based on the financial and strategic plan approved by the Board. The KPIs include both quantitative and qualitative aspects. The BGRNC assesses organisational performance as well as the individual performance for WTDs and equivalent positions. Based on its assessment, it makes recommendations to the Board regarding compensation for WTDs and equivalent positions and bonus for employees.

- Alignment of compensation philosophy with prudent risk taking: The Bank seeks to achieve a prudent mix of fixed and variable pay, with a higher proportion of variable pay at senior levels and no guaranteed bonuses. Compensation is sought to be aligned to both financial and non-financial indicators of performance including aspects like risk management and customer service. In addition, the Bank has an employee stock option scheme aimed at aligning compensation to long term performance through stock option grants that vest over a period of time. Compensation of staff in financial and risk control functions is independent of the business areas they oversee and depends on their performance assessment.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes including the nature and type of the key measures used to take account of these risks.

The Board approves the risk framework for the Bank and the business activities of the Bank are undertaken within this framework to achieve the financial plan. The risk framework includes the Bank's risk appetite, limits framework and policies and procedures governing various types of risk. KPIs of WTDs & equivalent positions, as well as employees, incorporate relevant risk management related aspects. For example, in addition to performance targets in areas such as growth and profits, performance indicators include aspects such as the desired funding profile and asset quality. The BGRNC takes into consideration all the above aspects while assessing organisational and individual performance and making compensation-related recommendations to the Board.

d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration

The level of performance bonus, increments in salary and allowances and grant of stock options are determined based on the assessment of performance as described above.

e) Discussion of the Bank's policy on deferral and vesting of variable remuneration and the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting

The quantum of bonus for an employee does not exceed a certain percentage (as stipulated in the compensation policy) of the total fixed pay in a year. Within this percentage, if the quantum of bonus exceeds a predefined threshold percentage of the total fixed pay, a part of the bonus is deferred and paid over a period. The deferred portion is subject to malus, under which the Bank would prevent vesting of all or part of the variable pay in the event of an enquiry determining gross negligence or breach of integrity. In such cases, variable pay already paid out is also subject to clawback arrangements.

f) Description of the different forms of variable remuneration that the Bank utilises and the rationale for using these different forms

The Bank pays performance linked retention pay (PLRP) to its front-line staff and junior management and performance bonus to its middle and senior management. PLRP aims to reward front line and junior managers, mainly on the basis of skill maturity attained through experience and continuity in role which is a key differentiator for customer service.The Bank also pays variable pay to sales officers and relationship managers in wealth management roles while ensuring that such pay-outs are in accordance with the requirement of RBI from time to time. The Bank ensures higher proportion of variable pay at senior levels and lower variable pay for front-line staff and junior management levels.

(B) Quantitative disclosures

The following table sets forth, for the period indicated, the details of quantitative disclosure for remuneration of WTDs (including MD & CEO) and Presidents.

₹ in million, except numbers

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Number of meetings held by the BGRNC Remuneration paid to its members (sitting fees)	5 0.3	3 0.2
Number of employees having received a variable remuneration award	6	7
Number and total amount of sign-on awards made	Nil	Nil
Details of guaranteed bonus paid as joining/sign on bonus	Nil	Nil
Details of severance pay, in addition to accrued benefits	Nil	Nil

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Total amount of outstanding deferred remuneration		
Cash	72.5	54.7
Shares	Nil	Nil
Shares-linked instruments (nos.)	2,796,500	2,533,000[1]
Other forms	Nil	Nil
Total amount of deferred remuneration paid out	8.3	Nil
Break-down of amount of remuneration awards		
Fixed[2]	150.1	133.8
Variable[3]	65.3	74.6
Deferred[4]	26.1	29.9
Non-deferred	39.2	44.8
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments at March 31	72.5	54.7
Total amount of reductions due to ex-post explicit adjustments	Nil	Nil
Total amount of reductions due to ex-post implicit adjustments	Nil	Nil

1. Pursuant to grant of options under ESOS. Of these options, 75,000 options granted to a President who retired subsequently, vested fully on April 27, 2013.
2. Fixed pay includes basic salary, supplementary allowances, superannuation, contribution to provident fund and gratuity fund by the Bank.
3. Variable pay for the year ended March 31, 2014 was awarded in the month of April 2014 and is subject to approval from RBI.
4. In line with the Bank's compensation policy, the stipulated percentage of performance bonus is deferred.

43. Disclosure of complaints

The following table sets forth, for the periods indicated, the movement of the outstanding number of complaints.

	Particulars	Year ended March 31, 2014	Year ended March 31, 2013
a)	No. of complaints pending at the beginning of the year	2,628	3,837
b)	No. of complaints received during the year	92,380[2]	101,408
c)	No. of complaints redressed during the year	93,190[2]	102,617
d)	No. of complaints pending at the end of the year	1,818[2]	2,628

1. Does not include complaints redressed within 1 working day.
2. Includes complaints pertaining to failed ATM transaction at other banks' ATMs in terms of RBI Circular dated September 3, 2013

The following table sets forth, for the periods indicated, the details of awards during the year.

	Particulars	Year ended March 31, 2014	Year ended March 31, 2013
a)	No. of unimplemented awards at the beginning of the year	..	..
b)	No. of awards passed by the Banking Ombudsmen during the year	..	..
c)	No. of awards implemented during the year	..	..
d)	No. of unimplemented awards at the end of the year	..	..

44. Drawdown from reserves

There has been no draw down from reserves during the year ended March 31, 2014 (March 31, 2013: Nil).

45. Comparative figures

Figures of the previous year have been re-grouped to conform to the current year presentation.

Signatures to Schedules 1 to 18

As per our report of even date.

For and on behalf of the Board of Directors

For S.R. Batliboi & Co. LLP Chartered Accountants ICAI Firm's registration no.: 301003E	K. V. Kamath Chairman	Homi Khusrokhan Director	Chanda Kochhar Managing Director & CEO
Shrawan Jalan Partner Membership no.: 102102	N. S. Kannan Executive Director	K. Ramkumar Executive Director	Rajiv Sabharwal Executive Director
Place: Mumbai Date: April 25, 2014	P. Sanker Senior General Manager (Legal) & Company Secretary	Rakesh Jha Chief Financial Officer	Ajay Mittal Chief Accountant

INDEPENDENT AUDITOR’S REPORT

To the Members of ICICI Bank Limited

Report on the Financial Statements

1. We have audited the attached Balance Sheet of ICICI Bank Limited (the ‘Bank’) as at 31 March 2013 and also the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in the said financial statements are the returns of the Singapore, Bahrain, Hong Kong, Dubai, Qatar, Sri Lanka and New York-USA branches of the Bank, audited by other auditors.

Management’s Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (‘the Act’) read with guidelines issued by the Reserve Bank of India insofar as they are applicable to the Bank and in conformity with Form A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949 as applicable. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Banking Regulation Act, 1949 and the Act in the manner so required for banking companies, and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31 March 2013;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provision of section 29 of the Banking Regulation Act, 1949 read with section 211 of the Act.

8. We report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;

(b) In our opinion, the transactions of the Bank which have come to our notice have been within its powers;

(c) The financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches; we have visited 98 branches for the purpose of our audit;

9. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.

10. We further report that:

(a) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;

(b) The Balance Sheet, Profit and Loss Account, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(c) On the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Other Matter

11. We did not audit the financial statements of Singapore, Bahrain, Hong Kong, Dubai, Qatar, Sri Lanka and New York-USA branches, whose financial statements reflect total assets of Rs. 1,270,195 million as at 31 March 2013, the total revenue of Rs. 60,882 million for the year ended 31 March 2013 and net cash flows amounting to Rs. 84,228 million for the year ended 31 March 2013. These financial statements have been audited by other auditors, duly qualified to act as auditors in the country of incorporation of the said branches, whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

For S.R. BATLIBOI & CO. LLP
Firm registration number: 301003E
Chartered Accountants

per Shrawan Jalan
Partner

Membership No.: 102102
Place: Mumbai
Date: 26 April 2013

ICICI BANK LIMITED
Unconsolidated Balance Sheet at March 31, 2013

₹ in '000s

		At 31.03.2013	At 31.03.2012
CAPITAL AND LIABILITIES	Schedule		
Capital	1	11,536,362	11,527,683
Employees stock options outstanding		44,835	23,854
Reserves and surplus	2	655,478,392	592,500,885
Deposits	3	2,926,136,257	2,554,999,561
Borrowings	4	1,453,414,944	1,401,649,073
Other liabilities and provisions	5	321,336,021	329,986,915
TOTAL CAPITAL AND LIABILITIES		5,367,946,811	4,890,687,971
ASSETS			
Cash and balances with Reserve Bank of India	6	190,527,309	204,612,935
Balances with banks and money at call and short notice	7	223,647,879	157,680,199
Investments	8	1,713,935,993	1,595,600,430
Advances	9	2,902,494,351	2,537,276,579
Fixed assets	10	46,470,587	46,146,870
Other assets	11	290,870,692	349,370,958
TOTAL ASSETS		5,367,946,811	4,890,687,971
Contingent liabilities	12	7,899,893,146	9,154,651,059
Bills for collection		123,945,258	75,720,571
Significant accounting policies and notes to accounts	17 & 18		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For and on behalf of the Board of Directors

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

K. V. Kamath
Chairman

Sridar Iyengar
Director

Chanda Kochhar
Managing Director & CEO

Shrawan Jalan
Partner
Membership no.:102102

N. S. Kannan
Executive Director & CFO

K. Ramkumar
Executive Director

Rajiv Sabharwal
Executive Director

Sandeep Batra
Group Compliance Officer &
Company Secretary

Rakesh Jha
Deputy
Chief Financial Officer

Place: Mumbai
Date: April 26, 2013

ICICI Bank

ICICI BANK LIMITED
Unconsolidated Profit and Loss Account
for the year ended March 31, 2013

₹ in '000s

	Schedule	Year ended 31.03.2013	Year ended 31.03.2012
I. INCOME			
Interest earned	13	400,755,969	335,426,522
Other income	14	83,457,012	75,027,598
TOTAL INCOME		484,212,981	410,454,120
II. EXPENDITURE			
Interest expended	15	262,091,848	228,084,964
Operating expenses	16	90,128,837	78,504,433
Provisions and contingencies (refer note 18.35)		48,737,569	39,212,151
TOTAL EXPENDITURE		400,958,254	345,801,548
III. PROFIT/(LOSS)			
Net profit for the year		83,254,727	64,652,572
Profit brought forward		70,542,323	50,181,837
TOTAL PROFIT/(LOSS)		153,797,050	114,834,409
IV. APPROPRIATIONS/TRANSFERS			
Transfer to Statutory Reserve		20,820,000	16,170,000
Transfer to Reserve Fund		27,775	10,665
Transfer to Capital Reserve		330,000	380,000
Transfer to/(from) Investment Reserve Account		..	..
Transfer to Revenue and other reserves		..	3,154
Transfer to Special Reserve		7,600,000	6,500,000
Dividend (including corporate dividend tax) for the previous year paid during the year		2,491	4,284
Proposed equity share dividend		23,072,271	19,020,400
Proposed preference share dividend		35	35
Corporate dividend tax		2,921,604	2,203,548
Balance carried over to balance sheet		99,022,874	70,542,323
TOTAL		153,797,050	114,834,409
Significant accounting policies and notes to accounts	17 & 18		
Earnings per share (refer note 18.1)			
Basic (₹)		72.20	56.11
Diluted (₹)		71.93	55.95
Face value per share (₹)		10.00	10.00

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report of even date.

For and on behalf of the Board of Directors

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

K. V. Kamath
Chairman

Sridar Iyengar
Director

Chanda Kochhar
Managing Director & CEO

Shrawan Jalan
Partner
Membership no.:102102

N. S. Kannan
Executive Director & CFO

K. Ramkumar
Executive Director

Rajiv Sabharwal
Executive Director

Place: Mumbai
Date: April 26, 2013

Sandeep Batra
Group Compliance Officer
& Company Secretary

Rakesh Jha
Deputy
Chief Financial Officer

ICICI BANK LIMITED
Unconsolidated Cash Flow Statement for the year ended March 31, 2013

₹ in '000s

		Year ended 31.03.2013	Year ended 31.03.2012
Cash flow from operating activities			
Profit before taxes		113,966,897	88,034,223
Adjustments for:			
Depreciation and amortisation		5,709,115	6,016,209
Net (appreciation)/depreciation on investments		4,647,716	11,007,862
Provision in respect of non-performing assets		13,948,385	9,931,796
Prudential provision for standard assets		1,439,082	..
Provision for contingencies & others		1,376,106	1,766,718
Income from subsidiaries, joint ventures and consolidated entities		(9,416,200)	(7,625,631)
(Profit)/loss on sale of fixed assets		(352,510)	16,876
Employees stock options grants		20,981	20,925
		131,339,572	109,168,978
Adjustments for:			
(Increase)/decrease in investments		(22,717,062)	(127,636,008)
(Increase)/decrease in advances		(380,239,011)	(388,801,703)
Increase/(decrease) in deposits		371,136,697	298,978,483
(Increase)/decrease in other assets		12,992,477	(34,417,248)
Increase/(decrease) in other liabilities and provisions		30,496,358	11,538,969
		11,669,459	(240,337,507)
Refund/(payment) of direct taxes		(31,988,940)	(21,211,450)
Net cash flow from/(used in) operating activities	(A)	111,020,091	(152,379,979)
Cash flow from investing activities			
Investments in subsidiaries and/or joint ventures (including application money)		4,050,772	..
Income from subsidiaries, joint ventures and consolidated entities		9,416,200	7,625,631
Purchase of fixed assets		(5,883,595)	(4,530,919)
Proceeds from sale of fixed assets		1,241,898	90,174
(Purchase)/sale of held to maturity securities		(103,140,846)	(125,986,553)
Net cash used in investing activities	(B)	(94,315,571)	(122,801,667)
Cash flow from financing activities			
Proceeds from issue of share capital (including ESOPs)		447,516	591,128
Net proceeds/(repayment) of borrowings		50,676,148	305,079,424
Dividend and dividend tax paid		(21,226,474)	(18,152,914)
Net cash generated from/(used in) financing activities	(C)	29,897,190	287,517,638
Effect of exchange fluctuation on translation reserve	(D)	5,280,344	9,056,310

Unconsolidated Cash Flow Statement for the year ended March 31, 2013

₹ in '000s

	Year ended 31.03.2013	Year ended 31.03.2012
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C) + (D)	51,882,054	21,392,302
Cash and cash equivalents at beginning of the year[1]	362,293,134	340,900,832
Cash and cash equivalents at end of the year[1]	414,175,188	362,293,134
Significant accounting policies and notes to accounts (refer schedule 17 & 18).		

1. Refer item no. 15 in Schedule 17 Significant accounting policies.

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For and on behalf of the Board of Directors

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

K. V. Kamath
Chairman

Sridar Iyengar
Director

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Managing Director & CEO

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Membership no.:102102

N. S. Kannan
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K. Ramkumar
Executive Director

Rajiv Sabharwal
Executive Director

Sandeep Batra
Group Compliance Officer
& Company Secretary

Rakesh Jha
Deputy
Chief Financial Officer

Place: Mumbai
Date: April 26, 2013

ICICI Bank

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2013	At 31.03.2012
SCHEDULE 1 - CAPITAL		
Authorised capital		
1,275,000,000 equity shares of ₹ 10 each (March 31, 2012: 1,275,000,000 equity shares of ₹ 10 each)	12,750,000	12,750,000
15,000,000 shares of ₹ 100 each (March 31, 2012: 15,000,000 shares of ₹ 100 each)[1]	1,500,000	1,500,000
350 preference shares of ₹ 10 million each (March 31, 2012: 350 preference shares of ₹ 10 million each)[2]	3,500,000	3,500,000
Equity share capital Issued, subscribed and paid-up capital 1,152,714,442 equity shares of ₹ 10 each (March 31, 2012: 1,151,772,372 equity shares)	11,527,144	11,517,723
Add: 867,273 equity shares of ₹ 10 each (March 31, 2012: 942,070 equity shares) issued pursuant to exercise of employee stock options	8,673	9,421
	11,535,817	11,527,144
Less: Calls unpaid	(225)	(231)
Add: 111,603 equity shares of ₹ 10 each forfeited (March 31, 2012: 111,603 equity shares)	770	770
TOTAL CAPITAL	11,536,362	11,527,683

1. These shares will be of such class and with such rights, privileges, conditions or restrictions as may be determined by the Bank in accordance with the Articles of Association of the Bank and subject to the legislative provisions in force for the time being in that behalf.
2. Pursuant to RBI circular no. DBOD.BP.BC No.81/21.01.002/2009-10, the issued and paid-up preference shares are grouped under Schedule 4 - "Borrowings".

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2013	At 31.03.2012
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory reserve		
Opening balance	89,916,519	73,746,519
Additions during the year	20,820,000	16,170,000
Deductions during the year	..	..
Closing balance	110,736,519	89,916,519
II. Special reserve		
Opening balance	38,190,000	31,690,000
Additions during the year	7,600,000	6,500,000
Deductions during the year	..	..
Closing balance	45,790,000	38,190,000
III. Securities premium		
Opening balance	313,591,445	313,009,799
Additions during the year[1]	438,837	581,646
Deductions during the year	..	..
Closing balance	314,030,282	313,591,445
IV. Investment reserve account		
Opening balance	..	..
Additions during the year	..	..
Deductions during the year	..	..
Closing balance	..	..
V. Capital reserve		
Opening balance	21,842,500	21,462,500
Additions during the year[2]	330,000	380,000
Deductions during the year	..	..
Closing balance	22,172,500	21,842,500
VI. Foreign currency translation reserve		
Opening balance	8,545,620	(510,690)
Additions during the year	5,280,344	9,056,310
Deductions during the year	..	..
Closing balance	13,825,964	8,545,620
VII. Reserve fund		
Opening balance	21,944	11,279
Additions during the year[3]	27,775	10,665
Deductions during the year	..	..
Closing balance	49,719	21,944
VIII. Revenue and other reserves		
Opening balance	49,850,534	49,797,000
Additions during the year[4]	..	53,534
Deductions during the year	..	..
Closing balance	49,850,534	49,850,534
IX. Balance in profit and loss account	99,022,874	70,542,323
TOTAL RESERVES AND SURPLUS	655,478,392	592,500,885

1. Includes ₹ 435.1 million (March 31, 2012: ₹ 471.9 million) on exercise of employee stock options.
2. Includes appropriations made for profit on sale of investments in held-to-maturity category, net of taxes and transfer to Statutory Reserve and profit on sale of land and buildings, net of taxes and transfer to Statutory Reserve.
3. Includes appropriations made to Reserve Fund and Investment Fund Account in accordance with regulations applicable to Sri Lanka branch.
4. At March 31, 2012 includes:
   a) ₹ 50.4 million transferred in terms of RBI circular no. DBOD.No.BP.BC.26/21.04.048/2008-2009 dated July 30, 2008, on Agricultural Debt Waiver and Debt Relief Scheme, 2008.
   b) Outstanding unreconciled credit balance of individual value less than US$ 2,500 or equivalent lying in nostro accounts appropriated in terms of RBI circular no. DBOD.BP.BC.No. 133/21.04.018/2008-09 dated May 11, 2009.

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2013	At 31.03.2012
SCHEDULE 3 - DEPOSITS		
A. I. Demand deposits		
i) From banks	20,385,877	19,678,455
ii) From others	348,869,273	330,052,077
II. Savings bank deposits	856,507,376	760,463,132
III. Term deposits		
i) From banks	117,888,455	98,704,681
ii) From others	1,582,485,276	1,346,101,216
TOTAL DEPOSITS	2,926,136,257	2,554,999,561
B. I. Deposits of branches in India	2,750,258,700	2,423,717,728
II. Deposits of branches outside India	175,877,557	131,281,833
TOTAL DEPOSITS	2,926,136,257	2,554,999,561

₹ in '000s

	At 31.03.2013	At 31.03.2012
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	156,250,000	170,550,000
ii) Other banks	18,714,125	18,815,625
iii) Other institutions and agencies		
a) Government of India	..	52,813
b) Financial institutions	60,590,413	45,750,069
iv) Borrowings in the form of bonds and debentures (excluding subordinated debt)	15,517,800	4,770,338
v) Application money-bonds	..	..
vi) Capital instruments		
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as Tier I capital)	13,010,000	13,010,000
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as upper Tier II capital)	98,174,210	98,181,421
c) Redeemable Non-Cumulative Preference Shares (RNCPS) (350 RNCPS of ₹ 10 million each issued to preference share holders of erstwhile ICICI Limited on amalgamation, redeemable at par on April 20, 2018)	3,500,000	3,500,000
d) Unsecured redeemable debentures/bonds (subordinated debt included in Tier II capital)	218,168,041	201,923,361
TOTAL BORROWINGS IN INDIA	583,924,589	556,553,627
II. Borrowings outside India		
i) Capital instruments		
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as Tier I capital)	18,413,008	17,244,895
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as upper Tier II capital)	48,856,500	45,787,500
ii) Bonds and notes	306,197,996	342,580,657
iii) Other borrowings[1]	496,022,851	439,482,394
TOTAL BORROWINGS OUTSIDE INDIA	869,490,355	845,095,446
TOTAL BORROWINGS	1,453,414,944	1,401,649,073

1. Includes borrowings guaranteed by Government of India for the equivalent of ₹ 15,815.0 million (March 31, 2012: ₹ 16,538.1 million).
2. Secured borrowings in I and II above amount to Nil (March 31, 2012: Nil) except borrowings of ₹ 150,003.7 million (March 31, 2012: ₹ 169,667.4 million) under Collateralised Borrowing and Lending Obligation, market repurchase transactions with banks and financial institutions and transactions under Liquidity Adjustment Facility with RBI.

ICICI Bank

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2013	At 31.03.2012
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	39,160,376	35,556,356
II. Inter-office adjustments (net)	1,347,187	3,076,441
III. Interest accrued	29,178,174	30,693,392
IV. Sundry creditors	62,336,969	34,537,725
V. Provision for standard assets	16,235,086	14,796,004
VI. Others[1,2]	173,078,229	211,326,997
TOTAL OTHER LIABILITIES AND PROVISIONS	321,336,021	329,986,915

1. Includes:
   a) Proposed dividend amounting to ₹ 23,072.3 million. (March 31, 2012: ₹ 19,020.4 million).
   b) Corporate dividend tax payable amounting to ₹ 2,921.6 million. (March 31, 2012: ₹ 2,203.5 million).
2. The Bank has presented the mark-to-market (MTM) gain or loss on forex and derivative transactions on gross basis. Accordingly, the gross negative MTM amounting to ₹ 108,263.2 million has been included in Other liabilities. Consequent to the change, Other liabilities have increased by ₹ 154,217.1 million at March 31, 2012.

₹ in '000s

	At 31.03.2013	At 31.03.2012
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	46,774,823	46,696,165
II. Balances with Reserve Bank of India in current accounts	143,752,486	157,916,770
TOTAL CASH AND BALANCES WITH RESERVE BANK OF INDIA	190,527,309	204,612,935

₹ in '000s

	At 31.03.2013	At 31.03.2012
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with banks		
a) In current accounts	3,462,734	2,828,505
b) In other deposit accounts	36,008,368	36,822,361
ii) Money at call and short notice		
a) With banks	53,000,000	5,087,500
b) With other institutions	..	4,568,688
TOTAL	92,471,102	49,307,054
II. Outside India		
i) In current accounts	19,249,648	23,470,339
ii) In other deposit accounts	87,128,213	35,029,254
iii) Money at call and short notice	24,798,916	49,873,552
TOTAL	131,176,777	108,373,145
TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	223,647,879	157,680,199

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2013	At 31.03.2012
SCHEDULE 8 - INVESTMENTS		
I. Investments in India [net of provisions]		
i) Government securities	923,762,915	869,480,205
ii) Other approved securities	..	4,250
iii) Shares (includes equity and preference shares)	25,050,852	22,922,636
iv) Debentures and bonds	174,775,171	195,135,236
v) Subsidiaries and/or joint ventures	65,482,766	64,796,927
vi) Others (commercial paper, mutual fund units, pass through certificates, security receipts, certificate of deposits, Rural Infrastructure Development Fund deposits and other related investments)	447,127,306	361,872,334
TOTAL INVESTMENTS IN INDIA	1,636,199,010	1,514,211,588
II. Investments outside India [net of provisions]		
i) Government securities	6,574,742	4,399,569
ii) Subsidiaries and/or joint ventures abroad (includes equity and preference shares)	62,475,493	66,864,257
iii) Others (equity shares, bonds and certificate of deposits)	8,686,748	10,125,016
TOTAL INVESTMENTS OUTSIDE INDIA	77,736,983	81,388,842
TOTAL INVESTMENTS	1,713,935,993	1,595,600,430
A. Investments in India		
Gross value of investments	1,663,577,178	1,539,777,243
Less: Aggregate of provision/depreciation/(appreciation)	27,378,168	25,565,655
Net investments	1,636,199,010	1,514,211,588
B. Investments outside India		
Gross value of investments	77,981,759	81,826,347
Less: Aggregate of provision/depreciation/(appreciation)	244,776	437,505
Net investments	77,736,983	81,388,842
TOTAL INVESTMENTS	1,713,935,993	1,595,600,430

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2013	At 31.03.2012
SCHEDULE 9 - ADVANCES [net of provisions]		
A. i) Bills purchased and discounted	61,532,333	48,693,815
ii) Cash credits, overdrafts and loans repayable on demand	451,092,674	334,851,948
iii) Term loans	2,389,869,344	2,153,730,816
TOTAL ADVANCES	2,902,494,351	2,537,276,579
B. i) Secured by tangible assets (includes advances against book debts)	2,471,296,382	2,138,141,465
ii) Covered by bank/government guarantees	22,221,201	13,869,020
iii) Unsecured	408,976,768	385,266,094
TOTAL ADVANCES	2,902,494,351	2,537,276,579
C. I. Advances in India		
i) Priority sector	597,940,480	592,856,433
ii) Public sector	13,438,496	11,968,345
iii) Banks	187,857	154,618
iv) Others	1,557,357,190	1,238,268,015
TOTAL ADVANCES IN INDIA	2,168,924,023	1,843,247,411
II. Advances outside India		
i) Due from banks	18,107,068	22,280,480
ii) Due from others		
a) Bills purchased and discounted	17,437,061	5,098,400
b) Syndicated and term loans	680,864,553	647,151,172
c) Others	17,161,646	19,499,116
TOTAL ADVANCES OUTSIDE INDIA	733,570,328	694,029,168
TOTAL ADVANCES	2,902,494,351	2,537,276,579

₹ in '000s

	At 31.03.2013	At 31.03.2012
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
At cost at March 31 of preceding year	38,625,073	37,997,195
Additions during the year	1,124,842	690,890
Deductions during the year	(927,636)	(63,012)
Depreciation to date[1]	(7,543,258)	(6,916,047)
Net block	31,279,021	31,709,026
II. Other fixed assets (including furniture and fixtures)		
At cost at March 31 of preceding year	38,319,238	35,777,378
Additions during the year	4,521,473	2,997,878
Deductions during the year	(2,526,697)	(456,018)
Depreciation to date[2]	(27,470,762)	(26,275,723)
Net block	12,843,252	12,043,515
III. Assets given on lease		
At cost at March 31 of preceding year	17,299,544	17,300,087
Additions during the year	..	..
Deductions during the year	..	(543)
Depreciation to date, accumulated lease adjustment and provisions[3]	(14,951,230)	(14,905,215)
Net block	2,348,314	2,394,329
TOTAL FIXED ASSETS	46,470,587	46,146,870

1. Includes depreciation charge amounting to ₹ 1,137.0 million (March 31, 2012: ₹ 1,230.9 million).
2. Includes depreciation charge amounting to ₹ 3,436.4 million (March 31, 2012: ₹ 3,591.8 million).
3. Includes depreciation charge/lease adjustment amounting to ₹ 328.2 million (March 31, 2012: ₹ 422.6 million).

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2013	At 31.03.2012
SCHEDULE 11 - OTHER ASSETS		
I. Inter-office adjustments (net)	..	..
II. Interest accrued	44,902,010	42,175,150
III. Tax paid in advance/tax deducted at source (net)	36,098,478	34,161,502
IV. Stationery and stamps	10,045	10,308
V. Non-banking assets acquired in satisfaction of claims[1]	576,833	600,575
VI. Advances for capital assets	1,154,106	1,344,889
VII. Deposits	10,868,027	10,669,329
VIII. Deferred tax asset (net)	24,793,018	25,453,167
IX. Others[2]	172,468,175	234,956,038
TOTAL OTHER ASSETS	290,870,692	349,370,958

1. Includes certain non-banking assets acquired in satisfaction of claims which are in the process of being transferred in the Bank's name.
2. The Bank has presented the mark-to-market (MTM) gain or loss on forex and derivative transactions on gross basis. Accordingly, the gross positive MTM amounting to ₹ 113,239.6 million has been included in Other assets. Consequent to the change, Other assets have increased by ₹ 154,217.1 million at March 31, 2012.

₹ in '000s

	At 31.03.2013	At 31.03.2012
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	36,373,051	29,310,352
II. Liability for partly paid investments	128,050	128,050
III. Liability on account of outstanding forward exchange contracts[1]	2,838,503,955	3,560,050,874
IV. Guarantees given on behalf of constituents		
a) In India	717,848,338	720,946,196
b) Outside India	226,321,011	234,068,666
V. Acceptances, endorsements and other obligations	621,180,725	568,856,614
VI. Currency swaps[1]	565,474,647	616,403,680
VII. Interest rate swaps, currency options and interest rate futures[1]	2,855,937,706	3,362,012,187
VIII. Other items for which the Bank is contingently liable	38,125,663	62,874,440
TOTAL CONTINGENT LIABILITIES	7,899,893,146	9,154,651,059

1. Represents notional amount.

Schedules forming part of the profit and loss account

₹ in '000s

	Year ended 31.03.2013	Year ended 31.03.2012
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	273,411,095	221,298,923
II. Income on investments	110,092,680	96,840,240
III. Interest on balances with Reserve Bank of India and other inter-bank funds	5,429,767	4,911,364
IV. Others[1,2]	11,822,427	12,375,995
TOTAL INTEREST EARNED	400,755,969	335,426,522

1. Includes interest on income tax refunds amounting to ₹ 2,575.5 million (March 31, 2012: ₹ 801.1 million).
2. Includes interest and amortisation of premium on non-trading interest rate swaps and foreign currency swaps.

₹ in '000s

	Year ended 31.03.2013	Year ended 31.03.2012
SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	54,616,556	54,351,128
II. Profit/(loss) on sale of investments (net)	5,651,026	3,313,505
III. Profit/(loss) on revaluation of investments (net)	(1,286,689)	(4,053,393)
IV. Profit/(loss) on sale of land, buildings and other assets (net)[1]	352,510	(16,876)
V. Profit/(loss) on exchange transactions (net)	13,330,644	12,589,981
VI. Income earned by way of dividends, etc. from subsidiary companies and/or joint ventures abroad/in India	9,117,637	7,364,045
VII. Miscellaneous income (including lease income)	1,675,328	1,479,208
TOTAL OTHER INCOME	83,457,012	75,027,598

1. Includes profit/(loss) on sale of assets given on lease.

₹ in '000s

	Year ended 31.03.2013	Year ended 31.03.2012
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	168,889,489	143,040,614
II. Interest on Reserve Bank of India/inter-bank borrowings	20,865,555	14,692,117
III. Others (including interest on borrowings of erstwhile ICICI Limited)	72,336,804	70,352,233
TOTAL INTEREST EXPENDED	262,091,848	228,084,964

₹ in '000s

	Year ended 31.03.2013	Year ended 31.03.2012
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	38,932,853	35,152,766
II. Rent, taxes and lighting[1]	7,368,037	6,756,357
III. Printing and stationery	1,175,023	1,000,743
IV. Advertisement and publicity	1,891,608	1,324,783
V. Depreciation on Bank's property	4,573,380	4,822,742
VI. Depreciation (including lease equalisation) on leased assets	328,220	422,579
VII. Directors' fees, allowances and expenses	3,985	4,154
VIII. Auditors' fees and expenses	29,288	25,142
IX. Law charges	405,906	374,653
X. Postages, telegrams, telephones, etc.	2,188,627	1,902,982
XI. Repairs and maintenance	6,661,542	5,629,537
XII. Insurance	2,243,842	2,234,700
XIII. Direct marketing agency expenses	3,464,848	1,604,439
XIV. Other expenditure	20,861,678	17,248,856
TOTAL OPERATING EXPENSES	90,128,837	78,504,433

1. Includes lease payment of ₹ 5,065.8 million (March 31, 2012: ₹ 4,478.1 million).

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

OVERVIEW

ICICI Bank Limited (ICICI Bank or the Bank), incorporated in Vadodara, India is a publicly held banking company engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ICICI Bank is a banking company governed by the Banking Regulation Act, 1949. The Bank also has overseas branches in Bahrain, Dubai, Hong Kong, Qatar, Sri Lanka, Singapore, United States of America and Offshore Banking Unit.

Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of ICICI Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and notified under the Companies (Accounting Standards) Rules, 2006 to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the historical cost convention and the accrual method of accounting, except in the case of interest income on non-performing assets (NPAs) where it is recognised upon realisation.

The preparation of financial statements requires the management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

SIGNIFICANT ACCOUNTING POLICIES

1. Revenue recognition

a) Interest income is recognised in the profit and loss account as it accrues except in the case of non-performing assets (NPAs) where it is recognised upon realisation, as per the income recognition and asset classification norms of RBI.

b) Income from leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding on the lease over the primary lease period. Finance leases entered into prior to April 1, 2001 have been accounted for as per the Guidance Note on Accounting for Leases issued by ICAI. The finance leases entered post April 1, 2001 have been accounted for as per Accounting Standard 19 - Leases issued by ICAI.

c) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.

d) Dividend income is accounted on an accrual basis when the right to receive the dividend is established.

e) Loan processing fee is accounted for upfront when it becomes due.

f) Project appraisal/structuring fee is accounted for on the completion of the agreed service.

g) Arranger fee is accounted for as income when a significant portion of the arrangement/syndication is completed.

h) Commission received on guarantees issued is amortised on a straight-line basis over the period of the guarantee.

i) All other fees are accounted for as and when they become due.

j) Net income arising from sell-down/securitisation of loan assets prior to February 1, 2006 has been recognised upfront as interest income. With effect from February 1, 2006, net income arising from securitisation of loan assets is amortised over the life of securities issued or to be issued by the special purpose vehicle/special purpose entity to which the assets are sold. Net income arising from sale of loan assets through direct assignment with recourse obligation is amortised over the life of underlying assets sold and net income from sale of loan assets through direct assignment, without any recourse obligation, is recognised at the time of sale. Net loss arising on account of the sell-down/securitisation and direct assignment of loan assets is recognised at the time of sale.

k) The Bank deals in bullion business on a consignment basis. The difference between price recovered from customers and cost of bullion is accounted for at the time of sales to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on accrual basis.

2. Investments

Investments are accounted for in accordance with the extant RBI guidelines on investment classification and valuation as given below.

a) All investments are classified into 'Held to Maturity', 'Available for Sale' and 'Held for Trading'. Reclassifications, if any, in any category are accounted for as per RBI guidelines. Under each classification, the investments are further categorised as (a) government securities, (b) other approved securities, (c) shares, (d) bonds and debentures, (e) subsidiaries and joint ventures and (f) others.

b) 'Held to Maturity' securities are carried at their acquisition cost or at amortised cost, if acquired at a premium over the face value. Any premium over the face value of fixed rate and floating rate securities acquired is amortised over the remaining period to maturity on a constant yield basis and straight line basis respectively.

c) 'Available for Sale' and 'Held for Trading' securities are valued periodically as per RBI guidelines. Any premium over the face value of fixed rate and floating rate investments in government securities, classified as 'Available for Sale', is amortised over the remaining period to maturity on constant yield basis and straight line basis respectively. Quoted investments are valued based on the trades/quotes on the recognised stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association (FIMMDA), periodically.

The market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio (SLR) securities included in the 'Available for Sale' and 'Held for Trading' categories is as per the rates published by FIMMDA. The valuation of other unquoted fixed income securities wherever linked to the Yield-to-Maturity (YTM) rates, is computed with a mark-up (reflecting associated credit risk) over the YTM rates for government securities published by FIMMDA.

Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available, or at ₹ 1, as per RBI guidelines.

Securities are valued scrip-wise and depreciation/appreciation is aggregated for each category. Net appreciation in each category, if any, being unrealised, is ignored, while net depreciation is provided for. Non-performing investments are identified based on the RBI guidelines.

d) Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the profit and loss account. Cost of investments is computed based on the First-In-First-Out (FIFO) method.

e) Equity investments in subsidiaries/joint ventures are categorised as 'Held to Maturity' in accordance with RBI guidelines. The Bank assesses these investments for any permanent diminution in value and appropriate provisions are made.

f) Profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the profit and loss account.

g) Market repurchase and reverse repurchase transactions are accounted for as borrowing and lending transactions respectively in accordance with the extant RBI guidelines. The transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as borrowing and lending transactions.

h) Broken period interest (the amount of interest from the previous interest payment date till the date of purchase/sale of instruments) on debt instruments is treated as a revenue item.

i) At the end of each reporting period, security receipts issued by the asset reconstruction companies are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction companies are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting period end.

j) The Bank follows trade date method of accounting for purchase and sale of investments, except for government of India and state government securities where settlement date method of accounting is followed in accordance with RBI guidelines.

3. Provision/write-offs on loans and other credit facilities

a) All credit exposures, including loans and advances at the overseas branches and overdues arising from crystallised derivative contracts, are classified as per RBI guidelines, into performing and NPAs. Loans and advances held at the overseas branches that are identified as impaired as per host country regulations but which are standard as per the extant RBI guidelines are identified as NPAs at borrower level. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.

In the case of corporate loans and advances, provisions are made for sub-standard and doubtful assets at rates prescribed by RBI. Loss assets and the unsecured portion of doubtful assets are provided/written-off as per the extant RBI guidelines. For loans and advances booked in overseas branches, which are standard as per the extant RBI guidelines but are classified as NPAs based on host country guidelines, provisions are made as per the host country regulations. For loans and advances booked in overseas branches, which are NPAs as per the extant RBI guidelines and as per host country guidelines, provisions are made at the higher of the provisions required under RBI regulations and host country regulations. Provisions on homogeneous retail loans and advances, subject to minimum provisioning requirements of RBI, are assessed at a borrower level, on the basis of the ageing of the loans in the non-performing category.

The Bank holds specific provisions against non-performing loans and advances, general provision against performing loans and advances and floating provision taken over from erstwhile Bank of Rajasthan upon amalgamation. The assessment of incremental specific provisions is made after taking into consideration the existing specific provision held. The specific provisions on retail loans and advances held by the Bank are higher than the minimum regulatory requirements.

b) Provision on loans and advances restructured/rescheduled is made in accordance with the applicable RBI guidelines on restructuring of loans and advances by Banks.

   In respect of non-performing loans and advances accounts subjected to restructuring, the account is upgraded to standard 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 of the account during the period.

c) Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the profit and loss account.

d) In addition to the specific provision on NPAs, the Bank maintains a general provision on performing loans and advances at rates prescribed by RBI. For performing loans and advances in overseas branches, the general provision is made at higher of host country regulations requirement and RBI requirement.

e) In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposures including indirect country risk (other than for home country exposure). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provisioning is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, provision is required to be held at 25% of the rates applicable to exposures exceeding 180 days. The indirect exposures will be reckoned at 50% of the exposure. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is required on such country exposure.

4. Transfer and servicing of assets

The Bank transfers commercial and consumer loans through securitisation transactions. The transferred loans are de-recognised and gains/losses are accounted for only if the Bank surrenders the rights to benefits specified in the underlying securitised loan contract. Recourse and servicing obligations are accounted for net of provisions.

In accordance with the RBI guidelines for securitisation of standard assets, with effect from February 1, 2006, the Bank accounts for any loss arising from securitisation immediately at the time of sale and the profit/premium arising from securitisation is amortised over the life of the securities issued or to be issued by the special purpose vehicle to which the assets are sold. In the case of loans sold to an asset reconstruction company, the excess provision is not reversed but is utilised to meet the shortfall/loss on account of sale of other financial assets to securitisation company (SC)/reconstruction company (RC).

In accordance with the RBI guidelines dated May 7, 2012 for securitisation of standard assets, with effect from May 7, 2012, the Bank accounts for any loss arising from securitisation immediately at the time of sale and the profit/premium arising from securitisation is amortised over the life of the transaction based on the method prescribed by RBI guidelines.

5. Fixed assets and depreciation

Premises and other fixed assets are carried at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The rates of depreciation for fixed assets, which are not lower than the rates prescribed in Schedule XIV of the Companies Act, 1956, are given below.

Asset	Depreciation Rate
Premises owned by the Bank	1.63%
Improvements to leasehold premises	1.63% or over the lease period, whichever is higher
ATMs	12.50%
Plant and machinery like air conditioners, photo-copying machines, etc.	10.00%
Computers	33.33%
Furniture and fixtures	15.00%
Motor vehicles	20.00%
Others (including Software and system development expenses)	25.00%

a. Depreciation on leased assets and leasehold improvements is recognised on a straight-line basis using rates determined with reference to the primary period of lease or rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher.
b. Assets purchased/sold during the year are depreciated on a pro-rata basis for the actual number of days the asset has been put to use.
c. Items costing upto ₹ 5,000/- are depreciated fully over a period of 12 months from the date of purchase.
d. Assets at residences of Bank's employees are depreciated at 20% per annum.

e. In case of revalued/impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised assets values.

6. Transactions involving foreign exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations (representative offices) are translated at daily closing rates, and income and expenditure items of non-integral foreign operations (foreign branches and offshore banking units) are translated at quarterly average closing rates.

Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing exchange rates notified by Foreign Exchange Dealers' Association of India (FEDAI) at the balance sheet date and the resulting profits/losses are included in the profit and loss account.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the balance sheet date and the resulting profits/losses from exchange differences are accumulated in the foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operations.

The premium or discount arising on inception of forward exchange contracts that are entered into to establish the amount of reporting currency required or available at the settlement date of a transaction is amortised over the life of the contract. All other outstanding forward exchange contracts are revalued based on the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of interim maturities. The contracts of longer maturities where exchange rates are not notified by FEDAI, are revalued based on the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognised in the profit and loss account.

Contingent liabilities on account of guarantees, endorsements and other obligations denominated in foreign currencies are disclosed at the closing exchange rates notified by FEDAI at the balance sheet date.

7. Accounting for derivative contracts

The Bank enters into derivative contracts such as foreign currency options, interest rate and currency swaps, credit default swaps and cross currency interest rate swaps.

The swap contracts entered to hedge on-balance sheet assets and liabilities are structured such that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of underlying assets and accounted pursuant to the principles of hedge accounting. Hedged swaps are accounted for on an accrual basis.

Foreign currency and rupee derivative contracts entered into for trading purposes are marked to market and the resulting gain or loss (net of provisions, if any) is accounted for in the profit and loss account. Pursuant to RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed through profit and loss account.

8. Employee Stock Option Scheme (ESOS)

The Employees Stock Option Scheme (the Scheme) provides for grant of option on equity shares of the Bank to wholetime directors and employees of the Bank and its subsidiaries. The Scheme provides that employees are granted an option to subscribe to equity shares of the Bank that vest in a graded manner. The options may be exercised within a specified period. The Bank follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and amortised over the vesting period. The fair market price is the latest closing price, immediately prior to the grant date, which is generally the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

9. Staff Retirement Benefits

Gratuity

The Bank pays gratuity to employees who retire or resign after a minimum prescribed period of continuous service and in case of employees at overseas locations as per the rules in force in the respective countries.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Actuarial valuation of the gratuity liability is determined by an actuary appointed by the Bank. Actuarial valuation of gratuity liability is determined based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

Superannuation Fund

The Bank contributes 15.0% of the total annual basic salary of certain employees to a superannuation fund for its employees. The Bank also gives an option to its employees, allowing them to receive the amount contributed by the Bank along with their monthly salary during their employment.

The amount so contributed/paid by the Bank to the superannuation fund or to employee during the year is recognised in the profit and loss account.

Pension

The Bank provides for pension, a deferred retirement plan covering certain employees of erstwhile Bank of Madura, erstwhile Sangli Bank and erstwhile Bank of Rajasthan. The plan provides for pension payment including dearness relief on a monthly basis to these employees on their retirement based on the respective employee’s years of service with the Bank and applicable salary.

Actuarial valuation of the pension liability is determined by an actuary appointed by the Bank. Actuarial valuation of pension liability is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Employees covered by the pension plan are not eligible for employer's contribution under the provident fund plan.

Provident Fund

The Bank is statutorily required to maintain a provident fund as a part of retirement benefits to its employees. Each employee contributes a certain percentage of his or her basic salary and the Bank contributes an equal amount. The funds are invested according to the rules prescribed by the Government of India.

Actuarial valuation for the interest rate guarantee on the provident fund balances is determined by an actuary appointed by the Bank.

The actuarial gains or losses arising during the year are recognised in the profit and loss account.

Leave encashment

The Bank provides for leave encashment benefit, which is a long-term benefit scheme, based on actuarial valuation conducted by an independent actuary.

10. Income Taxes

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively. Deferred tax adjustments comprise changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgement as to whether their realisation is considered as reasonably/virtually certain.

11. Impairment of Assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset with future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

12. Provisions, contingent liabilities and contingent assets

The Bank estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available up to the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimates of amounts required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statements. The Bank does not account for or disclose contingent assets, if any.

13. Earnings per share (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.
Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

14. Lease transactions

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss account over the lease term on straight line basis.

15. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

SCHEDULE 18

NOTES FORMING PART OF THE ACCOUNTS

The following additional disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines in this regard.

1. Earnings per share

Basic and diluted earnings per equity share are computed in accordance with AS 20–Earnings per share. Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. The diluted earnings per equity share is computed using the weighted average number of equity shares and weighted average number of dilutive potential equity shares outstanding during the year.

The following table sets forth, for the periods indicated, the computation of earnings per share.

₹ in million, except per share data

	Year ended March 31, 2013	Year ended March 31, 2012
Basic		
Weighted average no. of equity shares outstanding	1,153,066,422	1,152,338,322
Net profit	83,254.7	64,652.6
Basic earnings per share (₹)	72.20	56.11
Diluted		
Weighted average no. of equity shares outstanding	1,157,455,610	1,155,591,617
Net profit	83,254.7	64,652.6
Diluted earnings per share (₹)	71.93	55.95
Nominal value per share (₹)	10.00	10.00

The dilutive impact is due to options granted to employees by the Bank.

2. Business/information ratios

The following table sets forth, for the periods indicated, the business/information ratios.

		Year ended March 31, 2013	Year ended March 31, 2012
(i)	Interest income to working funds[1]	8.17%	7.79%
(ii)	Non-interest income to working funds[1]	1.70%	1.74%
(iii)	Operating profit to working funds[1]	2.69%	2.41%
(iv)	Return on assets[2]	1.70%	1.50%
(v)	Profit per employee[3] (₹ in million)	1.4	1.1
(vi)	Business (average deposits plus average advances) per employee[3,4] (₹ in million)	73.5	70.8

1. For the purpose of computing the ratio, working funds represent the monthly average of total assets as reported in Form X to RBI under Section 27 of the Banking Regulation Act, 1949.
2. For the purpose of computing the ratio, assets represent monthly average of total assets as reported in Form X to RBI under Section 27 of the Banking Regulation Act, 1949.
3. The number of employees includes sales executives, employees on fixed term contracts and interns.
4. The average deposits and the average advances represent the simple average of the figures reported in Form A to RBI under Section 42(2) of the Reserve Bank of India Act, 1934.

3. Capital adequacy ratio

The Bank is subject to the Basel II capital adequacy guidelines stipulated by RBI with effect from March 31, 2008. The RBI guidelines on Basel II require the Bank to maintain a minimum capital to risk-weighted assets ratio (CRAR) of 9.0% and a minimum Tier I CRAR of 6.0% on an ongoing basis.

RBI has also stipulated that banks shall maintain capital at higher of the minimum capital required as per Basel II or 80% of the minimum capital requirement under Basel I. At March 31, 2013, the prudential floor at 80% of the minimum capital requirement under Basel I was ₹ 359,052.2 million and was lower than the minimum capital requirement of ₹ 397,749.2 million under Basel II. Hence, the Bank has maintained capital adequacy at March 31, 2013 as per the Basel II norms.

The following table sets forth, for the dates indicated, computation of capital adequacy.

₹ in million

	As per Basel I framework		As per Basel II framework	
	At March 31, 2013[1]	At March 31, 2012	At March 31, 2013[1]	At March 31, 2012
Tier I capital	573,361.5	512,158.7	565,615.9	505,182.8
Lower Tier I	31,423.0	30,254.9	31,423.0	30,254.9
Tier II capital	269,371.0	238,563.6	262,739.2	232,946.4
Upper Tier II	146,958.5	143,889.5	146,958.5	143,889.5
Lower Tier II subordinated debt	176,506.1	155,206.3	176,506.1	155,206.3
Total capital	842,732.5	750,722.3	828,355.1	738,129.2
Total risk weighted assets	4,986,835.6	4,618,042.1	4,419,435.0	3,985,857.8
CRAR (%)	16.90%	16.26%	18.74%	18.52%
CRAR – Tier I capital (%)	11.50%	11.09%	12.80%	12.68%
CRAR – Tier II capital (%)	5.40%	5.17%	5.94%	5.84%
Amount raised by issue of Innovative Perpetual Debt Instruments (IPDI) during the year	..	..	..	..
Amount raised by issue of upper Tier II Instruments during the year	..	..	..	..
Amount of subordinated debt raised as Tier II capital during the year	38,000	16,000.0	38,000	16,000.0

4. Information about business and geographical segments

Business Segments

Pursuant to the guidelines issued by RBI on Accounting Standard 17-(Segment Reporting)-Enhancement of Disclosures dated April 18, 2007, effective from year ended March 31, 2008, the following business segments have been reported.

- Retail Banking includes exposures which satisfy the four criteria of orientation, product, granularity and low value of individual exposures for retail exposures laid down in Basel Committee on Banking Supervision document "International Convergence of Capital Measurement and Capital Standards: A Revised Framework".
- Wholesale Banking includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under Retail Banking.
- Treasury includes the entire investment and derivative portfolio of the Bank.
- Other Banking includes leasing operations and other items not attributable to any particular business segment.

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

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.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

The following tables set forth, for the periods indicated, the business segment results on this basis.

₹ in million

For the year ended March 31, 2013						
Particulars		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1	Revenue	225,856.3	313,687.6	355,862.8	6,238.4	901,645.1
2	Less: Inter-segment revenue					417,432.1
3	Total revenue (1)–(2)					484,213.0
4	Segment results	9,545.5	66,188.6	36,539.2	1,693.6	113,966.9
5	Unallocated expenses					..
6	Operating profit (4)-(5)					113,966.9
7	Income tax expenses (Including deferred tax)					30,712.2
8	Net profit (6)-(7)					83,254.7
9	Segment assets	729,750.3	2,269,628.7	2,274,859.6	32,816.7	5,307,055.3
10	Unallocated assets[1]					60,891.5
11	Total assets (9)+(10)					5,367,946.8
12	Segment liabilities	2,043,187.5	1,071,994.1	2,243,734.8[2]	9,030.4	5,367,946.8
13	Unallocated liabilities					..
14	Total liabilities (12)+(13)					5,367,946.8
15	Capital expenditure	4,426.2	1,188.2	10.8	21.1	5,646.3
16	Depreciation	3,540.8	991.8	18.4	350.6	4,901.6

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax asset (net).
2. Includes share capital and reserves and surplus.

₹ in million

For the year ended March 31, 2012						
Particulars		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1	Revenue	197,112.7	261,713.1	301,414.2	2,821.8	763,061.8
2	Less: Inter-segment revenue					352,607.7
3	Total revenue (1)–(2)					410,454.1
4	Segment results	5,499.9	62,077.3	20,806.8	(349.7)	88,034.3
5	Unallocated expenses					..
6	Operating profit (4)-(5)					88,034.3
7	Income tax expenses (Including deferred tax)					23,381.7
8	Net profit (6)-(7)					64,652.6
9	Segment assets	697,767.7	1,940,355.9	2,169,280.2	23,669.5	4,831,073.3
10	Unallocated assets[1]					59,614.7
11	Total assets (9)+(10)					4,890,688.0
12	Segment liabilities	1,766,275.9	876,508.2	2,237,806.9	10,097.0	4,890,688.0
13	Unallocated liabilities					..
14	Total liabilities (12)+(13)					4,890,688.0
15	Capital expenditure	3,215.5	462.7	6.2	4.4	3,688.8
16	Depreciation	3,544.7	1,236.3	21.2	443.1	5,245.3

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax asset (net).
2. Includes share capital and reserves and surplus.

Geographical segments

The Bank reports its operations under the following geographical segments.

- Domestic operations comprise branches in India.
- Foreign operations comprise branches outside India and offshore banking unit in India.

The following table sets forth, for the periods indicated, geographical segment revenues.

₹ in million

Revenue	Year ended March 31, 2013	Year ended March 31, 2012
Domestic operations	437,287.2	366,126.5
Foreign operations	46,925.8	44,327.6
Total	484,213.0	410,454.1

The following table sets forth, for the periods indicated, geographical segment assets.

₹ in million

Assets	At March 31, 2013	At March 31, 2012
Domestic operations	4,371,958.3	3,956,024.2
Foreign operations	935,097.0	875,049.1
Total	5,307,055.3	4,831,073.3

Segment assets do not include tax paid in advance/tax deducted at source (net) and deferred tax asset (net).

The following table sets forth, for the periods indicated, capital expenditure and depreciation thereon for the geographical segments.

₹ in million

	Capital expenditure incurred during		Depreciation provided during	
	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2012
Domestic operations	5,566.3	3,616.0	4,863.2	5,211.8
Foreign operations	80.0	72.8	38.4	33.5
Total	5,646.3	3,688.8	4,901.6	5,245.3

5. Maturity pattern

- In compiling the information of maturity pattern, certain estimates and assumptions have been made by the management.
- Assets and liabilities in foreign currency exclude off-balance sheet assets and liabilities.

The following table sets forth, the maturity pattern of assets and liabilities of the Bank at March 31, 2013.

₹ in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1,2]	Total foreign currency assets	Total foreign currency liabilities
Day 1	9,112.9	48,665.0	27,643.7	..	31,676.4	6,857.7
2 to 7 days	17,209.7	216,271.1	88,557.0	156,492.0	57,443.0	24,006.9
8 to 14 days	14,952.5	66,915.8	64,225.5	31,737.6	41,757.7	55,617.7
15 to 28 days	56,985.4	117,812.7	78,776.1	8,271.2	29,492.2	25,583.6
29 days to 3 months	185,648.6	98,700.0	303,018.0	84,903.6	84,484.9	107,712.0
3 to 6 months	204,592.9	77,242.1	265,480.7	126,686.4	71,474.5	151,527.4
6 months to 1 year	319,463.0	158,405.5	459,085.7	158,589.4	59,533.2	199,375.4
1 to 3 years	1,185,745.7	241,872.3	442,488.6	208,659.0	206,040.3	212,432.6
3 to 5 years	493,899.9	212,552.0	600,623.9	232,053.6	194,085.6	163,472.9
Above 5 years	414,883.8	475,499.5	596,237.1	446,022.1	249,487.3	189,654.3
Total	2,902,494.4	1,713,936.0	2,926,136.3	1,453,414.9	1,025,475.1	1,136,240.5

1. Includes foreign currency balances.
2. Includes borrowings in the nature of subordinated debts and preference shares.

The following table sets forth the maturity pattern of assets and liabilities of the Bank at March 31, 2012.

₹ in million

Maturity buckets	Loans & Advances[1]	Investment securities[1]	Deposits[1]	Borrowings [1,2]	Total foreign currency assets	Total foreign currency liabilities
Day 1	7,738.5	35,284.9	19,792.9	..	30,222.0	2,688.8
2 to 7 days	13,041.4	217,729.6	44,612.6	174,543.1	69,821.6	9,310.3
8 to 14 days	13,191.0	49,505.7	54,744.2	2,543.6	10,671.6	7,216.8
15 to 28 days	39,001.7	95,723.5	97,134.4	26,841.4	21,209.7	25,492.3
29 days to 3 months	142,209.3	77,392.4	273,131.8	80,937.6	67,038.9	114,905.9
3 to 6 months	188,828.5	87,627.9	288,254.6	141,606.5	73,969.8	129,864.6
6 months to 1 year	336,379.4	149,466.7	452,112.8	223,622.4	95,326.5	241,781.4
1 to 3 years	1,043,883.5	245,244.2	690,126.6	173,520.5	172,330.3	197,466.2
3 to 5 years	388,469.1	152,923.0	228,550.3	197,146.0	147,925.4	140,532.7
Above 5 years	364,534.2	484,702.5	406,539.4	380,888.0	281,977.9	178,630.3
Total	2,537,276.6	1,595,600.4	2,554,999.6	1,401,649.1	970,493.7	1,047,889.3

1. Includes foreign currency balances.
2. Includes borrowings in the nature of subordinated debts and preference shares.

6. Preference shares

Certain government securities amounting to ₹ 2,749.9 million at March 31, 2013 (March 31, 2012: ₹ 2,578.1 million) have been earmarked against redemption of preference shares issued by the Bank, which fall due for redemption on April 20, 2018, as per the original issue terms.

7. Employee Stock Option Scheme (ESOS)

In terms of the ESOS, as amended, the maximum number of options granted to any eligible employee in a financial year shall not exceed 0.05% of the issued equity shares of the Bank at the time of grant of the options and aggregate of all such options granted to the eligible employees shall not exceed 10% of the aggregate number of the issued equity shares of the Bank on the date(s) of the grant of options. Under the stock option scheme, eligible employees are entitled to apply for equity shares. Options granted for fiscal 2003 vest in a graded manner over a three-year period, with 20%, 30% and 50% of the grants vesting in each year commencing from the end of 12 months from the date of grant. Options granted from fiscal 2004 vest in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant. Options granted in April 2009 vest in a graded manner over a five year period with 20%, 20%, 30% and 30% of grant vesting each year, commencing from the end of 24 months from the date of grant. Options granted in September, 2011 vest in a graded manner over a five years period with 15%, 20%, 20% and 45% of grant vesting each year, commencing from the end of 24 months from the date of the grant. The options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. The exercise price of Bank's options was the last closing price on the stock exchange, which recorded highest trading volume preceding the date of grant of options. Hence, there was no compensation cost based on intrinsic value of options.

In February, 2011, the Bank granted 3,035,000 options to eligible employees and whole-time Directors of ICICI Bank and certain of its subsidiaries at an exercise price of ₹ 967. Of these options granted, 50% would vest on April 30, 2014 and the balance 50% would vest on April 30, 2015. The options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. Based on intrinsic value of options, compensation cost of ₹ 21.0 million was recognised during the year ended March 31, 2013 (March 31, 2012: ₹ 21.0 million).

If ICICI Bank had used the fair value of options based on binomial tree model, compensation cost in the year ended March 31, 2013 would have been higher by ₹ 1,865.9 million and proforma profit after tax would have been ₹ 81.39 billion. On a proforma basis, ICICI Bank's basic and diluted earnings per share would have been ₹ 70.58 and ₹ 70.32 respectively. The key assumptions used to estimate the fair value of options granted during the year ended March 31, 2013 are given below.

Risk-free interest rate	7.99% to 8.87%
Expected life	6.35 years
Expected volatility	48.99% to 49.55%
Expected dividend yield	1.52% to 1.96%

The weighted average fair value of options granted during the year ended March 31, 2013 is ₹ 434.91 (March 31, 2012: ₹ 592.52).

The following table sets forth, for the period indicated, the summary of the status of the Bank's stock option plan.

₹ except number of options

Particulars	Stock options outstanding			
	Year ended March 31, 2013		Year ended March 31, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	23,199,545	846.94	20,529,387	779.72
Add: Granted during the year	4,450,200	844.53	4,060,600	1,104.82
Less: Lapsed during the year, net of re-issuance	802,019	929.35	448,372	798.77
Less: Exercised during the year	867,273	511.63	942,070	510.94
Outstanding at the end of the year	25,980,453	855.18	23,199,545	846.94
Options exercisable	13,597,383	793.57	12,019,655	745.26

In terms of the Scheme, 25,980,453 options (March 31, 2012: 23,199,545 options) granted to eligible employees were outstanding at March 31, 2013.

The following table sets forth, the summary of stock options outstanding at March 31, 2013.

Range of exercise price (₹ per share)	Number of shares arising out of options	Weighted average exercise price (₹ per share)	Weighted average remaining contractual life (Number of years)
105-299	12,675	132.05	0.07
300-599	5,229,338	470.26	3.35
600-999	16,827,750	917.10	6.66
1,000-1,399	3,910,690	1,105.80	8.06

The following table sets forth, the summary of stock options outstanding at March 31, 2012.

Range of exercise price (₹ per share)	Number of shares arising out of options	Weighted average exercise price (₹ per share)	Weighted average remaining contractual life (Number of years)
105-299	28,925	132.05	1.07
300-599	6,048,620	471.10	4.35
600-999	13,122,000	942.79	6.80
1,000-1,399	4,000,000	1,106.03	9.04

The options were exercised regularly throughout the period and weighted average share price as per NSE price volume data during the year ended March 31, 2013 was ₹ 1,000.21 (March 31, 2012: ₹ 922.76).

8. Subordinated debt

During the year ended March 31, 2013, the Bank raised subordinated debt qualifying for Tier II capital amounting to ₹ 38,000.0 million. The following table sets forth, the details of these bonds.

₹ in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Lower Tier II	December 31, 2012	9.15% (annually)	10 years	38,000.0
Total				38,000.0

During the year ended March 31, 2012, the Bank raised subordinated debt qualifying for Tier II capital amounting to ₹ 16,000.0 million. The following table sets forth, the details of these bonds.

₹ in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Lower Tier II	March 16, 2012	9.20% (semi-annually)	6 years	16,000.0
Total				16,000.0

9. Repurchase transactions

The following tables set forth for the period indicated, the details of securities sold and purchased under repo and reverse repo transactions respectively including transactions under Liquidity Adjustment Facility (LAF).

₹ in million

		Minimum outstanding balance during the	Maximum outstanding balance during the	Daily average outstanding balance during the	Outstanding balance at March 31, 2013
		Year ended March 31, 2013			
Securities sold under Repo and LAF					
i)	Government Securities	1.1	189,003.7	93,603.4	150,003.7
ii)	Corporate Debt Securities	..	..	..	..
Securities purchased under Reverse Repo and LAF					
i)	Government Securities	..	50,211.3	4,475.4	50,211.3
ii)	Corporate Debt Securities	..	..	..	..

1. Amounts reported are based on face value of securities under repo, reverse repo and LAF.

₹ in million

		Minimum outstanding balance during the	Maximum outstanding balance during the	Daily average outstanding balance during the	Outstanding balance at March 31, 2012
		Year ended March 31, 2012			
Securities sold under Repo and LAF					
i)	Government Securities	1.3	169,551.0	67,461.6	169,551.0
ii)	Corporate Debt Securities	..	645.0	5.3	..
Securities purchased under Reverse Repo and LAF					
i)	Government Securities	..	36,750.0	1,524.6	2,630.0
ii)	Corporate Debt Securities	..	..	..	..

1. Amounts reported are based on face value of securities under repo, reverse repo and LAF.
2. LAF transactions were accounted as borrowing and lending transactions from the three months ended March 31, 2012.

10. Investments

The following table sets forth, for the periods indicated, the details of investments and the movement of provision held towards depreciation on investments of the Bank.

₹ in million

Particulars			At March 31, 2013	At March 31, 2012
1.	Value of Investments			
i)	Gross value of investments			
	a)	In India	1,663,577.2	1,539,777.2
	b)	Outside India	77,981.8	81,826.4
ii)	Provision for depreciation			
	a)	In India	(27,378.2)	(25,565.7)
	b)	Outside India	(244.8)	(437.5)
iii)	Net value of investments			
	a)	In India	1,636,199.0	1,514,211.5
	b)	Outside India	77,737.0	81,388.9
2.	Movement of provisions held towards depreciation on investments			
i)	Opening balance		26,003.2	20,064.1
ii)	Add: Provisions made during the year		1,925.3	8,129.7
iii)	Less: Write-off/(write-back) of excess provisions during the year		(305.5)	(2,190.6)
iv)	Closing balance		27,623.0	26,003.2

11. Investment in securities, other than government and other approved securities (Non-SLR investments)

    i) Issuer composition of investments in securities, other than government and other approved securities

The following table sets forth, the issuer composition of investments of the Bank in securities, other than government and other approved securities at March 31, 2013.

₹ in million

Sr. No.	Issuer	Amount	Extent of private placement[2]	Extent of 'below investment grade' securities	Extent of 'unrated' securities[3,4]	Extent of 'unlisted' securities[3,4]
			(a)	(b)	(c)	(d)
1	PSUs	59,394.0	42,261.8	..	..	4.8
2	FIs	42,987.8	33,325.5	..	..	..
3	Banks	141,396.9	111,926.2	..	..	..
4	Private corporates	129,135.3	109,980.9	2,788.2	5,477.8	8,263.6
5	Subsidiaries/ Joint ventures	133,339.4	..	..	..	..
6	Others[5,6]	303,717.9	95,849.9	20,343.0	..	..
7	Provision held towards depreciation	(26,372.9)	..	..	..	..
	Total	783,598.4	393,344.3	23,131.2	5,477.8	8,268.4

1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
2. Includes ₹ 26,075.7 million of application money towards corporate bonds/debentures and pass through certificates.
3. Excludes investments, amounting to ₹ 4,738.4 million, in preference shares of subsidiaries and ₹ 5,381.2 million in subordinated bonds of subsidiaries, namely ICICI Bank UK PLC and ICICI Bank Canada.
4. Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates, security receipts, commercial papers, certificates of deposit, Non Convertible Debentures (NCDs) with original or initial maturity up to one year issued by corporate (including NBFCs), unlisted convertible debentures and securities acquired by way of conversion of debt.
5. "Others" include deposits under RIDF/RHDF deposit schemes amounting to ₹ 201,983.2 million.
6. Excludes investments in non-Indian government securities by overseas branches amounting to ₹ 6,574.7 million.

The following table sets forth, the issuer composition of investments of the Bank in securities, other than government and other approved securities at March 31, 2012.

₹ in million

Sr. No.	Issuer	Amount	Extent of private placement[3]	Extent of 'below investment grade' securities	Extent of 'unrated' securities [4,5]	Extent of 'unlisted' securities [4,5]
			(a)	(b)	(c)	(d)
1	PSUs	48,803.2	45,156.0	..	..	9.6
2	FIs	28,032.9	21,649.8	..	..	..
3	Banks	118,691.4	107,676.0	809.4	..	..
4	Private corporates	163,469.5	143,623.3	283.1	6,944.0	14,521.8
5	Subsidiaries/ Joint ventures	136,753.3	..	..	..	..
6	Others [6,7,8]	250,651.9	39,950.8	25,568.7	..	..
7	Provision held towards depreciation	(24,589.7)	..	..	..	..
	Total	721,812.5	358,055.9	26,661.2	6,944.0	14,531.4

1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
2. Collateralised debt obligations securities have been included in the above data based on the arranger of such instruments.
3. Includes ₹ 2,619.0 million of application money towards corporate bonds/debentures.
4. Excludes investments amounting to ₹ 7,086.1 million, in preference shares of subsidiaries and ₹ 5,092.1 million in subordinated bonds of subsidiaries, namely ICICI Bank UK PLC and ICICI Bank Canada.

5. Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates, security receipts, commercial papers, certificates of deposit, unlisted convertible debentures and securities acquired by way of conversion of debt.
6. Other investments include deposits under RIDF/RHDF deposit schemes amounting to ₹ 181,025.1 million.
7. Excludes investments in non-Indian government securities by overseas branches amounting to ₹ 4,402.4 million.
8. Others include non-SLR Indian government securities of ₹ 96.1 million.

ii) Non-performing investments in securities, other than government and other approved securities

The following table sets forth, for the periods indicated, the movement in gross non-performing investments in securities, other than government and other approved securities.

₹ in million

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Opening balance	5,428.4	4,923.8
Additions during the year	913.5	1,790.9
Reduction during the year	(1,405.5)	(1,286.3)
Closing balance	4,936.4	5,428.4
Total provision held	4,661.4	4,606.3

12. Sales and transfers of securities to/from Held to Maturity (HTM) category

During the year ended March 31, 2013, the value of sales and transfers of securities to/from HTM category (excluding one time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year and sale to RBI under pre-announced Open Market Operation auctions) have not exceeded 5% of the book value of the investments held in HTM category at the beginning of the year.

13. CBLO transaction

Collateralised Borrowing and Lending Obligation (CBLO) is a discounted money market instrument, developed by The Clearing Corporation of India Limited (CCIL) and approved by RBI, which involves secured borrowings and lending transactions. At March 31, 2013, the Bank had outstanding borrowings amounting to Nil (March 31, 2012: Nil) and outstanding lending of Nil (March 31, 2012: Nil) in the form of CBLO. The amortised book value of securities given as collateral by the Bank to CCIL for availing the CBLO facility was ₹ 86,752.0 million at March 31, 2013 (March 31, 2012: ₹ 22,491.9 million).

14. Derivatives

ICICI Bank is a major participant in the financial derivatives market. The Bank deals in derivatives for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers, enabling them to hedge their risks.

Dealing in derivatives is carried out by identified groups in the treasury of the Bank based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Treasury middle office conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting and ensures compliance with various internal and regulatory guidelines.

The market making and the proprietary trading activities in derivatives are governed by the Investment Policy and Derivative policy of the Bank, which lays down the position limits, stop loss limits as well as other risk limits. The Risk Management Group (RMG) lays down the methodology for computation and monitoring of risk. The Risk Committee of the Board (RCB) reviews the Bank's risk management policy in relation to various risks including credit and recovery policy, investment policy, derivative policy, ALM policy and operational risk management policy. The RCB comprises independent directors and the Managing Director and CEO.

The Bank measures and monitors risk of its derivatives portfolio using such risk metrics as Value at Risk (VAR), stop loss limits and relevant greeks for options. Risk reporting on derivatives forms an integral part of the management information system.

The use of derivatives for hedging purposes is governed by the hedge policy approved by Asset Liability Management Committee (ALCO). Subject to prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate, floating rate or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter.

Hedge derivative transactions are accounted for pursuant to the principles of hedge accounting. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the profit and loss account. The premium on option contracts is accounted for as per Foreign Exchange Dealers Association of India (FEDAI) guidelines.

Derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with the respective counter parties. The exposure on account of derivative transactions is computed as per RBI guidelines and is marked against the credit limits approved for the respective counter-parties.

The following table sets forth, for the periods indicated, the details of derivative positions.

₹ in million

Sr. No.	Particulars	At March 31, 2013	
		Currency derivatives[1]	Interest rate derivatives[2]
1	Derivatives (Notional principal amount)		
	a) For hedging	9,542.3	289,235.8
	b) For trading	960,781.2	2,162,061.6
2	Marked to market positions[3]		
	a) Asset (+)	40,132.1	25,141.2
	b) Liability (-)	(38,894.3)	(21,768.6)
3	Credit exposure[4]	103,047.2	73,436.3
4	Likely impact of one percentage change in interest rate (100*PV01)[5]		
	a) On hedging derivatives[6]	211.7	13,248.2
	b) On trading derivatives	364.8	1,060.9
5	Maximum and minimum of 100*PV01 observed during the year		
	a) On hedging[6]		
	Maximum	(44.4)	(11,690.5)
	Minimum	(226.0)	(14,194.8)
	b) On trading		
	Maximum	(243.9)	2,145.2
	Minimum	(1,395.5)	796.1

1. Exchange traded and Over the Counter (OTC) options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest. Represents net positions.
4. Includes accrued interest and has been computed based on Current Exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and offsetting impact with the underlying on-balance sheet items.

The following table sets forth, for the period indicated, the details of derivative positions.

₹ in million

Sr. No.	Particulars	At March 31, 2012	
		Currency derivatives[1]	Interest rate derivatives[2]
1	Derivatives (Notional principal amount)		
	a) For hedging	5,062.2	312,533.7
	b) For trading	1,214,603.2	2,446,693.6
2	Marked to market positions[3]		
	a) Asset (+)	59,517.3	28,323.4
	b) Liability (-)	(46,244.0)	(26,520.7)
3	Credit exposure[4]	118,689.8	80,110.9
4	Likely impact of one percentage change in interest rate (100*PV01)[5]		
	a) On hedging derivatives[6]	45.3	11,751.7
	b) On trading derivatives	1,038.9	2,752.9
5	Maximum and minimum of 100*PV01 observed during the year		
	a) On hedging[6]		
	Maximum	(1.3)	(9,523.0)
	Minimum	(50.8)	(13,444.8)
	b) On trading		
	Maximum	(620.3)	2,956.8
	Minimum	(1,270.0)	1,899.8

1. Exchange traded and Over the Counter (OTC) options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest. Represents net positions.
4. Includes accrued interest and has been computed based on Current Exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and offsetting impact with the underlying on-balance sheet items.

The Bank has exposure in credit derivative instruments including credit default swaps (CDS), credit linked notes, collateralised debt obligations and principal protected structures. The notional principal amount of these credit derivatives outstanding at March 31, 2013 was Nil (March 31, 2012: Nil) in funded instrument and ₹ 3,065.6 million (March 31, 2012: ₹ 10,349.9 million) in non-funded instruments. The profit and loss impact on the above portfolio on account of mark-to-market and realised gain/losses during the year ended March 31, 2013 was net profit of ₹ 75.0 million (March 31, 2012: net profit ₹ 561.0 million). At March 31, 2013, the total outstanding mark-to-market position of the above portfolio was a net gain of ₹ 10.8 million (March 31, 2012: net loss of ₹ 59.6 million). Non Rupee denominated credit derivatives are marked to market by the Bank based on counter-party valuation quotes, or internal models using inputs from market sources such as Bloomberg/Reuters, counter-parties and FIMMDA. Rupee denominated credit derivatives are marked to market by the Bank based on FIMMDA guidelines.

The Bank offers deposits to customers of its offshore branches with structured returns linked to interest, forex, credit or equity benchmarks. The Bank covers these exposures in the inter-bank market. At March 31, 2013, the net open position on this portfolio was Nil (March 31, 2012: Nil) with mark-to-market position of ₹ 13.9 million (March 31, 2012: ₹ 24.8 million). The profit and loss impact on account of mark-to-market and realised profit and loss during the year ended March 31, 2013 was a net loss of ₹ 18.7 million (March 31, 2012: net loss of ₹ 5.2 million).

The notional principal amount of forex contracts classified as non-trading at March 31, 2013 amounted to ₹ 526,615.8 million (March 31, 2012: ₹ 745,722.2 million). For these non-trading forex contracts, at March 31, 2013, marked to market position was asset of ₹ 2,855.4 million (March 31, 2012: ₹ 22,528.9 million) and liability of ₹ 6,652.4 million (March 31, 2012: ₹ 12,843.6 million), credit exposure of ₹ 16,131.9 million (March 31, 2012: ₹ 42,639.4 million) and likely impact of one percentage change in interest rate (100*PV01) was ₹ 52.3 million (March 31, 2012: ₹ 81.6 million).

The notional principal amount of forex contracts classified as trading at March 31, 2013 amounted to ₹ 2,311,888.1 million (March 31, 2012: ₹ 2,814,328.7 million). For these trading forex contracts, at March 31, 2013, marked to market position was asset of ₹ 38,526.6 million (March 31, 2012: ₹ 70,164.7 million) and liability of ₹ 32,462.9 million (March 31, 2012: ₹ 66,449.6 million), credit exposure of ₹ 97,274.0 million (March 31, 2012: ₹ 135,371.9 million) and likely impact of one percentage change in interest rate (100*PV01) was ₹ 58.9 million (March 31, 2012: ₹ 90.1 million). The net overnight open position at March 31, 2013 was ₹ 573.8 million (March 31, 2012: ₹ 299.1 million).

15. Exchange traded interest rate derivatives and currency options

Exchange traded interest rate derivatives

The Bank had no outstanding exchange traded interest rate derivatives March 31, 2013 (March 31, 2012: Nil).

Exchange traded currency options

The following table sets forth, for the periods indicated, the details of exchange traded currency options.

₹ in million

Particulars		At March 31, 2013	At March 31, 2012
i)	Notional principal amount of exchange traded currency options undertaken during the year	257,249.4	434,623.3
ii)	Notional principal amount of exchange traded currency options outstanding	2,084.3	12,587.8
iii)	Notional principal amount of exchange traded currency options outstanding and not "highly effective"	N.A.	N.A.
iv)	Mark-to-market value of exchange traded currency options outstanding and not "highly effective"	N.A.	N.A.

16. Forward rate agreement (FRA)/Interest rate swaps (IRS)

The Bank enters into FRA and IRS contracts for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers to enable them to hedge their interest rate risk within the prevalent regulatory guidelines.

A FRA is a financial contract between two parties to exchange interest payments for a `notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date, cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is London Inter-Bank Offered Rate (LIBOR) of various currencies.

An IRS is a financial contract between two parties exchanging or swapping a stream of interest payments for a `notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like Mumbai Inter-Bank Offered Rate (MIBOR), Indian government securities Benchmark rate (INBMK), Mumbai Inter Bank Forward Offer Rate (MIFOR) and LIBOR of various currencies.

These contracts are subject to the risks of changes in market interest rates as well as the settlement risk with the counterparties.

The following table sets forth, for the periods indicated, the details of the forward rate agreements/interest rate swaps.

₹ in million

Particulars		At March 31, 2013	At March 31, 2012
i)	The notional principal of FRA/IRS	2,368,069.4	2,603,143.0
ii)	Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement[1]	24,232.5	31,219.3
iii)	Collateral required by the Bank upon entering into FRA/IRS	..	..
iv)	Concentration of credit risk[2]	1,971.2	3,261.6
v)	The fair value of FRA/IRS[3]	21,530.0	25,235.5

1. For trading portfolio both mark-to-market and accrued interest have been considered and for hedging portfolio, only accrued interest has been considered.
2. Credit risk concentration is measured as the highest net receivable under swap contracts from a particular counter party.
3. Fair value represents mark-to-market including accrued interest.

17. Advances

The following table sets forth, for the periods indicated, the details of movement of gross non-performing assets (NPAs), net NPAs and provisions.

₹ in million

Particulars		Year ended March 31, 2013	Year ended March 31, 2012
i)	Net NPAs (funded) to net advances (%)	0.77%	0.73%
ii)	Movement of NPAs (Gross)		
	a) Opening balance[1]	94,753.3	100,342.6
	b) Additions: Fresh NPAs during the year[2]	35,870.6	29,861.2
	Sub-total (1)	130,623.9	130,203.8
	c) Reductions during the year[2]		
	• Upgradations	(6,600.8)	(7,381.1)
	• Recoveries (excluding recoveries made from upgraded accounts)	(11,486.7)	(16,234.5)
	• Write-offs	(16,458.9)	(11,834.9)
	Sub-total (2)	(34,546.4)	(35,450.5)
	d) Closing balance[1] (1-2)	96,077.5	94,753.3
iii)	Movement of Net NPAs		
	a) Opening balance[1]	18,608.4	24,073.6
	b) Additions during the year[2]	20,469.0	13,311.6
	c) Reductions during the year[2]	(16,771.8)	(18,776.8)
	d) Closing balance[1]	22,305.6	18,608.4
iv)	Movement of provision for NPAs (excluding provision on standard assets)		
	a) Opening balance[1]	76,144.9	76,269.0
	b) Addition during the year[2]	22,513.4	20,872.5
	Sub-total (1)	98,658.3	97,141.5
	c) Write-off/(write-back) of excess provisions[2]		
	• Write-back of excess provision on account of upgradations	(1,543.3)	(2,177.8)
	• Write-back of excess provision on account of reduction in NPAs	(7,072.7)	(7,724.3)
	• Provision utilised for write-offs	(16,270.4)	(11,094.5)
	Sub-total (2)	(24,886.4)	(20,996.6)
	d) Closing balance[1] (1-2)	73,771.9	76,144.9

1. Net of write-off.
2. For NPAs in credit cards, the difference between the opening and closing balances (other than accounts written off during the year) is included in additions/(reductions) during the year.

The revision in the policy for loan classification and provisioning for non-performing loans held at the overseas branches, as detailed in Schedule 17 Significant Accounting Policies para 1a, does not have significant impact on the loan loss provisions made by the Bank at March 31, 2013.

18. Provision on standard assets

The Bank has made provision amounting to ₹ 1,439.1 million during the year ended March 31, 2013 (March 31, 2012: Nil) as per applicable RBI guidelines.

The provision on standard assets held by the Bank at March 31, 2013 is ₹ 16,235.1 million (March 31, 2012: ₹ 14,796.0 million).

19. Provision Coverage Ratio

The provision coverage ratio of the Bank at March 31, 2013 computed as per the extant RBI guidelines is 76.8% (March 31, 2012: 80.4%).

20. Securitisation

The Bank sells loans through securitisation and direct assignment. The following tables set forth, for the periods indicated, the information on securitisation and direct assignment activity of the Bank as an originator till May 7, 2012.

₹ in million, except number of loans securitised

	Year ended March 31, 2013	Year ended March 31, 2012
Total number of loan assets securitised	..	..
Total book value of loan assets securitised	..	..
Sale consideration received for the securitised assets	..	..
Net gain/(loss) on account of securitisation[1]	(283.7)	(2,016.2)

1. Includes gain/(loss) on deal closures, gain amortised during the year and expenses relating to utilisation of credit enhancement.

₹ in million

	At March 31, 2013	At March 31, 2012
Outstanding credit enhancement (funded)	4,970.4	5,228.0
Outstanding liquidity facility	..	327.1
Net outstanding servicing asset/(liability)	(88.9)	(92.4)
Outstanding subordinate contributions	3,017.8	2,750.5

The outstanding credit enhancement in the form of guarantees amounted to ₹ 8,234.1 million at March 31, 2013 (March 31, 2012: ₹ 11,833.0 million).

Outstanding credit enhancement in the form of guarantees for third party originated securitisation transactions amounted to ₹ 8,132.0 million at March 31, 2013 (March 31, 2012: ₹ 9,161.5 million) and outstanding liquidity facility for third party originated securitisation transactions amounted to Nil at March 31, 2013 (March 31, 2012: Nil).

The following table sets forth, for the periods indicated, the details of provision for securitisation and direct assignment transactions.

₹ in million

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Opening balance	1,786.7	2,363.8
Additions during the year	1,688.6	1,696.7
Deductions during the year	(1,422.8)	(2,273.8)
Closing balance	2,052.5	1,786.7

The information on securitisation and direct assignment activity of the Bank as an originator as per RBI guidelines "Revisions to the Guidelines on Securitisation Transactions" dated May 7, 2012.

a. The Bank, as an originator, had not sold any loan through securitisation after May 7, 2012.

b. The following table sets forth, for the period indicated, the information on the loans sold through direct assignment after May 7, 2012.

₹ in million

Particulars	At March 31, 2013
Total amount of assets sold through direct assignment during the year ended March 31, 2013	731.3
Total amount of exposures retained by the Bank to comply with Minimum Retention Requirement (MRR)	
a) Off-balance sheet exposures	
• First loss	..
• Others	..
b) On-balance sheet exposures	
• First loss	..
• Others	73.1

21. Financial assets transferred during the year to securitisation company (SC)/reconstruction company (RC)

The Bank has transferred certain assets to Asset Reconstruction Companies (ARCs) in terms of the guidelines issued by RBI governing such transfer. For the purpose of the valuation of the underlying security receipts issued by the underlying trusts managed by ARCs, the security receipts are valued at their respective NAVs as advised by the ARCs.

The following table sets forth, for the periods indicated, the details of the assets transferred.

₹ in million, except number of accounts

	Year ended March 31, 2013	Year ended March 31, 2012
Number of accounts[1]	4	2
Aggregate value (net of provisions) of accounts sold to SC/RC	82.9	44.4
Aggregate consideration	116.5	94.1
Additional consideration realised in respect of accounts transferred in earlier years[2]	..	..
Aggregate gain/(loss) over net book value	33.6	49.7

1. Excludes accounts previously written-off.
2. During the year ended March 31, 2013, asset reconstruction companies have not fully redeemed any of the security receipts. Gain/loss during the year ended March 31, 2013 amounted to Nil (March 31, 2012: net loss of ₹ 950.6 million).

22. Details of non-performing assets purchased/sold, excluding those sold to SC/RC

The Bank has not purchased any non-performing assets in terms of the guidelines issued by the RBI circular no. DBOD.No.BP.BC.16/21.04.048/2005-06 dated July 13, 2005. The Bank has sold certain non-performing assets in terms of the above RBI guidelines.

The following table sets forth, for the periods indicated, details of non-performing assets sold, excluding those sold to SC/RC.

₹ in million, except number of accounts

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
No. of accounts	2	1
Aggregate value (net of provisions) of accounts sold, excluding those sold to SC/RC	78.8	642.0
Aggregate consideration	100.1	641.0
Aggregate gain/(loss) over net book value	21.3	(1.0)

23. Information in respect of restructured assets

The following tables set forth, for the periods indicated, details of loan assets subjected to restructuring.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Under CDR Mechanism				
	Asset Classification Details	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2012					
	No. of borrowers	24	1	6	1	32
	Amount outstanding	27,452.1	154.9	1,209.3	17.0	28,833.3
	Provision thereon	3,547.6	128.3	705.1	17.0	4,398.0
2.	Fresh restructuring during the year ended March 31, 2013					
	No. of borrowers	14	..	..	..	14
	Amount outstanding	10,082.1	..	..	..	10,082.1
	Provision thereon	819.2	..	..	..	819.2
3.	Upgradations to restructured standard category during the year ended March 31, 2013[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Restructured standard advances at April 1, 2012, which cease to attract higher provisioning and/or additional risk weight at March 31, 2013 and hence need not be shown as restructured standard advances at April 1, 2013					
	No. of borrowers	..	N.A.	N.A.	N.A.	..
	Amount outstanding	..	N.A.	N.A.	N.A.	..
	Provision thereon	..	N.A.	N.A.	N.A.	..
5.	Downgradations of restructured accounts during the year ended March 31, 2013[1]					
	No. of borrowers	(5)	(1)	5	1	..
	Amount outstanding	(2,054.3)	(154.9)	2,191.5	99.0	N.A.[2]
	Provision thereon	(177.6)	(128.3)	1,186.0	99.0	N.A.[2]
6.	Write-offs of restructured accounts during the year ended March 31, 2013					
	No. of borrowers	..	..	(2)	..	(2)
	Amount outstanding	..	..	(158.1)	..	(158.1)
7.	Restructured Accounts at March 31 2013					
	No. of borrowers	32	..	9	2	43
	Amount outstanding	35,357.1	..	3,201.2	120.1	38,678.4
	Provision thereon	3,634.8	..	2,064.6	120.1	5,819.5

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2012 and that shown in addition represents outstanding at March 31, 2013.

2. The amounts outstanding and the provision thereon are not presented as the number of borrowers are Nil.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring / Asset Classification / Details	Under SME Debt Restructuring Mechanism: Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2012					
	No. of borrowers	3	..	4	1	8
	Amount outstanding	112.1	..	323.8	96.9	532.8
	Provision thereon	..	..	94.7	96.9	191.6
2.	Fresh restructuring during year ended March 31, 2013					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
3.	Upgradations to restructured standard category during year ended March 31, 2013[1]					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
	Provision thereon	..	..	..	..	..
4.	Restructured standard advances at April 1, 2012, which cease to attract higher provisioning and/or additional risk weight at March 31, 2013 and hence need not be shown as restructured standard advances at April 1, 2013					
	No. of borrowers	(1)	N.A.	N.A.	N.A.	(1)
	Amount outstanding	(61.2)	N.A.	N.A.	N.A.	(61.2)
	Provision thereon	(0.1)	N.A.	N.A.	N.A.	(0.1)
5.	Downgradations of restructured accounts during year ended March 31, 2013[1]					
	No. of borrowers	..	..	(1)	1	..
	Amount outstanding	..	..	(58.0)	58.0	N.A.[2]
	Provision thereon	..	..	(14.5)	58.0	N.A.[2]
6.	Write-offs of restructured accounts during year ended March 31, 2013					
	No. of borrowers	..	..	..	(1)	(1)
	Amount outstanding	..	..	..	(76.9)	(76.9)
7.	Restructured Accounts at March 31 2013					
	No. of borrowers	1	..	3	1	5
	Amount outstanding	4.1	..	153.0	58.0	215.1
	Provision thereon	..	..	153.0	58.0	211.0

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2012 and that shown in addition represents outstanding at March 31, 2013.
2. The amounts outstanding and the provision thereon are not presented as the numbers of borrowers are Nil.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring / Asset Classification / Details	Others: Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
1.	Restructured Accounts at April 1, 2012					
	No. of borrowers	36	3	494	..	533
	Amount outstanding	22,509.1	577.4	3,085.5	..	26,172.0
	Provision thereon	981.3	86.6	2,136.9	..	3,204.8
2.	Fresh restructuring during year ended March 31, 2013					
	No. of borrowers	9	2	1	..	12
	Amount outstanding	8,057.7	1,851.5	387.1	..	10,296.3
	Provision thereon	745.7	158.9	387.1	..	1,291.7

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Others				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
3.	Upgradations to restructured standard category during year ended March 31, 2013[1]					
	No. of borrowers	148	..	(148)	..	..
	Amount outstanding	197.0	..	(232.7)	..	N.A.[2]
	Provision thereon	6.1	..	(129.5)	..	N.A.[2]
4.	Restructured standard advances at April 1, 2012, which cease to attract higher provisioning and/or additional risk weight at March 31, 2013 and hence need not be shown as restructured standard advances at April 1, 2013					
	No. of borrowers	(6)	N.A.	N.A.	N.A.	(6)
	Amount outstanding	(2,397.4)	N.A.	N.A.	N.A.	(2,397.4)
	Provision thereon	(117.5)	N.A.	N.A.	N.A.	(117.5)
5.	Downgradations of restructured accounts during year ended March 31, 2013[1]					
	No. of borrowers	(31)	3	24	4	..
	Amount outstanding	(2,481.7)	(573.0)	2,745.2	138.1	N.A.[2]
	Provision thereon	(303.4)	(85.9)	1,108.9	138.1	N.A.[2]
6.	Write-offs of restructured accounts during year ended March 31, 2013					
	No. of borrowers	..	..	..	..	..
	Amount outstanding	..	..	..	..	..
7.	Restructured Accounts at March 2013					
	No. of borrowers	141	8	283	4	436
	Amount outstanding	22,891.0	1,855.9	5,650.6	138.1	30,535.6
	Provision thereon	1,469.0	159.6	3,738.0	138.1	5,504.7

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2012 and that shown in addition represents outstanding at March 31, 2013.
2. The amounts outstanding and the provision thereon are not presented as the number of borrowers are Nil.

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
1.	Restructured Accounts at April 1, 2012					
	No. of borrowers	63	4	504	2	573
	Amount outstanding	50,073.3	732.3	4,618.6	113.9	55,538.1
	Provision thereon	4,528.9	214.9	2,936.7	113.9	7,794.4
2.	Fresh restructuring during year ended March 31, 2013					
	No. of borrowers	23	2	1	..	26
	Amount outstanding	18,139.8	1,851.5	387.1	..	20,378.4
	Provision thereon	1,564.9	158.9	387.1	..	2,110.9
3.	Upgradations to restructured standard category during year ended March 31, 2013[1]					
	No. of borrowers	148	..	(148)	..	..
	Amount outstanding	197.0	..	(232.7)	..	N.A.[2]
	Provision thereon	6.1	..	(129.5)	..	N.A.[2]
4.	Restructured standard advances at April 1, 2012, which cease to attract higher provisioning and/or additional risk weight at March 31, 2013 and hence need not be shown as restructured standard advances at April 1, 2013					
	No. of borrowers	(7)	N.A.	N.A.	N.A.	(7)
	Amount outstanding	(2,458.6)	N.A.	N.A.	N.A.	(2,458.6)
	Provision thereon	(117.6)	N.A.	N.A.	N.A.	(117.6)
5.	Downgradations of restructured accounts during year ended March 31, 2013[1]					
	No. of borrowers	(36)	2	28	6	..
	Amount outstanding	(4,536.0)	(727.9)	4,878.7	295.1	N.A.[2]

₹ in million, except number of accounts

Sr. no.	Type of Restructuring	Total				
	Asset Classification	Standard (a)	Sub-Standard (b)	Doubtful (c)	Loss (d)	Total (e)
	Details					
	Provision thereon	(481.0)	(214.2)	2,280.4	295.1	N.A.[2]
6.	Write-offs of restructured accounts during year ended March 31, 2013					
	No. of borrowers	..	..	(2)	(1)	(3)
	Amount outstanding	..	..	(158.1)	(76.9)	(235.0)
7.	Restructured Accounts at March 2013					
	No. of borrowers	174	8	295	7	484
	Amount outstanding	58,252.2	1,855.9	9,004.8	316.2	69,429.1
	Provision thereon	5,103.8	159.6	5,955.6	316.2	11,535.2

1. In cases upgraded to restructured standard category and in cases downgraded to lower asset classification, the amount shown as deleted represents the outstanding at March 31, 2012 and that shown in addition represents outstanding at March 31, 2013.
2. The amounts outstanding and the provision thereon are not presented as the number of borrowers are Nil.

24. Floating provision

Bank holds floating provision of ₹ 1.9 million at March 31, 2013 (March 31, 2012: ₹ 1.9 million) taken over from erstwhile Bank of Rajasthan on amalgamation.

25. Concentration of Deposits, Advances, Exposures and NPAs

(I) Concentration of deposits, advances, exposures and NPAs

₹ in million

Concentration of deposits	At March 31,2013	At March 31, 2012
Total deposits of twenty largest depositors	280,257.1	212,175.1
Deposits of twenty largest depositors as a percentage of total deposits of the Bank	9.58%	8.30%

₹ in million

Concentration of advances[1]	At March 31, 2013	At March 31, 2012
Total advances to twenty largest borrowers (including banks)	1,095,316.4	1,032,621.4
Advances to twenty largest borrowers as a percentage of total advances of the Bank	15.44%	15.40%

1. Represents credit exposure (funded and non-funded) including derivatives exposures as per RBI guidelines on exposure norms.

₹ in million

Concentration of exposures[1]	At March 31, 2013	At March 31, 2012
Total exposure to twenty largest borrowers/customers (including banks)	1,126,427.8	1,066,030.1
Exposures to twenty largest borrowers/customers as a percentage of total exposure of the Bank	14.85%	14.94%

1. Represents credit and investment exposures as per RBI guidelines on exposure norms.

₹ in million

Concentration of NPAs	At March 31, 2013	At March 31, 2012
Total exposure[1] to top four NPA accounts	12,511.3	5,657.3

1. Represents gross exposure (funded and non-funded).

(II) Sector-wise NPAs

Sr. no.	Sector	Percentage of NPAs to total advances in that sector			
		At March 31, 2013		At March 31, 2012	
		Gross	Net	Gross	Net
1.	Agriculture and allied activities[1]	3.60%	0.75%	4.78%	1.25%
2.	Industry (Micro & small, medium and large)	2.28%	0.70%	2.02%	0.69%
3.	Services	2.47%	1.05%	0.92%	0.24%
4.	Personal loans[2]	5.80%	0.56%	9.18%	1.26%
	Total	3.22%	0.77%	3.62%	0.73%

1. Represents loans towards agriculture and allied activities that qualify for priority sector lending.
2. Excludes retail loans towards agriculture and allied activities that qualify for priority sector lending. Excludes commercial business loans, developer financing and dealer funding.

(III) Overseas assets, NPAs and revenue

₹ in million

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Total assets[1]	935,097.0	875,049.1
Total NPAs (net)	3,624.0	508.1
Total revenue[1]	46,925.8	44,327.6

1. Represents the total assets and total revenue of foreign operations as reported in Schedule 18 notes to accounts note no. 4 on information about business and geographical segments, of the financial statements.

(IV) Off-balance sheet special purpose vehicles (SPVs) sponsored (which are required to be consolidated as per accounting norms)

(a) The following table sets forth, the names of SPVs/trusts sponsored by the Bank/subsidiaries which are consolidated.

Sr. no.	Name of the SPV sponsored[1]
A.	Domestic
	1. ICICI Eco-net Internet and Technology Fund
	2. ICICI Equity Fund
	3. ICICI Emerging Sectors Fund
	4. ICICI Strategic Investments Fund
	5. ICICI Venture Value Fund
B	Overseas
	None

1. The nature of business of the above entities is venture capital fund.

(b) The following table sets forth, the names of SPVs/trusts which are not sponsored by the Bank/subsidiaries and are consolidated.

Sr. no.	Name of the SPV[1]
A	Domestic
	1. Rainbow Fund
B	Overseas
	None

1. The nature of business of the above entities is venture capital fund.

26. Exposure to sensitive sectors

The Bank has exposure to sectors, which are sensitive to asset price fluctuations. The sensitive sectors include capital markets and real estate.

The following table sets forth, for the periods indicated, the position of exposure to capital market sector.

₹ in million

		At March 31, 2013	At March 31, 2012
	Capital market sector		
i	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds, the corpus of which is not exclusively invested in corporate debt	16,345.8	14,654.4
ii	Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	11,791.5	12,102.9
iii	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	30,736.6	13,900.4
iv	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/ convertible debentures/units of equity oriented mutual funds does not fully cover the advances	..	..
v	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	40,716.7	40,623.6
vi	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	..	..
vii	Bridge loans to companies against expected equity flows/issues	..	..
viii	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	..	..
ix	Financing to stockbrokers for margin trading	..	..
x	All exposures to Venture Capital Funds (both registered and unregistered)	9,415.4	9,608.7

		At March 31, 2013	At March 31, 2012
xi	Others	83,448.4	112,518.7
	Total exposure to capital market	192,454.4	203,408.7

The following table sets forth, for the periods indicated, the summary of exposure to real estate sector.

₹ in million

		At March 31, 2013	At March 31, 2012
Real estate sectors			
I	Direct exposure	890,029.8	735,286.5
	i) Residential mortgages	607,569.0	491,314.1
	of which: individual housing loans eligible for priority sector advances	164,309.0	177,313.3
	ii) Commercial real estate[1]	278,036.8	237,900.1
	iii) Investments in mortgage backed securities (MBS) and other securitised exposure	4,424.0	6,072.3
	a. Residential	4,424.0	6,072.3
	b. Commercial real estate	..	..
II	Indirect exposure	74,283.0	78,930.8
	i) Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	73,046.0	77,476.4
	ii) Others	1,237.0	1,454.4
	Total exposure to real estate sector[2]	964,312.8	814,217.3

1. Commercial real estate exposure include loans to individuals against non-residential premises, loans given to land and building developers for construction, corporate loans for development of special economic zone, loans to borrowers where servicing of loans is from a real estate activity and exposures to mutual funds/venture capital funds/private equity funds investing primarily in the real estate companies.
2. Excludes non-banking assets acquired in satisfaction of claims.

27. Risk category-wise country exposure

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. The funded country exposure (net) of the Bank as a percentage of total funded assets for Singapore was 1.45% (March 31, 2012: 1.54%) and United Kingdom was 1.34% (March 31, 2012: 1.23%). As the net funded exposure to Singapore and United Kingdom exceeds 1.0% of total funded assets, the Bank held a provision of ₹ 230.0 million on country exposure at March 31, 2013 (March 31, 2012: ₹ 240.0 million) based on RBI guidelines.

The following table sets forth, for the periods indicated, the details of exposure (net) and provision held by the bank.

₹ in million

Risk category	Exposure (net) at March 31, 2013	Provision held at March 31, 2013	Exposure (net) at March 31, 2012	Provision held at March 31, 2012
Insignificant	546,787.0	230.0	529,612.7	240.0
Low	184,890.4	..	186,098.7	..
Moderate	41,721.0	..	23,462.4	..
High	1,906.7	..	0.1	..
Very High	..	..	..	..
Restricted	..	..	..	..
Off-Credit	..	..	..	..
Total	775,305.1	230.0	739,173.9	240.0

28. Details of Single Borrower Limit and Borrower Group Limit exceeded by the Bank

During the year ended March 31, 2013 and March 31, 2012, the Bank has complied with the Reserve Bank of India guidelines on single borrower and borrower group limit.

29. Unsecured advances against intangible assets

The Bank had not made advances against intangible collaterals of the borrowers, which are classified as 'unsecured' in its financial statements at March 31, 2013 (March 31, 2012: Nil) and the estimated value of the intangible collaterals was Nil at March 31, 2013 (March 31, 2012: Nil).

30. Fixed Assets

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets.

₹ in million

Particulars	At March 31, 2013	At March 31, 2012
At cost at March 31st of preceding year	7,055.2	6,589.6
Additions during the year	1,462.3	465.6
Deductions during the year	(9.5)	..
Depreciation to date	(6,379.5)	(5,637.0)
Net block	2,128.5	1,418.2

31. Description of contingent liabilities

The following table describes the nature of contingent liabilities of the Bank.

Sr. no.	Contingent liability	Brief Description
1.	Claims against the Bank, not acknowledged as debts	This item represents certain demands made in certain tax and legal matters against the Bank in the normal course of business and customer claims arising in fraud cases. In accordance with the Bank's accounting policy and Accounting Standard 29, the Bank has reviewed and classified these items as possible obligations based on legal opinion/judicial precedents/assessment by the Bank.

Sr. no.	Contingent liability	Brief Description
2.	Liability for partly paid investments	This item represents amounts remaining unpaid towards purchase of investments. These payment obligations of the Bank do not have any profit/loss impact.
3.	Liability on account of outstanding forward exchange contracts	The Bank enters into foreign exchange contracts in its normal course of business, to exchange currencies at a pre-fixed price at a future date. This item represents the notional principal amount of such contracts, which are derivative instruments. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the inter-bank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.
4	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	This item represents the guarantees and documentary credits issued by the Bank in favour of third parties on behalf of its customers, as part of its trade finance banking activities with a view to augment the customers' credit standing. Through these instruments, the Bank undertakes to make payments for its customers' obligations, either directly or in case the customer fails to fulfill their financial or performance obligations.
5	Currency swaps, interest rate swaps, currency options and interest rate futures	This item represents the notional principal amount of various derivative instruments which the Bank undertakes in its normal course of business. The Bank offers these products to its customers to enable them to transfer, modify or reduce their foreign exchange and interest rate risks. The Bank also undertakes these contracts to manage its own interest rate and foreign exchange positions. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the inter-bank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.
6	Other items for which the Bank is contingently liable	Other items for which the Bank is contingently liable primarily include the amount of Government securities bought/sold and remaining to be settled on the date of financial statements. This also includes the value of sell down options and other facilities pertaining to securitisation the notional principal amounts of credit derivatives, amount applied in public offers under Application Supported by Blocked Amounts (ASBA) and the amount that the Bank is obligated to pay under capital contracts. Capital contracts are job orders of a capital nature which have been committed.

32. Bancassurance

The following table sets forth, for the periods indicated, the break-up of income derived from bancassurance business.

₹ in million

Sr. No.	Nature of income	Year ended March 31, 2013	Year ended March 31, 2012
1.	Income from selling life insurance policies	3,786.6	3,004.1
2.	Income from selling non life insurance policies	466.0	369.1
3.	Income from selling mutual fund/collective investment scheme products	1,004.3	693.1

33. Staff retirement benefits

Pension

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for pension benefits.

₹ in million

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Opening obligations	9,602.7	8,842.9
Service cost	250.6	251.6
Interest cost	793.7	707.8
Actuarial (gain)/loss	2,017.8	2,329.8
Liabilities extinguished on settlement	(1,960.1)	(2,268.7)
Benefits paid	(312.2)	(260.7)
Obligations at the end of year	10,392.5	9,602.7
Opening plan assets, at fair value	9,379.5	8,467.4
Expected return on plan assets	728.5	652.9
Actuarial gain/(loss)	102.3	51.7
Assets distributed on settlement	(2,177.9)	(2,413.5)
Contributions	1,806.6	2,881.7
Benefits paid	(312.2)	(260.7)
Closing plan assets, at fair value	9,526.8	9,379.5
Fair value of plan assets at the end of the year	9,526.8	9,379.5
Present value of the defined benefit obligations at the end of the year	10,392.5	9,602.7
Amount not recognised as an asset (limit in Para 59(b))	..	..
Asset/(liability)	(865.7)	(223.2)
Cost for the year		
Service cost	250.6	251.6
Interest cost	793.7	707.8
Expected return on plan assets	(728.5)	(652.9)
Actuarial (gain)/loss	1,915.5	2,278.2
Curtailments & settlements (gain)/loss	217.8	144.8
Effect of the limit in para 59(b)	..	..
Net cost	2,449.1	2,729.5

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Actual return on plan assets	828.7	704.6
Expected employer's contribution next year	670.0	150.0
Investment details of plan assets		
Insurer Managed Funds[1]	77.74%	78.93%
Government of India securities	7.62%	8.59%
Corporate Bonds	9.31%	9.40%
Others	5.33%	3.08%
Assumptions		
Interest rate	8.00%	8.35%
Salary escalation rate:		
On Basic Pay	1.50%	1.50%
On Dearness Relief	7.00%	7.00%
Estimated rate of return on plan assets	8.00%	8.00%

1. Majority of the funds are invested in Government of India securities and corporate bonds.

Estimated rate of return on plan assets is based on our expectation of the average long-term rate of return on investments of the Fund during the estimated term of the obligations.

Experience adjustment

₹ in million

Particulars	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009
Plan assets	9,526.8	9,379.5	8,467.4	1,839.9	2,145.3
Defined benefit obligations	10,392.5	9,602.7	8,842.9	1,748.7	1,932.2
Amount not recognised as an asset (limit in para 59(b))	..	..	..	7.7	51.2
Surplus/(deficit)	(865.7)	(223.2)	(375.5)	83.5	161.9
Experience adjustment on plan assets	102.3	51.7	69.1	(130.7)	144.8
Experience adjustment on plan liabilities	1,525.2	2,692.3	689.7	196.9	6.6

Gratuity

The following tables set forth, for the periods indicated, movement of the present value of the defined benefit obligation, fair value of plan assets and other details for gratuity benefits.

₹ in million

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Opening obligations	5,247.2	5,082.7
Add: Adjustment for exchange fluctuation on opening obligations	3.8	5.8
Adjusted opening obligations	5,251.0	5,088.5
Service cost	368.8	379.7
Interest cost	428.1	419.5
Actuarial (gain)/loss	267.2	(57.4)
Past service cost	0.6	..

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Liability assumed on acquisition/(settled on divestiture)	4.1	10.1
Benefits paid	(676.7)	(593.2)
Obligations at the end of the year	5,643.1	5,247.2
Opening plan assets, at fair value	5,027.4	5,182.4
Expected return on plan assets	375.8	395.5
Actuarial gain/(loss)	34.4	20.1
Contributions	764.6	12.8
Assets acquired on acquisition/(distributed on divestiture)	5.0	9.8
Benefits paid	(676.7)	(593.2)
Closing plan assets, at fair value	5,530.5	5,027.4
Fair value of plan assets at the end of the year	5,530.5	5,027.4
Present value of the defined benefit obligations at the end of the year	5,643.1	5,247.2
Amount not recognised as an asset (limit in Para 59(b))	..	..
Asset/(liability)	(112.6)	(219.8)
Cost for the year		
Service cost	368.8	379.7
Interest cost	428.1	419.5
Expected return on plan assets	(375.8)	(395.5)
Actuarial (gain)/loss	232.8	(77.5)
Past service cost	0.6	..
Exchange fluctuation loss/(gain)	3.8	5.8
Losses/(Gains) on "Acquisition/Divestiture"	..	0.3
Effect of the limit in para 59(b)	..	..
Net cost	658.3	332.3
Actual return on plan assets	410.2	415.5
Expected employer's contribution next year	403.9	253.6
Investment details of plan assets		
Insurer Managed Funds	9.95%	50.70%
Government of India securities	28.07%	7.77%
Corporate Bonds	27.81%	18.46%
Special Deposit schemes	5.26%	5.78%
Equity	12.89%	9.73%
Others	16.02%	7.56%
Assumptions		
Interest rate	7.95%	8.30%
Salary escalation rate	7.00%	7.00%
Estimated rate of return on plan assets	8.00%	8.00%

Estimated rate of return on plan assets is based on our expectation of the average long-term rate of return on investments of the Fund during the estimated term of the obligations.

Experience adjustment

₹ in million

Particulars	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009
Plan assets	5,530.5	5,027.4	5,182.4	2,507.5	2,272.1
Defined benefit obligations	5,643.1	5,247.2	5,082.7	2,310.5	2,195.7
Amount not recognised as an asset (limit in para 59(b))	..	..	..	47.9	7.9
Surplus/(deficit)	(112.6)	(219.8)	99.7	149.1	68.5
Experience adjustment on plan assets	34.4	20.1	(63.2)	168.8	(118.0)
Experience adjustment on plan liabilities	153.6	44.1	79.0	(0.8)	(4.1)

The estimates of future salary increases, considered in actuarial valuation, take into consideration inflation, seniority, promotion and other relevant factors.

Provident Fund (PF)

As there is no liability towards interest rate guarantee on exempt provident fund on the basis of actuarial valuation, Bank has made no provision for the year ended March 31, 2013 (March 31, 2012: ₹ 17.9 million).

The following tables set forth, for the periods indicated, reconciliation of opening and closing balance of the present value of the defined benefit obligation for provident fund.

₹ in million

Particulars	Year ended March 31, 2013
Opening obligations	12,147.6
Service cost	783.4
Interest cost	1,003.8
Actuarial (gain)/loss	(26.4)
Employees contribution	1,380.7
Liabilities assumed on acquisition	104.8
Benefits paid	(1,674.4)
Obligations at end of the year	13,719.5
Opening plan assets	12,129.8
Expected return on plan assets	1,017.2
Actuarial gain/(loss)	(22.0)
Employer contributions	783.4
Employees contributions	1,380.7
Assets acquired on Acquisition/(Distributed on Divestiture)	104.8
Benefits paid	(1,674.4)
Closing plan assets	13,719.5
Plan assets at the end of the year	13,719.5
Present value of the defined benefit obligations at the end of the year	13,719.5
Asset/(liability)	..
Cost for the year	

Particulars	Year ended March 31, 2013
Service cost	783.4
Interest cost	1,003.8
Expected return on plan assets	(1,017.2)
Actuarial (gain)/loss	(4.4)
Net cost	765.6
Actual Return on Plan Assets	995.2
Expected employer's contribution next year	838.2
Investment details of plan assets	
Government of India securities	39.20%
Corporate bonds	50.14%
Special deposit scheme	3.87%
Others	6.79%
Assumption	
Discount rate	7.95%
Expected rate of return on assets	8.45%
Discount rate for the remaining term to maturity of investments	8.05%
Average historic yield on the investment	8.55%
Guaranteed rate of return	8.50%

Experience adjustment

₹ in million

Particulars	Year ended March 31, 2013
Plan assets	13,719.5
Defined benefit obligations	13,719.5
Amount not recognised as an asset (limit in para 59(b))	..
Surplus/(deficit)	..
Experience adjustment on plan assets	(22.1)
Experience adjustment on plan liabilities	(26.4)

Bank has contributed employer's contribution of ₹ 1,244.6 million to provident fund for the year ended March 31, 2013 (March 31, 2012: ₹ 1,115.3 million), which includes compulsory contribution made towards employee pension scheme under Employees Provident Fund and Miscellaneous Provisions Act, 1952.

Superannuation Fund

Bank has contributed employer's contribution of ₹ 100.5 million for the year March 31, 2013 (March 31, 2012: ₹ 114.8 million) to superannuation fund.

34. Movement in provision for credit card/debit card/savings account reward points

The following table sets forth, for the periods indicated, movement in provision for credit card/debit card/savings account reward points.

₹ in million

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Opening provision for reward points	712.5	462.5
Provision for reward points made during the year	637.1	769.7
Utilisation/write-back of provision for reward points	(603.7)	(519.7)
Closing provision for reward points[1]	745.9	712.5

1. The closing provision is based on the actuarial valuation of accumulated credit/debit card/savings account reward points. This amount will be utilised towards redemption of the credit/debit card/savings accounts reward points.

35. Provisions and contingencies

The following table sets forth, for the periods indicated, the break-up of provisions and contingencies included in profit and loss account.

₹ in million

	Year ended March 31, 2013	Year ended March 31, 2012
Provisions for depreciation of investments	1,261.8	4,132.0
Provision towards non-performing and other assets	13,948.4	9,931.8
Provision towards income tax	29,982.0	21,874.2
Deferred tax adjustment	660.2	1,446.5
Provision towards wealth tax	70.0	61.0
Other provisions and contingencies[1]	2,815.2	1,766.6
Total provisions and contingencies	48,737.6	39,212.1

1. Includes provision towards standard assets amounting to ₹ 1,439.1 million (March 31, 2012: Nil)

36. Provisions for income tax

The provision for income tax (including deferred tax) for the year ended March 31, 2013 amounted to ₹ 30,642.2 million (March 31, 2012: ₹ 23,320.7 million).

The Bank has a comprehensive system of maintenance of information and documents required by transfer pricing legislation under section 92-92F of the Income-tax Act, 1961. Finance Act, 2012 has enhanced the scope of transfer pricing to specified transaction with domestic related parties. The Bank is of the opinion that all transactions with international and domestic related parties are primarily at arm's length so that the above legislation do not have material impact on the financial statements.

37. Deferred tax

At March 31, 2013, the Bank has recorded net deferred tax asset of ₹ 24,793.0 million (March 31, 2012: ₹ 25,453.2 million), which has been included in other assets.

The following table sets forth, for the periods indicated, the break-up of deferred tax assets and liabilities into major items.

₹ in million

	At March 31, 2013	At March 31, 2012
Deferred tax asset		
Provision for bad and doubtful debts	27,146.3	27,348.8
Capital loss	63.1	79.5
Others	2,265.4	2,299.3
Total deferred tax asset	29,474.8	29,727.6
Deferred tax liability		
Depreciation on fixed assets	4,682.5	4,275.1
Total deferred tax liability	4,682.5	4,275.1
Deferred tax asset/(liability) pertaining to foreign branches	0.7	0.7
Total net deferred tax asset/(liability)	24,793.0	25,453.2

38. Dividend distribution tax

For the purpose of computation of dividend distribution tax on the proposed dividend, the Bank has reduced the dividend received from its Indian subsidiaries, on which dividend distribution tax has been paid by the subsidiaries as per the provisions of Section 115-O of the Income Tax Act, 1961.

39. Related Party Transactions

The Bank has transactions with its related parties comprising subsidiaries, associates/joint ventures/other related entities, key management personnel and relatives of key management personnel.

Subsidiaries

ICICI Bank UK PLC, ICICI Bank Canada, ICICI Bank Eurasia Limited Liability Company, ICICI Prudential Life Insurance Company Limited[1], ICICI Lombard General Insurance Company Limited[1], ICICI Prudential Asset Management Company Limited[1], ICICI Securities Limited, ICICI Securities Primary Dealership Limited, ICICI Home Finance Company Limited, ICICI Venture Funds Management Company Limited, ICICI International Limited, ICICI Trusteeship Services Limited, ICICI Investment Management Company Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Prudential Trust Limited[1] and ICICI Prudential Pension Funds Management Company Limited[1].

1. Jointly controlled entities.

Associates/joint ventures/other related entities

ICICI Equity Fund[1], ICICI Eco-net Internet and Technology Fund[1], ICICI Emerging Sectors Fund[1], ICICI Strategic Investments Fund[1], ICICI Kinfra Limited[1], FINO PayTech Limited (formerly known as Financial Inclusion Network & Operations Limited), TCW/ICICI Investment Partners Limited, I-Process Services (India) Private Limited, NIIT Institute of Finance, Banking and Insurance Training Limited, ICICI Venture Value Fund[1], Comm Trade Services Limited, ICICI Foundation for Inclusive Growth, I-Ven Biotech Limited[1], Rainbow Fund, ICICI Merchant Services Private Limited, Mewar Aanchalik Gramin Bank, India Infradebt Limited[2].

1. Entities consolidated as per Accounting Standard (AS) 21 on 'Consolidated Financial Statements'.
2. This entity was incorporated and identified as a related party during the three months ended December 31, 2012.

Key management personnel

Ms. Chanda Kochhar, Mr. N. S. Kannan, Mr. K. Ramkumar, Mr. Rajiv Sabharwal.

Relatives of key management personnel

Mr. Deepak Kochhar, Mr. Arjun Kochhar, Ms. Aarti Kochhar, Mr. Mahesh Advani, Ms. Varuna Karna, Ms. Sunita R. Advani, Ms. Rangarajan Kumudalakshmi, Ms. Aditi Kannan, Mr. Narayanan Raghunathan, Mr. Narayanan Rangarajan, Mr. Narayanan Krishnamachari, Mr. R. Shyam, Ms. R. Suchithra, Mr. K. Jayakumar, Mr. R. Krishnaswamy, Ms. J. Krishnaswamy, Ms. Sangeeta Sabharwal.

The following were the significant transactions between the Bank and its related parties for the year ended March 31, 2013. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

Insurance services

During the year ended March 31, 2013, the Bank paid insurance premium to insurance subsidiaries amounting to ₹ 969.6 million (March 31, 2012: ₹ 957.9 million). The material transactions for the year ended March 31, 2013 were payment of insurance premium to ICICI Lombard General Insurance Company Limited amounting to ₹ 871.8 million (March 31, 2012: ₹ 775.8 million) and to ICICI Prudential Life Insurance Company Limited amounting to ₹ 97.8 million (March 31, 2012: ₹ 182.1 million).

During the year ended March 31, 2013, the Bank’s insurance claims (including the claims received by the Bank on behalf of key management personnel) from the insurance subsidiaries amounted to ₹ 503.6 million (March 31, 2012: ₹ 411.5 million). The material transactions for the year ended March 31, 2013 were with ICICI Lombard General Insurance Company Limited amounting to ₹ 444.3 million (March 31, 2012: ₹ 355.2 million) and with ICICI Prudential Life Insurance Company Limited amounting to ₹ 59.3 million (March 31, 2012: ₹ 56.3 million).

Fees and commission income

During the year ended March 31, 2013, the Bank received fees from its subsidiaries amounting to ₹ 4,726.6 million (March 31, 2012: ₹ 3,841.2 million), from its associates/joint ventures/other related entities amounting to ₹ 13.9 million (March 31, 2012: ₹ 19.9 million) and from relatives of key management personnel amounting to ₹ 0.1 million (March 31, 2012: Nil). The material transactions for the year ended March 31, 2013 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 3,860.1 million (March 31, 2012: ₹ 3,077.0 million) and with ICICI Lombard General Insurance Company Limited amounting to ₹ 516.6 million (March 31, 2012: ₹ 421.0 million).

During the year ended March 31, 2013, the Bank received commission on bank guarantees from its subsidiaries amounting to ₹ 41.8 million (March 31, 2012: ₹ 32.4 million). The material transactions for the year ended March 31, 2013 were with ICICI Bank UK PLC amounting to ₹ 35.1 million (March 31, 2012: ₹ 24.8 million) and with ICICI Bank Eurasia Limited Liability Company amounting to ₹ 5.6 million (March 31, 2012: ₹ 5.6 million).

Lease of premises, common corporate and facilities expenses

During the year ended March 31, 2013, the Bank recovered from its subsidiaries an amount of ₹ 1,099.3 million (March 31, 2012: ₹ 1,112.1 million), from its associates/joint ventures/other related entities an amount of ₹ 147.9 million (March 31, 2012: ₹ 38.4 million) and from its key management personnel an amount of ₹ 0.1 million (March 31, 2012: Nil) for lease of premises, common corporate and facilities expenses. The material transactions for the year ended March 31, 2013 were with ICICI Home Finance Company Limited amounting to ₹ 273.3 million (March 31, 2012: ₹ 258.6 million), ICICI Securities Limited amounting to ₹ 229.1 million (March 31, 2012: ₹ 272.0 million), ICICI Prudential Life Insurance Company Limited amounting to ₹ 164.0 million (March 31, 2012: ₹ 162.6 million), ICICI Bank UK PLC amounting to ₹ 151.2 million (March 31, 2012: ₹ 125.1 million), ICICI Merchant Services Private Limited amounting to ₹ 147.9 million (March 31, 2012: ₹ 38.4 million) and with ICICI Lombard General Insurance Company Limited amounting to ₹ 143.6 million (March 31, 2012: ₹ 138.4 million).

Secondment of employees

During the year ended March 31, 2013, the Bank recovered towards deputation of employees from its subsidiaries an amount of ₹ 52.2 million (March 31, 2012: ₹ 37.9 million) and from its associates/joint ventures/other related entities an amount of ₹ 6.6 million (March 31, 2012: ₹ 7.0 million). The material transactions for the year ended March 31, 2013 were with ICICI Investment Management Company Limited amounting to ₹ 35.6 million (March 31, 2012: ₹ 28.2 million), ICICI Securities Limited amounting to ₹ 14.5 million (March 31, 2012: ₹ 11.4 million) and with I-Process Services (India) Private Limited amounting to ₹ 6.6 million (March 31, 2012: ₹ 7.0 million).

Purchase of investments

During the year ended March 31, 2013, the Bank purchased certain investments from its subsidiaries amounting to ₹ 23,702.1 million (March 31, 2012: ₹ 5,757.0 million). The material transactions for the year ended March 31, 2013 were with ICICI Securities Primary Dealership Limited amounting to ₹ 17,330.7 million (March 31, 2012: ₹ 3,927.5 million), ICICI Lombard General Insurance Company Limited amounting to ₹ 3,314.5 million (March 31, 2012: ₹ 154.1 million) and with ICICI Prudential Life Insurance Company Limited amounting to ₹ 3,056.9 million (March 31, 2012: ₹ 1,675.4 million).

During the year ended March 31, 2013, the Bank invested in the equity shares of India Infradebt Limited amounting to ₹ 900.0 million (March 31, 2012: Nil), in the share application money for equity shares of ICICI Lombard General Insurance Company Limited amounting to ₹ 740.0 million (March 31, 2012: Nil), in the share application money for equity shares of Mewar Aanchalik Gramin Bank amounting to ₹ 18.6 million (March 31, 2012: Nil) and in equity warrants of FINO PayTech Limited amounting to Nil (March 31, 2012: ₹ 40.0 million).

Sale of investments

During the year ended March 31, 2013, the Bank sold certain investments to its subsidiaries amounting to ₹ 12,119.1 million (March 31, 2012: ₹ 9,532.7 million) and to its associates/joint ventures/other related entities amounting to Nil (March 31, 2012: ₹ 48.7 million). The material transactions for the year ended March 31, 2013 were with ICICI Securities Primary Dealership Limited amounting to ₹ 6,459.7 million (March 31, 2012: ₹ 2,783.6 million), ICICI Prudential Life Insurance Company Limited amounting to ₹ 4,088.0 million (March 31, 2012: ₹ 5,097.7 million) and with ICICI Lombard General Insurance Company Limited amounting to ₹ 1,321.2 million (March 31, 2012: ₹ 1,560.3 million).

Investment in Certificate of Deposits (CDs)/bonds issued by ICICI Bank

During the year ended March 31, 2013, subsidiaries have invested in CDs/bonds issued by the Bank amounting to ₹ 1,914.0 million (March 31, 2012: ₹ 4,622.5 million). The material transactions for the year ended March 31, 2013 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 1,407.2 million (March 31, 2012: ₹ 3,165.6 million) and with ICICI Securities Primary Dealership Limited amounting to ₹ 506.8 million (March 31, 2012: ₹ 1,002.5 million).

Redemption/buyback of investments

During the year ended March 31, 2013, the Bank received a consideration from ICICI Bank UK PLC amounting to ₹ 5,428.5 million (equivalent to USD 100.0 million) (March 31, 2012: Nil) on account of buyback of equity/preference shares by ICICI Bank UK PLC.

During the year ended March 31, 2013, the Bank received a consideration from ICICI Emerging Sectors Fund amounting to Nil (March 31, 2012: ₹ 1,396.8 million) on account of redemption of units and distribution of gain/loss on units by ICICI Emerging Sectors Fund.

Reimbursement of expenses to subsidiaries

During the year ended March 31, 2013, the Bank reimbursed expenses to its subsidiaries amounting to ₹ 29.6 million (March 31, 2012: ₹ 40.6 million). The material transactions for the year ended March 31, 2013 were with ICICI Home Finance Company Limited amounting to ₹ 16.5 million (March 31, 2012: Nil), ICICI Bank Canada amounting to ₹ 7.3 million (March 31, 2012: ₹ 6.7 million) and with ICICI Bank UK PLC amounting to ₹ 5.8 million (March 31, 2012: ₹ 33.9 million).

Reimbursement of expenses to the Bank

During the year ended March 31, 2013, subsidiaries reimbursed expenses to the Bank amounting to ₹ 29.1 million (March 31, 2012: ₹ 19.0 million). The material transactions for the year ended March 31, 2013 were with ICICI Bank UK PLC amounting to ₹ 18.0 million (March 31, 2012: ₹ 13.4 million), ICICI Home Finance Company Limited amounting to ₹ 6.1 million (March 31, 2012: ₹ 0.2 million) and with ICICI Bank Canada amounting to ₹ 5.0 million (March 31, 2012: ₹ 5.4 million).

Brokerage, fees and other expenses

During the year ended March 31, 2013, the Bank paid brokerage, fees and other expenses to its subsidiaries amounting to ₹ 557.3 million (March 31, 2012: ₹ 491.5 million) and to its associates/joint ventures/other related entities amounting to ₹ 2,653.2 million (March 31, 2012: ₹ 1,832.5 million). The material transactions for the year ended March 31, 2013 were with ICICI Merchant Services Private Limited amounting to ₹ 1,305.2 million (March 31, 2012: ₹ 953.9 million), I-Process Services (India) Private Limited amounting to ₹ 1,045.2 million (March 31, 2012: ₹ 606.5 million), ICICI Home Finance Company Limited amounting to ₹ 373.7 million (March 31, 2012: ₹ 349.8 million) and with FINO PayTech Limited amounting to ₹ 258.4 million (March 31, 2012: ₹ 259.0 million).

Income on custodial services

During the year ended March 31, 2013, the Bank recovered custodial charges from its subsidiaries amounting to ₹ 5.1 million (March 31, 2012: ₹ 3.5 million) and from its associates/joint ventures/other related entities amounting to ₹ 0.9 million (March 31, 2012: ₹ 1.4 million). The material transactions for the year ended March 31, 2013 were with ICICI Securities Primary Dealership Limited amounting to ₹ 4.8 million (March 31, 2012: ₹ 3.3 million) and with ICICI Strategic Investments Fund amounting to ₹ 0.3 million (March 31, 2012: ₹ 0.6 million).

Interest expenses

During the year ended March 31, 2013, the Bank paid interest to its subsidiaries amounting to ₹ 390.9 million (March 31, 2012: ₹ 336.4 million), to its associates/joint ventures/other related entities amounting to ₹ 272.5 million (March 31, 2012: ₹ 160.5 million), to its key management personnel amounting to ₹ 2.9 million (March 31, 2012: ₹ 2.0 million) and to relatives of key management personnel amounting to ₹ 1.7 million (March 31, 2012: ₹ 1.1 million). The material transactions for the year ended March 31, 2013 were with ICICI Securities Limited amounting to ₹ 184.5 million (March 31, 2012: ₹ 111.6 million), Mewar Aanchalik Gramin Bank amounting to ₹ 162.4 million (March 31, 2012: ₹ 128.9 million), ICICI Prudential Life Insurance Company Limited amounting to ₹ 148.4 million (March 31, 2012: ₹ 129.1 million) and with India Infradebt Limited amounting to ₹ 84.5 million (March 31, 2012: Nil).

Interest income

During the year ended March 31, 2013, the Bank received interest from its subsidiaries amounting to ₹ 1,781.2 million (March 31, 2012: ₹ 1,686.8 million), from its associates/joint ventures/other related entities amounting to ₹ 95.1 million (March 31, 2012: ₹ 49.1 million), from its key management personnel amounting to ₹ 0.4 million (March 31, 2012: ₹ 0.5 million) and from relatives of key management personnel amounting to ₹ 0.7 million (March 31, 2012: ₹ 0.7 million). The material transactions for the year ended March 31, 2013 were with ICICI Home Finance Company Limited amounting to ₹ 1,202.0 million (March 31, 2012: ₹ 1,181.4 million) and with ICICI Bank Eurasia Limited Liability Company amounting to ₹ 245.9 million (March 31, 2012: ₹ 210.9 million).

Other income

The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market. During the year ended March 31, 2013, the net gain of the Bank on forex and derivative transactions entered with subsidiaries was ₹ 304.5 million (March 31, 2012: net loss of ₹ 337.3 million). The material transactions for the year ended March 31, 2013 were gain of ₹

235.7 million (March 31, 2012: loss of ₹ 620.0 million) with ICICI Bank UK PLC, gain of ₹ 170.4 million (March 31, 2012: gain of ₹ 352.9 million) with ICICI Bank Canada, loss of ₹ 162.5 million (March 31, 2012: gain of ₹ 168.4 million) with ICICI Home Finance Company Limited and gain of ₹ 31.6 million (March 31, 2012: loss of ₹ 242.2 million) with ICICI Securities Primary Dealership Limited.

While the Bank within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.

Dividend income

During the year ended March 31, 2013, the Bank received dividend from its subsidiaries amounting to ₹ 9,117.6 million (March 31, 2012: ₹ 7,364.1 million). The material transactions for the year ended March 31, 2013 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 3,271.5 million (March 31, 2012: ₹ 2,321.7 million), ICICI Bank Canada amounting to ₹ 1,666.2 million (March 31, 2012: ₹ 283.0 million), ICICI Home Finance Company Limited amounting to ₹ 1,389.9 million (March 31, 2012: ₹ 1,714.1 million) and with ICICI Bank UK PLC amounting to ₹ 1,307.3 million (March 31, 2012: ₹ 1,216.9 million).

Dividend paid

During the year ended March 31, 2013, the Bank paid dividend to its key management personnel amounting to ₹ 6.7 million (March 31, 2012: ₹ 4.5 million). The dividend paid during the year ended March 31, 2013 to Ms. Chanda Kochhar was ₹ 5.1 million (March 31, 2012: ₹ 3.8 million), to Mr. N. S. Kannan was ₹ 1.2 million (March 31, 2012: ₹ 0.7 million) and to Mr. K. Ramkumar was ₹ 0.4 million (March 31, 2012: Nil).

Remuneration to whole-time directors

Remuneration paid to the whole-time directors of the Bank during the year ended March 31, 2013 was ₹ 154.9 million (March 31, 2012: ₹ 111.3 million). The remuneration paid for the year ended March 31, 2013 to Ms. Chanda Kochhar was ₹ 54.2 million (March 31, 2012: ₹ 37.7 million), to Mr. N. S. Kannan was ₹ 32.2 million (March 31, 2012: ₹ 25.0 million), to Mr. K. Ramkumar was ₹ 42.7 million (March 31, 2012: ₹ 25.4 million) and to Mr. Rajiv Sabharwal was ₹ 25.8 million (March 31, 2012: ₹ 23.2 million).

Sale of fixed assets

During the year ended March 31, 2013, the Bank sold fixed assets to its subsidiaries amounting to ₹ 2.1 million (March 31, 2012: ₹ 18.4 million) and to its key management personnel amounting to ₹ 0.7 million (March 31, 2012: Nil). The material transactions for the year ended March 31, 2013 were with ICICI Securities Limited amounting to ₹ 1.9 million (March 31, 2012: ₹ 1.0 million), ICICI Venture Funds Management Company Limited amounting to Nil (March 31, 2012: ₹ 14.7 million), ICICI Lombard General Insurance Company Limited amounting to Nil (March 31, 2012: ₹ 2.7 million) and with Mr. K. Ramkumar amounting to ₹ 0.7 million (March 31, 2012: Nil).

Purchase of fixed assets

During the year ended March 31, 2013, the Bank purchased fixed assets from its subsidiaries amounting to ₹ 2.6 million (March 31, 2012: ₹ 9.4 million). The material transactions for the year ended March 31, 2012 were with ICICI Venture Funds Management Company Limited amounting to ₹ 1.8 million (March 31, 2012: Nil), ICICI Prudential Asset Management Company Limited amounting to ₹ 0.8 million (March 31, 2012: Nil), ICICI Lombard General Insurance Company Limited amounting to Nil (March 31, 2012: ₹ 4.6 million) and with ICICI Prudential Life Insurance Company Limited amounting to Nil (March 31, 2012: ₹ 4.2 million).

Sale of gold coins

During the year ended March 31, 2013, the Bank sold gold coins to ICICI Prudential Life Insurance Company Limited amounting to ₹ 1.7 million (March 31, 2012: ₹ 45.4 million).

Donation

During the year ended March 31, 2013, the Bank has given donation to ICICI Foundation for Inclusive Growth amounting to ₹ 80.0 million (March 31, 2012: ₹ 239.7 million).

Purchase of loan

During the year ended March 31, 2013, the Bank purchased loans from ICICI Bank UK PLC amounting to Nil (March 31, 2012: ₹ 12,870.5 million).

Sale of loan

During the year ended March 31, 2013, the Bank sold a loan to ICICI Bank UK PLC amounting to ₹ 1,357.1 million (March 31, 2012: ₹ 2,543.8 million).

Purchase of bank guarantees

Bank guarantees issued by ICICI Bank UK PLC on behalf of its clients were transferred to the Bank amounting to ₹ 12,221.2 million during the year ended March 31, 2013 (March 31, 2012: ₹ 1,279.2 million).

Letters of Comfort

The Bank has issued letters of comfort on behalf of its banking subsidiaries. The details of the letters are given below.

On behalf of	To	Purpose
ICICI Bank UK PLC	Financial Services Authority, UK ('FSA')	Financially support ICICI Bank UK PLC to ensure that it meets all of its obligations as they fall due.
ICICI Bank Canada	Canada Deposit Insurance Corporation ('CDIC')	To comply with the Bank Act and the CDIC regulations or by-laws thereunder and to indemnify CDIC against all losses, damages, reasonable costs and expenses arising from failure of ICICI Bank Canada in performing the same.

The Bank has issued an undertaking on behalf of ICICI Securities Inc. for Singapore dollar 10.0 million (currently equivalent to ₹ 437.2 million) to the Monetary Authority of Singapore (MAS), has executed indemnity agreement on behalf of ICICI Bank Canada to its independent directors for a sum not exceeding Canadian dollar 2.5 million (currently equivalent to ₹ 133.6 million) each, aggregating to Canadian dollar 15.0 million (currently equivalent to ₹ 801.6 million). The Bank has furnished an undertaking on behalf of ICICI Bank Eurasia Limited Liability Company, for an amount of USD 19.0 million (currently equivalent to ₹ 1,031.4 million) in relation to its borrowing. The aggregate amount of ₹ 2,270.2 million at March 31, 2013 (March 31, 2012: ₹ 915.2 million) is included in the contingent liabilities.

During the year, the Bank has issued an undertaking on behalf of ICICI Bank Eurasia LLC and to two independent directors on behalf of ICICI Bank Canada.

As per the assessment done, there is no likely financial impact of the above letters issued to overseas regulators or of the indemnity agreements at March 31, 2013.

In addition to the above, the Bank has also issued letters of comfort in the nature of letters of awareness on behalf of banking and non-banking subsidiaries in respect of their borrowings made or proposed to be made and for other incidental business purposes. As they are in the nature of factual statements or confirmation of facts, they do not create any financial impact on the Bank.

The letters of comfort in the nature of letters of awareness that are outstanding at March 31, 2013 issued by the Bank on behalf of its subsidiaries, aggregate to ₹ 18,640.5 million (March 31, 2012: ₹ 24,238.9 million). During the year ended March 31, 2013, borrowings pertaining to letters of comfort aggregating ₹ 5,598.4 million were repaid.

Related party balances

The following table sets forth, the balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel at March 31, 2013.

₹ in million

Items/Related party	Subsidiaries	Associates/ joint ventures/ other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	8,365.4	5,166.5	60.5	23.6	13,616.0
Deposits of ICICI Bank	100.4	..	..	..	100.4
Call/term money lent	..	..	..	..	..
Call/term money Borrowed	..	..	..	..	..
Advances	18,982.0	305.5	5.7	6.9	19,303.1
Investments of ICICI Bank	133,339.4	3,862.3	..	..	137,201.7
Investments of related parties in ICICI Bank	430.7	15.0	4.1	..	449.8
Receivables[1]	929.0	..	..	..	929.0
Payables[1]	56.5	1,199.9	..	..	1,256.4
Guarantees/ letter of credit/ indemnity	9,273.4	1,689.7	..	..	10,963.1
Swaps/forward contracts (notional amount)	133,492.5	..	..	..	133,492.5
Employee stock options outstanding (Numbers)	..	..	3,172,500	..	3,172,500
Employee stock options exercised[2]	..	..	0.5	..	0.5

1. Excludes mark-to-market on outstanding derivative transactions.
2. During the year ended March 31, 2013, 54,000 employee stock options were exercised, which have been reported at face value.

The following table sets forth, the maximum balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel during the year ended March 31, 2013.

₹ in million

Items/Related party	Subsidiaries	Associates/ Joint ventures/ other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	8,365.4	5,170.1	74.3	44.6	13,654.4
Deposits of ICICI Bank	1,245.2	..	..	..	1,245.2
Call/term money lent	10,068.7	..	..	..	10,068.7
Call/term money borrowed	..	..	..	..	..
Advances	24,544.5	2,004.5	10.4	7.9	26,567.3
Investments of ICICI Bank	137,689.2	4,157.4	..	..	141,846.6
Investments of related parties in ICICI Bank[1]	1,285.0	15.0	4.1	..	1,304.1
Receivables	1,759.1	0.4[1]	..	..	1,759.5
Payables[1]	56.5	1,199.9	..	..	1,256.4
Guarantees/ letter of credit/ indemnity	13,635.1	1,689.7	..	..	15,324.8
Swaps/forward contracts (notional amount)	191,242.6	..	..	..	191,242.6

1. Maximum balances are determined based on comparison of the total outstanding balances at each quarter end during the financial year.

The following table sets forth, the balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel at March 31, 2012.

₹ in million

Items/Related party	Subsidiaries	Associates/ joint ventures/ other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	11,536.6	2,089.8	41.0	19.8	13,687.2
Deposits of ICICI Bank	717.9	..	..	..	717.9
Call/term money lent	4,568.7	..	..	..	4,568.7
Call/term money Borrowed	..	..	..	..	..
Advances	18,766.7	1,004.8	9.2	7.4	19,788.1
Investments of ICICI Bank	136,699.1	3,484.7	..	..	140,183.8
Investments of related parties in ICICI Bank	310.3	15.0	4.1	..	329.4
Receivables[1]	637.0	0.2	..	..	637.2
Payables[1]	27.3	202.8	..	..	230.1
Guarantees/ letter of credit	13,546.8	0.1	..	..	13,546.9
Swaps/forward contracts (notional amount)	168,433.0	..	..	..	168,433.0
Employee stock options outstanding (Numbers)	..	..	2,701,500	..	2,701,500
Employee stock options exercised[2]	..	..	0.9	..	0.9

1. Excludes mark-to-market on outstanding derivative transactions.
2. During the year ended March 31, 2012, 86,500 employee stock options were exercised, which have been reported at face value.

The following table sets forth, the maximum balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel during the year ended March 31, 2012.

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	11,536.6	3,150.6	64.0	27.3	14,778.5
Deposits of ICICI Bank	3,375.0	..	..	..	3,375.0
Call/term money lent	7,068.7	..	..	..	7,068.7
Call/term money borrowed	670.5	..	..	..	670.5
Advances	19,168.7	1,004.8	10.7	9.2	20,193.4
Investments of ICICI Bank	137,086.6	7,513.0	..	..	144,599.6
Investments of related parties in ICICI Bank[1]	407.9	15.0	4.1	..	427.0
Receivables	2,941.9	154.1[1]	..	..	3,096.0
Payables[1]	84.8	266.7	..	..	351.5
Guarantees/ letter of credit	13,649.2	0.1	..	..	13,649.3
Swaps/forward contracts (notional amount)	308,575.2	..	..	..	308,575.2

1. Maximum balances are determined based on comparison of the total outstanding balances at each quarter end during the financial year.

40. Small and micro enterprises

Under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to enterprises covered under the Act. During the year ended March 31, 2013, the amount paid after the due date to vendors registered under the MSMED Act, 2006 was ₹ 6.0 million (March 31, 2012: ₹ 7.1 million). An amount of ₹ 0.2 million (March 31, 2012: ₹ 0.1 million) has been charged to profit & loss account towards accrual of interest on these delayed payments.

41. Penalties/fines imposed by RBI and other banking regulatory bodies

The penalty imposed by RBI and other banking regulatory bodies during the year ended March 31, 2013 was ₹ 3.1 million (March 31, 2012: ₹ 1.5 million).

During the year ended March 31, 2013, RBI imposed a penalty of ₹ 66,000 through letter dated May 2, 2012, with regard to bouncing of two Subsidiary General Ledger deals of the clients of ₹ 60.0 million and ₹ 6.0 million on March 28, 2012. On October 9, 2012, a penalty of ₹ 3.0 million was levied by RBI for non compliance with Know Your Customer (KYC) directions issued by RBI. The Bank has paid these penalties to RBI.

42. Disclosure on Remuneration

Compensation policy and practices

(A) Qualitative disclosures

a) Information relating to the composition and mandate of the Remuneration Committee

The Board Governance, Remuneration & Nomination Committee (BGRNC) comprises three independent Directors. The functions of the Committee include recommendation of appointments of Directors to the Board, evaluation of the performance of the Managing Director & CEO (MD & CEO) and other wholetime Directors (WTDs) on predetermined parameters, recommendation to the Board of the remuneration (including performance bonus and perquisites) to WTDs, 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 (ESOS) and recommendation of grant of the Bank's stock options to employees and WTDs of the Bank and its subsidiary companies.

b) Information relating to design and structure of remuneration processes and the key features and objectives of remuneration policy

The Bank has under the guidance of the Board and the BGRNC, followed compensation practices intended to drive meritocracy within the framework of prudent risk management. This approach has been incorporated in the Compensation Policy approved by the Board on January 31, 2012, pursuant to the guidelines issued by RBI.

The key elements of the Bank's compensation practices are:

- Effective governance of compensation: the BGRNC has oversight over compensation. The Committee defines Key Performance Indicators (KPIs) for wholetime Directors and equivalent positions and the organisational performance norms for bonus based on the financial and strategic plan approved by the Board. The KPIs include both quantitative and qualitative aspects. The BGRNC assesses organisational performance as well as the individual performance for wholetime Directors and equivalent positions. Based on its assessment, it makes recommendations to the Board regarding compensation for wholetime Directors and equivalent positions and bonus for employees.

- Alignment of compensation philosophy with prudent risk taking: the Bank seeks to achieve a prudent mix of fixed and variable pay, with a higher proportion of variable pay at senior levels and no guaranteed bonuses. Compensation is sought to be aligned to both financial and non-financial indicators of performance including aspects like risk management and customer service. In addition, the Bank has an employee stock option scheme aimed at aligning compensation to long term performance through stock option grants that vest over a period of time. Compensation of staff in financial and risk control functions is independent of the business areas they oversee and depends on their performance assessment.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes including the nature and type of the key measures used to take account of these risks.

The Board approves the risk framework for the Bank and the business activities of the Bank are undertaken within this framework to achieve the financial plan. The risk framework includes the Bank's risk appetite, limits framework and policies and procedures governing various types of risk. KPIs of wholetime Directors & equivalent positions, as well as employees, incorporate relevant risk management related aspects. For example, in addition to performance targets in areas such as growth and profits, performance indicators include aspects such as the desired funding profile and asset quality. The BGRNC takes into consideration all the above aspects while assessing organisational and individual performance and making compensation-related recommendations to the Board.

d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration

The level of performance bonus, increments in salary and allowances and grant of stock options is determined based on the assessment of performance as described above.

e) Discussion of the Bank's policy on deferral and vesting of variable remuneration and the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting

The quantum of bonus for an employee does not exceed a certain percentage (as stipulated in the compensation policy) of the total fixed pay in a year. Within this percentage, if the quantum of bonus exceeds a predefined threshold percentage of the total fixed pay, a part of the bonus is deferred and paid over a period. The deferred portion is subject to malus, under which the Bank would prevent vesting of all or part of the variable pay in the event of an enquiry determining gross negligence or breach of integrity. In such cases, variable pay already paid out is also subject to clawback arrangements.

f) Description of the different forms of variable remuneration that the Bank utilises and the rationale for using these different forms

The Bank pays performance linked retention pay (PLRP) to its front-line staff and junior management and performance bonus to its middle and senior management. PLRP aims to reward front line and junior managers, mainly on the basis of skill maturity attained through experience and continuity in role which is a key differentiator for customer service. The Bank also pays variable pay to sales officers and relationship managers in wealth management roles. The Bank ensures higher variable pay at senior levels and lower variable pay for front-line staff and junior management levels.

(B) Quantitative disclosures

The following table sets forth, for the period indicated, the details of quantitative disclosure for remuneration of WTDs (including MD & CEO) and Presidents.

₹ in million, except numbers

Particulars	Year ended March 31, 2013
Number of meetings held by the BGRNC	3
Remuneration paid to its members (sitting fees)	0.2
Number of employees having received a variable remuneration award	7
Number and total amount of sign-on awards made	Nil
Details of guaranteed bonus paid as joining/sign on bonus	Nil
Details of severance pay, in addition to accrued benefits	Nil
Total amount of outstanding deferred remuneration at March 31, 2013	
Cash	54.7
Shares	Nil
Shares-linked instruments[1] (nos.)	2,533,000
Other forms	Nil
Total amount of deferred remuneration paid out	Nil
Breakdown of amount of remuneration awards	
Fixed[2]	133.8
Variable[3]	74.6
Deferred[4]	29.9
Non-deferred	44.8
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments at March 31, 2013	54.7
Total amount of reductions due to ex-post explicit adjustments	Nil
Total amount of reductions due to ex-post implicit adjustments	Nil

1. Pursuant to grant of options under ESOS. Of these options, 75,000 options granted to a President who retired subsequently, will vest fully in one year from April 27, 2012.
2. Fixed pay includes basic salary, supplementary allowances, superannuation, contribution to provident fund and gratuity fund by the Bank.
3. Variable pay for the year ended March 31, 2013 was awarded in the month of April 2013 and is subject to approval from RBI.
4. In line with the Bank's compensation policy, the stipulated percentage of performance bonus is deferred.

43. Disclosure of complaints

The following table sets forth, for the periods indicated, the movement of the outstanding number of complaints.

	Particulars	Year ended March 31, 2013	Year ended March 31, 2012
a)	No. of complaints pending at the beginning of the year	3,837	3,024
b)	No. of complaints received during the year	101,408	155,115
c)	No. of complaints redressed during the year	102,617	154,302
d)	No. of complaints pending at the end of the year	2,628	3,837

1. Does not include complaints redressed within 1 working day.

The following table sets forth, for the periods indicated, the details of awards during the year.

	Particulars	Year ended March 31, 2013	Year ended March 31, 2012
a)	No. of unimplemented awards at the beginning of the year	..	..
b)	No. of awards passed by the Banking Ombudsmen during the year	..	..
c)	No. of awards implemented during the year	..	..
d)	No. of unimplemented awards at the end of the year	..	..

44. Drawdown from reserves

There has been no draw down from reserves during the year ended March 31, 2013 (March 31, 2012: Nil).

45. Comparative figures

Figures of the previous year have been re-grouped to conform to the current year presentation.

Signatures to Schedules 1 to 18

As per our report of even date.

For and on behalf of the Board of Directors

For S.R. Batliboi & Co. LLP
Firm's registration no.: 301003E
Chartered Accountants

K. V. Kamath
Chairman

Sridar Iyengar
Director

Chanda Kochhar
Managing Director
& CEO

Shrawan Jalan
Partner
Membership no.: 102102

N. S. Kannan
Executive Director &
CFO

K. Ramkumar
Executive Director

Rajiv Sabharwal
Executive Director

Sandeep Batra
Group Compliance
Officer & Company
Secretary

Rakesh Jha
Deputy
Chief Financial Officer

Place: Mumbai
Date: April 26, 2013

To
The Members of ICICI Bank Limited

1. We have audited the attached balance sheet of ICICI Bank Limited (the 'Bank') as at 31 March 2012 and also the profit and loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. Incorporated in the said financial statements are the returns of the Singapore, Bahrain, Hong Kong, Dubai, Qatar, Sri Lanka and New York-USA branches of the Bank, audited by other auditors.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. The balance sheet and profit and loss account are drawn up in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949, read with Section 211 of the Companies Act, 1956.

4. We did not audit the financial statements of Singapore, Bahrain, Hong Kong, Dubai, Qatar, Sri Lanka and New York-USA branches, whose financial statements reflect total assets of Rs. 1,140,883 million as at 31 March 2012, the total revenue of Rs. 53,809 million for the year ended 31 March 2012 and net cash flows amounting to Rs. 119,605 million for the year ended 31 March 2012. These financial statements have been audited by other auditors, duly qualified to act as auditors in the country of incorporation of the said branches, whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

5. We report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;

   b) In our opinion, the transactions of the Bank which have come to our notice have been within its powers;

   c) We have visited 100 branches of the Bank for the purpose of our audit;

   d) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us. The Branch Auditor's Report(s) have been forwarded to us and have been appropriately dealt with;

   e) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and with audited returns of from the branches;

   f) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, insofar as they apply to the Bank;

g) On the basis of written representations received from the directors, as on 31 March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

h) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required for banking companies, and give a true and fair view in conformity with the accounting principles generally accepted in India;

   i. in case of the balance sheet, of the state of the affairs of the Bank as at 31 March 2012;

   ii. in case of the profit and loss account, of the profit for the year ended on that date; and

   iii. in case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountants

per Shrawan Jalan
Partner
Membership No.: 102102
Mumbai
27 April 2012

ICICI BANK LIMITED
Unconsolidated Balance Sheet at March 31, 2012

₹ in '000s

	Schedule	At 31.03.2012	At 31.03.2011
CAPITAL AND LIABILITIES			
Capital	1	11,527,683	11,518,200
Employees stock options outstanding		23,854	2,929
Reserves and surplus	2	592,500,885	539,388,244
Deposits	3	2,554,999,561	2,256,021,077
Borrowings	4	1,401,649,073	1,095,542,771
Other liabilities and provisions	5	175,769,846	159,863,467
TOTAL CAPITAL AND LIABILITIES		4,736,470,902	4,062,336,688
ASSETS			
Cash and balances with Reserve Bank of India	6	204,612,935	209,069,703
Balances with banks and money at call and short notice	7	157,680,199	131,831,128
Investments	8	1,595,600,430	1,346,859,630
Advances	9	2,537,276,579	2,163,659,014
Fixed assets	10	46,146,870	47,442,551
Other assets	11	195,153,889	163,474,662
TOTAL ASSETS		4,736,470,902	4,062,336,688
Contingent liabilities	12	9,154,651,059	9,231,216,140
Bills for collection		75,720,571	85,300,273
Significant accounting policies and notes to accounts	17 & 18		

The schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For and on behalf of the Board of Directors

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

K. V. Kamath
Chairman

Sridar Iyengar
Director

Chanda Kochhar
Managing Director & CEO

Shrawan Jalan
Partner
Membership no.:102102

N. S. Kannan
Executive Director & CFO

K. Ramkumar
Executive Director

Rajiv Sabharwal
Executive Director

Sandeep Batra
Group Compliance Officer & Company Secretary

Rakesh Jha
Deputy Chief Financial Officer

Place: Mumbai
Date: April 27, 2012

ICICI Bank

ICICI BANK LIMITED
Unconsolidated Profit and Loss Account
for the year ended March 31, 2012

₹ in '000s

	Schedule	Year ended 31.03.2012	Year ended 31.03.2011
I. INCOME			
Interest earned	13	335,426,522	259,740,528
Other income	14	75,027,598	66,478,925
TOTAL INCOME		410,454,120	326,219,453
II. EXPENDITURE			
Interest expended	15	228,084,964	169,571,515
Operating expenses	16	78,504,433	66,172,492
Provisions and contingencies (refer note 18.38)		39,212,151	38,961,684
TOTAL EXPENDITURE		345,801,548	274,705,691
III. PROFIT/(LOSS)			
Net profit for the year		64,652,572	51,513,762
Profit brought forward		50,181,837	34,643,807
TOTAL PROFIT/(LOSS)		114,834,409	86,157,569
IV. APPROPRIATIONS/TRANSFERS			
Transfer to Statutory Reserve		16,170,000	12,880,000
Transfer to Reserve Fund		10,665	360
Transfer to Capital Reserve		380,000	832,500
Transfer to/(from) Investment Reserve Account		..	(1,160,000)
Transfer to General Reserve		3,154	2,584
Transfer to Special Reserve		6,500,000	5,250,000
Dividend (including corporate dividend tax) for the previous year paid during the year		4,284	21,658
Proposed equity share dividend		19,020,400	16,125,811
Proposed preference share dividend		35	35
Corporate dividend tax		2,203,548	2,022,784
Balance carried over to balance sheet		70,542,323	50,181,837
TOTAL		114,834,409	86,157,569
Significant accounting policies and notes to accounts	17 & 18		
Earnings per share (refer note 18.1)			
Basic (₹)		56.11	45.27
Diluted (₹)		55.95	45.06
Face value per share (₹)		10.00	10.00

The schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report of even date.

For and on behalf of the Board of Directors

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

K. V. Kamath
Chairman

Sridar Iyengar
Director

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Managing Director
& CEO

Shrawan Jalan
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Membership no.:102102

N. S. Kannan
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Executive Director

Rajiv Sabharwal
Executive Director

Sandeep Batra
Group Compliance Officer &
Company Secretary

Rakesh Jha
Deputy
Chief Financial Officer

Place: Mumbai
Date: April 27, 2012

ICICI BANK LIMITED
Unconsolidated Cash Flow Statement for the year ended March 31, 2012

₹ in '000s

		Year ended 31.03.2012	Year ended 31.03.2011
Cash flow from operating activities			
Profit before taxes		88,034,223	67,607,025
Adjustments for :			
Depreciation and amortisation		6,016,209	6,779,203
Net (appreciation)/depreciation on investments		11,007,862	13,498,447
Provision in respect of non-performing assets (including prudential provision on standard assets)		9,931,796	19,769,127
Provision for contingencies & others		1,766,718	1,061,083
Income from subsidiaries, joint ventures and consolidated entities		(7,625,631)	(4,358,221)
(Profit)/Loss on sale of fixed assets		16,876	(411,695)
Employees stock options grants		20,925	2,929
		109,168,978	103,947,898
Adjustments for :			
(Increase)/decrease in investments		(127,636,008)	(56,232,153)
(Increase)/decrease in advances		(388,801,703)	(310,048,851)
Increase/(decrease) in borrowings		249,218,173	102,920,003
Increase/(decrease) in deposits		298,978,483	100,567,606
(Increase)/decrease in other assets		(34,417,248)	24,232,654
Increase/(decrease) in other liabilities and provisions		11,538,969	(15,973,315)
		8,880,666	(154,534,056)
Refund/(payment) of direct taxes		(21,211,450)	(18,503,060)
Net cash flow from\(used in) operating activities	(A)	96,838,194	(69,089,218)
Cash flow from investing activities			
Investments in subsidiaries and/or joint ventures (including application money)		..	(2,516,000)
Income from subsidiaries, joint ventures and consolidated entities		7,625,631	4,358,221
Purchase of fixed assets		(4,530,919)	(4,557,106)
Proceeds from sale of fixed assets		90,174	552,792
(Purchase)/sale of held to maturity securities		(125,986,553)	(18,926,154)
Net cash used in investing activities	(B)	(122,801,667)	(21,088,247)
Cash flow from financing activities			
Proceeds from issue of share capital (including ESOPs)		591,128	1,404,886
Net proceeds/(repayment) of bonds (including subordinated debt)		55,861,251	44,680,138
Dividend and dividend tax paid		(18,152,914)	(15,025,283)
Net cash generated from financing activities	(C)	38,299,465	31,059,741
Effect of exchange fluctuation on translation reserve	(D)	9,056,310	(490,685)

Unconsolidated Cash Flow Statement for the year ended March 31, 2012

₹ in '000s

		Year ended 31.03.2012	Year ended 31.03.2011
Net cash and cash equivalents taken over from erstwhile The Bank of Rajasthan Limited on amalgamation	(E)	..	11,772,300
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C) + (D) + (E)		21,392,302	(47,836,109)
Cash and cash equivalents at beginning of the year		340,900,832	388,736,940
Cash and cash equivalents at end of the year		362,293,134	340,900,831
Significant accounting policies and notes to accounts (refer schedule 17 & 18).			

The schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

For and on behalf of the Board of Directors

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

K. V. Kamath
Chairman

Sridar Iyengar
Director

Chanda Kochhar
Managing Director
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Shrawan Jalan
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Executive Director

Sandeep Batra
Group Compliance Officer
& Company Secretary

Rakesh Jha
Deputy
Chief Financial Officer

Place: Mumbai
Date: April 27, 2012

ICICI Bank

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2012	At 31.03.2011
SCHEDULE 1 - CAPITAL		
Authorised capital		
1,275,000,000 equity shares of ₹ 10 each (March 31, 2011: 1,275,000,000 equity shares of ₹ 10 each)	12,750,000	12,750,000
15,000,000 shares of ₹ 100 each (March 31, 2011: 15,000,000 shares of ₹ 100 each)[1]	1,500,000	1,500,000
350 preference shares of ₹ 10 million each (March 31, 2011: 350 preference shares of ₹ 10 million each)[2]	3,500,000	3,500,000
Equity share capital Issued, subscribed and paid-up capital 1,151,772,372 equity shares of ₹ 10 each (March 31, 2011: 1,114,845,314 equity shares)	11,517,723	11,148,453
Add: Nil equity shares of ₹ 10 each fully paid up issued to shareholders of erstwhile The Bank of Rajasthan Limited (March 31, 2011 : 34,184,121 equity shares)	..	341,841
Less: Nil equity shares of the Bank, earlier held by erstwhile The Bank of Rajasthan Limited, extinguished on amalgamation (March 31, 2011 : 200 equity shares)	..	(2)
Add: 942,070 equity shares of ₹ 10 each fully paid up (March 31, 2011: 2,743,137 equity shares) issued pursuant to exercise of employee stock options	9,421	27,431
	11,527,144	11,517,723
Less: Calls unpaid	(231)	(293)
Add: 111,603 equity shares forfeited (March 31, 2011: 111,603 equity shares)	770	770
TOTAL CAPITAL	11,527,683	11,518,200

1. These shares will be of such class and with such rights, privileges, conditions or restrictions as may be determined by the Bank in accordance with the Articles of Association of the Bank and subject to the legislative provisions in force for the time being in that behalf.
2. Pursuant to RBI circular no. DBOD.BP.BC No.81/ 21.01.002/2009-10, the issued and paid-up preference shares are grouped under Schedule 4 - "Borrowings".

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2012	At 31.03.2011
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory reserve		
Opening balance	73,746,519	58,863,807
Additions during the year[1]	16,170,000	14,882,712
Deductions during the year	..	..
Closing balance	89,916,519	73,746,519
II. Special reserve		
Opening balance	31,690,000	26,440,000
Additions during the year	6,500,000	5,250,000
Deductions during the year	..	..
Closing balance	38,190,000	31,690,000
III. Securities premium		
Opening balance	313,009,799	313,511,817
Additions during the year[2]	581,646	1,595,956
Deductions during the year[3]	..	(2,097,974)
Closing balance	313,591,445	313,009,799
IV. Investment reserve Account		
Opening balance	..	1,160,000
Additions during the year	..	..
Deductions during the year[4]	..	(1,160,000)
Closing balance	..	..
V. Capital reserve		
Opening balance	21,462,500	20,630,000
Additions during the year[5]	380,000	832,500
Deductions during the year	..	..
Closing balance	21,842,500	21,462,500
VI. Foreign currency translation reserve		
Opening balance	(510,690)	(19,999)
Additions during the year	9,056,310	..
Deductions during the year	..	(490,691)
Closing balance	8,545,620	(510,690)
VII. Reserve fund		
Opening balance	11,279	10,919
Additions during the year[6]	10,665	360
Deductions during the year	..	..
Closing balance	21,944	11,279
VIII. Revenue and other reserves		
Opening balance	49,797,000	49,794,416
Additions during the year[7,8]	53,534	2,584
Deductions during the year	..	..
Closing balance	49,850,534	49,797,000
IX. Balance in profit and loss account	70,542,323	50,181,837
TOTAL RESERVES AND SURPLUS	592,500,885	539,388,244

1. Includes ₹ 2,002.7 million at March 31, 2011 on account of amalgamation of erstwhile The Bank of Rajasthan Limited.
2. Includes ₹ 471.9 million (March 31, 2011: ₹ 1,391.3 million) on exercise of employee stock options.
3. Represents excess of paid up value of equity shares issued over the fair value of the net assets acquired on amalgamation with erstwhile The Bank of Rajasthan Limited and amalgamation expenses at March 31, 2011.
4. Represents the amount utilised for provision made during the year towards depreciation in investments in AFS and HFT categories.
5. Represents profit on sale of investments in HTM category, net of taxes and transfer to Statutory Reserve. Also includes profit on sale of land and buildings, net of taxes and transfer to Statutory Reserve.
6. Includes appropriations made to Reserve Fund and Investment Fund account in accordance with regulations applicable to Sri Lanka branch.
7. At March 31, 2012 includes ₹ 50.4 million (March 31, 2011: Nil) transferred to General Reserve in terms of RBI circular no. DBOD.No.BP.BC.26/ 21.04.048/2008-2009 dated July 30, 2008, on Agricultural Debt Waiver and Debt Relief Scheme, 2008.
8. Refer item 8 in Schedule-18.

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2012	At 31.03.2011
SCHEDULE 3 - DEPOSITS		
A. **I.** Demand deposits		
i) From banks	19,678,455	20,175,805
ii) From others	330,052,077	327,599,485
II. Savings bank deposits	760,463,132	668,689,461
III. Term deposits		
i) From banks	98,704,681	153,559,266
ii) From others	1,346,101,216	1,085,997,060
TOTAL DEPOSITS	2,554,999,561	2,256,021,077
B. **I.** Deposits of branches in India	2,423,717,728	2,141,804,854
II. Deposits of branches outside India	131,281,833	114,216,223
TOTAL DEPOSITS	2,554,999,561	2,256,021,077

₹ in '000s

	At 31.03.2012	At 31.03.2011
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	170,550,000	2,050,000
ii) Other banks	18,815,625	37,229,750
iii) Other institutions and agencies		
a) Government of India	52,813	299,581
b) Financial institutions	45,750,069	47,140,042
iv) Borrowings in the form of bonds and debentures (excluding subordinated debt)[1]	4,770,338	11,268,671
v) Application money-bonds	..	..
vi) Capital instruments		
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as Tier I capital)	13,010,000	13,010,000
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as upper Tier II capital)	98,181,421	98,188,633
c) Redeemable Non-Cumulative Preference Shares (RNCPS) (Redeemable Non-Cumulative Preference Shares of ₹ 10 million each issued to preference share holders of erstwhile ICICI Limited on amalgamation, redeemable at par on April 20, 2018)	3,500,000	3,500,000
d) Unsecured redeemable debentures/bonds (subordinated debt included in Tier II capital)	201,923,361	197,473,236
TOTAL BORROWINGS IN INDIA	556,553,627	410,159,913
II. Borrowings outside India		
i) Capital instruments		
a) Innovative Perpetual Debt Instruments (IPDI) (qualifying as Tier I capital)	17,244,895	15,106,107
b) Hybrid debt capital instruments issued as bonds/debentures (qualifying as upper Tier II capital)	45,787,500	40,135,500
ii) Bonds and notes	342,580,657	278,368,421
iii) Other borrowings[2]	439,482,394	351,772,830
TOTAL BORROWINGS OUTSIDE INDIA	845,095,446	685,382,858
TOTAL BORROWINGS	1,401,649,073	1,095,542,771

1. Includes borrowings guaranteed by Government of India amounting to Nil (March 31, 2011:₹ 4,367.5 million).
2. Includes borrowings guaranteed by Government of India for the equivalent of ₹ 16,538.1 million (March 31, 2011: ₹ 16,515.0 million).
3. Secured borrowings in I and II above are Nil (March 31, 2011: Nil) except borrowings of ₹ 1,667.4 million (March 31, 2011: ₹ 1.2 million) under Collateralised Borrowing and Lending Obligation and market repurchase transactions with banks and financial institutions and transactions under Liquidity Adjustment Facility with RBI amounting to ₹ 168,000.0 million at March 31, 2012.

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2012	At 31.03.2011
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	35,556,356	34,304,793
II. Inter-office adjustments (net credit)	3,076,441	..
III. Interest accrued	30,693,392	26,398,543
IV. Sundry creditors	34,537,725	31,879,286
V. Provision for standard assets	14,796,004	14,796,004
VI. Others[1]	57,109,928	52,484,841
TOTAL OTHER LIABILITIES AND PROVISIONS	175,769,846	159,863,467

1. Includes:
   a) Proposed dividend amounting to ₹ 19,020.4 million (March 31, 2011: ₹ 16,125.8 million).
   b) Corporate dividend tax payable amounting to ₹ 2,203.5 million (March 31, 2011: ₹ 2,022.8 million).

₹ in '000s

	At 31.03.2012	At 31.03.2011
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	46,696,165	37,843,512
II. Balances with Reserve Bank of India in current accounts	157,916,770	171,226,191
TOTAL CASH AND BALANCES WITH RESERVE BANK OF INDIA	204,612,935	209,069,703

₹ in '000s

	At 31.03.2012	At 31.03.2011
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with banks		
a) In current accounts	2,828,505	4,996,213
b) In other deposit accounts	36,822,361	39,418,419
ii) Money at call and short notice		
a) With banks	5,087,500	9,600,000
b) With other institutions	4,568,688	1,999,606
TOTAL	49,307,054	56,014,238
II. Outside India		
i) In current accounts	23,470,339	20,331,714
ii) In other deposit accounts	35,029,254	11,187,780
iii) Money at call and short notice	49,873,552	44,297,396
TOTAL	108,373,145	75,816,890
TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	157,680,199	131,831,128

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2012	At 31.03.2011
SCHEDULE 8 - INVESTMENTS		
I. Investments in India [net of provisions]		
i) Government securities	869,480,205	641,287,140
ii) Other approved securities	4,250	325,363
iii) Shares (includes equity and preference shares)	22,922,636	28,134,073
iv) Debentures and bonds	195,135,236	161,462,866
v) Subsidiaries and/or joint ventures[1]	64,796,927	64,796,927
vi) Others (commercial paper, mutual fund units, pass through certificates, security receipts, certificate of deposits, RIDF and other related investments etc.)	361,872,334	356,934,417
TOTAL INVESTMENTS IN INDIA	1,514,211,588	1,252,940,786
II. Investments outside India [net of provisions]		
i) Government securities	4,399,569	8,862,278
ii) Subsidiaries and/or joint ventures abroad (includes equity and preference shares)	66,864,257	66,026,356
iii) Others	10,125,016	19,030,210
TOTAL INVESTMENTS OUTSIDE INDIA	81,388,842	93,918,844
TOTAL INVESTMENTS	1,595,600,430	1,346,859,630
A. Investments in India		
Gross value of investments	1,539,777,243	1,272,423,922
Less: Aggregate of provision/depreciation	25,565,655	19,483,136
Net investments	1,514,211,588	1,252,940,786
B. Investments outside India		
Gross value of investments	81,826,347	94,499,793
Less: Aggregate of provision/depreciation	437,505	580,949
Net investments	81,388,842	93,918,844
TOTAL INVESTMENTS	1,595,600,430	1,346,859,630

1. Includes application money amounting to ₹ 50.7 million (March 31, 2011: ₹ 50.7 million).

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2012	At 31.03.2011
SCHEDULE 9 - ADVANCES [net of provisions]		
A. i) Bills purchased and discounted	48,693,815	58,480,555
ii) Cash credits, overdrafts and loans repayable on demand	317,745,152	302,123,773
iii) Term loans	2,019,802,749	1,690,225,268
iv) Securitisation, finance lease and hire purchase receivables	151,034,863	112,829,418
TOTAL ADVANCES	2,537,276,579	2,163,659,014
B. i) Secured by tangible assets (includes advances against book debts)	2,138,141,465	1,679,661,354
ii) Covered by bank/government guarantees	13,869,020	27,057,409
iii) Unsecured	385,266,094	456,940,251
TOTAL ADVANCES	2,537,276,579	2,163,659,014
C. I. Advances in India		
i) Priority sector	592,856,433	534,015,609
ii) Public sector	11,968,345	13,788,639
iii) Banks	154,618	1,810,607
iv) Others	1,238,268,015	1,063,077,445
TOTAL ADVANCES IN INDIA	1,843,247,411	1,612,692,300
II. Advances outside India		
i) Due from banks	22,280,480	37,410,346
ii) Due from others		
a) Bills purchased and discounted	5,098,400	4,572,713
b) Syndicated and term loans	647,151,172	494,699,999
c) Others	19,499,116	14,283,656
TOTAL ADVANCES OUTSIDE INDIA	694,029,168	550,966,714
TOTAL ADVANCES	2,537,276,579	2,163,659,014

₹ in '000s

	At 31.03.2012	At 31.03.2011
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
At cost at March 31 of preceding year	37,997,195	23,122,359
Additions during the year[1]	690,890	15,480,495
Deductions during the year	(63,012)	(605,659)
Depreciation to date	(6,916,047)	(5,799,328)
Net block	31,709,026	32,197,867
II. Other fixed assets (including furniture and fixtures)		
At cost at March 31 of preceding year	35,777,378	30,468,293
Additions during the year[1]	2,997,878	6,048,746
Deductions during the year	(456,018)	(739,661)
Depreciation to date	(26,275,723)	(23,103,046)
Net block	12,043,515	12,674,332
III. Assets given on lease		
At cost at March 31 of preceding year	17,300,087	17,550,500
Additions during the year	..	..
Deductions during the year	(543)	(250,413)
Depreciation to date, accumulated lease adjustment and provisions	(14,905,215)	(14,729,735)
Net block	2,394,329	2,570,352
TOTAL FIXED ASSETS	46,146,870	47,442,551

1. Includes assets acquired from erstwhile The Bank of Rajasthan Limited at March 31, 2011.

Schedules forming part of the balance sheet

₹ in '000s

	At 31.03.2012	At 31.03.2011
SCHEDULE 11 - OTHER ASSETS		
I. Inter-office adjustments (net)	..	207,829
II. Interest accrued	42,175,150	39,216,054
III. Tax paid in advance/tax deducted at source (net)	34,161,502	34,885,203
IV. Stationery and stamps	10,308	109,751
V. Non-banking assets acquired in satisfaction of claims[1]	600,575	730,338
VI. Advances for capital assets	1,344,889	1,131,955
VII. Deposits	10,669,329	11,868,646
VIII. Deferred tax asset (net)	25,453,167	26,900,252
IX. Others	80,738,969	48,424,634
TOTAL OTHER ASSETS	195,153,889	163,474,662

1. Includes certain non-banking assets acquired in satisfaction of claims which are in the process of being transferred in the Bank's name.

₹ in '000s

	At 31.03.2012	At 31.03.2011
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	29,310,352	17,022,222
II. Liability for partly paid investments	128,050	128,050
III. Liability on account of outstanding forward exchange contracts[1]	3,560,050,874	2,468,618,342
IV. Guarantees given on behalf of constituents		
a) In India	720,946,196	647,336,491
b) Outside India	234,068,666	178,935,843
V. Acceptances, endorsements and other obligations	568,856,614	393,340,369
VI. Currency swaps[1]	616,403,680	561,284,711
VII. Interest rate swaps, currency options and interest rate futures[1]	3,362,012,187	4,903,897,090
VIII. Other items for which the Bank is contingently liable[2]	62,874,440	60,653,022
TOTAL CONTINGENT LIABILITIES	9,154,651,059	9,231,216,140

1. Represents notional amount.
2. Includes an amount of ₹ 8,307.0 million (March 31, 2011: ₹ 1,653.8 million) pertaining to government securities settled after the balance sheet date, which are accounted as per settlement date method pursuant to RBI guidelines issued during the year ended March 31, 2011.

ICICI Bank

Schedules forming part of the profit and loss account

₹ in '000s

	Year ended 31.03.2012	Year ended 31.03.2011
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	221,298,923	164,247,832
II. Income on investments	96,840,240	79,051,918
III. Interest on balances with Reserve Bank of India and other inter-bank funds	4,911,364	3,667,668
IV. Others[1, 2]	12,375,995	12,773,110
TOTAL INTEREST EARNED	335,426,522	259,740,528

1. Includes interest on income tax refunds amounting to₹ 801.1 million (March 31, 2011: ₹ 1,646.3 million).
2. Includes interest and amortisation of premium on non-trading interest rate swaps and foreign currency swaps.

₹ in '000s

	Year ended 31.03.2012	Year ended 31.03.2011
SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	54,351,128	55,146,367
II. Profit/(loss) on sale of investments (net)	3,313,505	2,176,146
III. Profit/(loss) on revaluation of investments (net)	(4,053,393)	(4,610,137)
IV. Profit/(loss) on sale of land, buildings and other assets (net) [1]	(16,876)	411,695
V. Profit/(loss) on exchange transactions (net)	12,589,981	9,168,753
VI. Income earned by way of dividends, etc. from subsidiary companies and/or joint ventures abroad/in India	7,364,045	4,113,468
VII. Miscellaneous income (including lease income)	1,479,208	72,633
TOTAL OTHER INCOME	75,027,598	66,478,925

1. Includes profit/(loss) on sale of assets given on lease.

₹ in '000s

	Year ended 31.03.2012	Year ended 31.03.2011
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	143,040,614	100,708,579
II. Interest on Reserve Bank of India/inter-bank borrowings	14,692,117	12,482,351
III. Others (including interest on borrowings of erstwhile ICICI Limited)	70,352,233	56,380,585
TOTAL INTEREST EXPENDED	228,084,964	169,571,515

₹ in '000s

	Year ended 31.03.2012	Year ended 31.03.2011
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	35,152,766	28,169,342
II. Rent, taxes and lighting	6,756,357	6,537,415
III. Printing and stationery	1,000,743	932,907
IV. Advertisement and publicity	1,324,783	1,487,541
V. Depreciation on Bank's property	4,822,742	4,835,223
VI. Depreciation (including lease equalisation) on leased assets	422,579	789,135
VII. Directors' fees, allowances and expenses	4,154	4,635
VIII. Auditors' fees and expenses	25,142	22,254
IX. Law charges	374,653	422,060
X. Postages, telegrams, telephones, etc.	1,902,982	1,637,677
XI. Repairs and maintenance	5,629,537	5,045,437
XII. Insurance	2,234,700	2,064,252
XIII. Direct marketing agency expenses	1,604,439	1,570,315
XIV. Other expenditure	17,248,856	12,654,299
TOTAL OPERATING EXPENSES	78,504,433	66,172,492

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

OVERVIEW

ICICI Bank Limited (ICICI Bank or the Bank), incorporated in Vadodara, India is a publicly held banking company engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ICICI Bank is a banking company governed by the Banking Regulation Act, 1949.

Basis of preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of ICICI Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and notified by the Companies (Accounting Standards) Rules, 2006 (as amended) to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the accrual method of accounting, except where otherwise stated, and the historical cost convention.

The preparation of financial statements requires the management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

SIGNIFICANT ACCOUNTING POLICIES

1. Revenue recognition

a) Interest income is recognised in the profit and loss account as it accrues except in the case of non-performing assets (NPAs) where it is recognised upon realisation, as per the income recognition and asset classification norms of RBI.

b) Income from leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding on the lease over the primary lease period. Finance leases entered into prior to April 1, 2001 have been accounted for as per the Guidance Note on Accounting for Leases issued by ICAI. The finance leases entered post April 1, 2001 have been accounted for as per Accounting Standard 19 - Leases issued by ICAI.

c) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.

d) Dividend is accounted on an accrual basis when the right to receive the dividend is established.

e) Loan processing fee is accounted for upfront when it becomes due.

f) Project appraisal/structuring fee is accounted for on the completion of the agreed service.

g) Arranger fee is accounted for as income when a significant portion of the arrangement/syndication is completed.

h) Commission received on guarantees issued is amortised on a straight-line basis over the period of the guarantee.

i) All other fees are accounted for as and when they become due.

j) Net income arising from sell-down/securitisation of loan assets prior to February 1, 2006 has been recognised upfront as interest income. With effect from February 1, 2006, net income arising from securitisation of loan assets is amortised over the life of securities issued or to be issued by the special purpose vehicle/special purpose entity to which the assets are sold. Net income arising from sale of loan assets through direct assignment with recourse obligation is amortised over the life of underlying assets sold and net income from sale of loan assets through direct assignment, without any recourse obligation, is recognised at the time of sale. Net loss arising on account of the sell-down/securitisation and direct assignment of loan assets is recognised at the time of sale.

k) The Bank deals in bullion business on a consignment basis. The difference between price recovered from customers and cost of bullion is accounted for at the time of sales to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on accrual basis.

2. Investments

Investments are accounted for in accordance with the extant RBI guidelines on investment classification and valuation as given below.

a) All investments are classified into 'Held to Maturity', 'Available for Sale' and 'Held for Trading'. Reclassifications, if any, in any category are accounted for as per RBI guidelines. Under each classification, the investments are further categorised as (a) government securities, (b) other approved securities, (c) shares, (d) bonds and debentures, (e) subsidiaries and joint ventures and (f) others.

b) 'Held to Maturity' securities are carried at their acquisition cost or at amortised cost, if acquired at a premium over the face value. Any premium over the face value of fixed rate and floating rate securities acquired is amortised over the remaining period to maturity on a constant yield basis and straight line basis respectively.

c) 'Available for Sale' and 'Held for Trading' securities are valued periodically as per RBI guidelines. Any premium over the face value of fixed rate and floating rate investments in government securities, classified as 'Available for Sale', is amortised over the remaining period to maturity on constant yield basis and straight line basis respectively. Quoted investments are valued based on the trades/quotes on the recognised stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association (FIMMDA), periodically.

The market/fair value of unquoted government securities which are in the nature of Statutory Liquidity Ratio (SLR) securities included in the 'Available for Sale' and 'Held for Trading' categories is as per the rates published by FIMMDA. The valuation of other unquoted fixed income securities wherever linked to the Yield-to-Maturity (YTM) rates, is computed with a mark-up (reflecting associated credit risk) over the YTM rates for government securities published by FIMMDA.

Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available, or at ₹ 1, as per RBI guidelines.

Securities are valued scrip-wise and depreciation/appreciation is aggregated for each category. Net appreciation in each category, if any, being unrealised, is ignored, while net depreciation is provided for.

d) Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the profit and loss account.

e) Equity investments in subsidiaries/joint ventures are categorised as 'Held to Maturity' in accordance with RBI guidelines. The Bank assesses these investments for any permanent diminution in value and appropriate provisions are made.

f) Profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the profit and loss account.

g) Market repurchase and reverse repurchase transactions are accounted for as borrowing and lending transactions respectively in accordance with the extant RBI guidelines. The transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as borrowing and lending transactions from the quarter ended March 31, 2012.

h) Broken period interest (the amount of interest from the previous interest payment date till the date of purchase/sale of instruments) on debt instruments is treated as a revenue item.

i) At the end of each reporting period, security receipts issued by the asset reconstruction companies are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction companies are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting period end.

j) The Bank follows trade date method of accounting for purchase and sale of investments, except for government of India and state government securities where settlement date method of accounting is followed in accordance with RBI guidelines.

3. Provisions/write-offs on loans and other credit facilities

a) All credit exposures, including advances at the overseas branches and overdues arising from crystallised derivative contracts, are classified as per RBI guidelines, into performing and NPAs. Advances held at the overseas branches that are identified as impaired as per host country regulations but which are standard as per the extant RBI guidelines are identified as NPAs at borrower level. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.

In the case of corporate loans, provisions are made for sub-standard and doubtful assets at rates prescribed by RBI. Loss assets and the unsecured portion of doubtful assets are provided/written-off as per the extant RBI guidelines. For advances booked in overseas branches, which are standard as per the extant RBI guidelines but are classified as NPAs based on host country guidelines, provisions are made as per the host country regulations. Provisions on homogeneous retail loans, subject to minimum provisioning requirements of RBI, are assessed at a borrower level on the basis of days past due.

The Bank holds specific provisions against non-performing loans, general provision against performing loans and floating provision taken over from erstwhile Bank of Rajasthan upon amalgamation. The assessment of incremental specific provisions is made after taking into consideration the existing specific provision held. The specific provisions on retail loans held by the Bank are higher than the minimum regulatory requirements.

b) Provision on assets restructured/rescheduled is made in accordance with the applicable RBI guidelines on restructuring of advances by Banks.

In respect of non-performing loan accounts subjected to restructuring, the account is upgraded to standard 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 of the account during the period.

c) Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the profit and loss account.

d) In addition to the specific provision on NPAs, the Bank maintains a general provision on performing loans. The general provision covers the requirements of the RBI guidelines.

e) In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposures (other than for home country exposure). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provisioning is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, provision is required to be held at 25% of the rates applicable to exposures exceeding 180 days. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is required on such country exposure.

4. Transfer and servicing of assets

The Bank transfers commercial and consumer loans through securitisation transactions. The transferred loans are de-recognised and gains/losses are accounted for only if the Bank surrenders the rights to benefits specified in the underlying securitised loan contract. Recourse and servicing obligations are accounted for net of provisions.

In accordance with the RBI guidelines for securitisation of standard assets, with effect from February 1, 2006, the Bank accounts for any loss arising from securitisation immediately at the time of sale and the profit/premium arising from securitisation is amortised over the life of the securities issued or to be issued by the special purpose vehicle to which the assets are sold. In the case of loans sold to an asset reconstruction company, the excess provision is not reversed but is utilised to meet the shortfall/loss on account of sale of other financial assets to securitisation company (SC)/reconstruction company (RC).

5. Fixed assets and depreciation

Premises and other fixed assets are carried at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The rates of depreciation for fixed assets, which are not lower than the rates prescribed in Schedule XIV of the Companies Act, 1956, are given below.

Asset	Depreciation Rate
Premises owned by the Bank	1.63%
Improvements to leasehold premises	1.63% or over the lease period, whichever is higher
ATMs	12.50%
Plant and machinery like air conditioners, photo-copying machines, etc.	10.00%
Computers	33.33%
Furniture and fixtures	15.00%
Motor vehicles	20.00%
Others (including Software and system development expenses)	25.00%

a. Depreciation on leased assets and leasehold improvements is recognised on a straight-line basis using rates determined with reference to the primary period of lease or rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher.
b. Assets purchased/sold during the year are depreciated on a pro-rata basis for the actual number of days the asset has been put to use.
c. Items costing upto ₹ 5,000/- are depreciated fully over a period of 12 months from the date of purchase.
d. Assets at residences of Bank’s employees are depreciated at 20% per annum.
e. In case of revalued/impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised assets values.

6. Transactions involving foreign exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations (representative offices) are translated at daily closing rates, and income and expenditure items of non-integral foreign operations (foreign branches and offshore banking units) are translated at quarterly average closing rates.

Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing exchange rates notified by Foreign Exchange Dealers’ Association of India (FEDAI) at the balance sheet date and the resulting profits/losses are included in the profit and loss account.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the balance sheet date and the resulting profits/losses from exchange differences are accumulated in the foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operations.

The premium or discount arising on inception of forward exchange contracts that are entered into to establish the amount of reporting currency required or available at the settlement date of a transaction is amortised over the life of the contract. All other outstanding forward exchange contracts are revalued based on the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of interim maturities. The contracts of longer maturities where exchange rates are not notified by FEDAI, are revalued based on the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognised in the profit and loss account.

Contingent liabilities on account of guarantees, endorsements and other obligations denominated in foreign currencies are disclosed at the closing exchange rates notified by FEDAI at the balance sheet date.

7. Accounting for derivative contracts

The Bank enters into derivative contracts such as foreign currency options, interest rate and currency swaps, credit default swaps and cross currency interest rate swaps.

The swap contracts entered to hedge on-balance sheet assets and liabilities are structured such that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of underlying assets and accounted pursuant to the principles of hedge accounting. Hedged swaps are accounted for on an accrual basis.

Foreign currency and rupee derivative contracts entered into for trading purposes are marked to market and the resulting gain or loss (net of provisions, if any) is accounted for in the profit and loss account. Pursuant to RBI guidelines, any receivables under derivative contracts which remain overdue for more than 90 days and mark-to-market gains on other derivative contracts with the same counter-parties are reversed through profit and loss account.

8. Employee Stock Option Scheme (ESOS)

The Employees Stock Option Scheme (the Scheme) provides for grant of equity shares of the Bank to wholetime directors and employees of the Bank and its subsidiaries. The Scheme provides that employees are granted an option to subscribe to equity shares of the Bank that vest in a graded manner. The options may be exercised within a specified period. The Bank follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date. The fair market price is the latest closing price, immediately prior to the grant date, which is generally the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

9. Staff Retirement Benefits

Gratuity

ICICI Bank pays gratuity to employees who retire or resign after a minimum prescribed period of continuous service and in case of employees at overseas locations as per the rules in force in the respective countries. ICICI Bank makes contributions to five separate gratuity funds, for employees inducted from erstwhile ICICI Limited (erstwhile ICICI), employees inducted from erstwhile Bank of Madura Limited (erstwhile Bank of Madura), employees inducted from erstwhile The Sangli Bank Limited (erstwhile Sangli Bank), employees inducted from erstwhile The Bank of Rajasthan Limited (erstwhile Bank of Rajasthan) and employees of ICICI Bank other than those inducted from erstwhile ICICI, erstwhile Bank of Madura, erstwhile Sangli Bank and erstwhile Bank of Rajasthan.

Separate gratuity funds for employees inducted from erstwhile ICICI, erstwhile Bank of Madura, erstwhile Sangli Bank and erstwhile Bank of Rajasthan are managed by ICICI Prudential Life Insurance Company Limited.

The gratuity fund for employees of ICICI Bank, other than employees inducted from erstwhile ICICI, erstwhile Bank of Madura, erstwhile Sangli Bank and erstwhile Bank of Rajasthan is administered by Life Insurance Corporation of India (LIC) and ICICI Prudential Life Insurance Company Limited.

Actuarial valuation of the gratuity liability for all the above funds is determined by an actuary appointed by the Bank. Actuarial valuation of gratuity liability is determined based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

Superannuation Fund

ICICI Bank contributes 15.0% of the total annual basic salary of certain employees to a superannuation fund for ICICI Bank employees. The employee gets an option on retirement or resignation to commute one-third of the total credit balance in his/her account and receive a monthly pension based on the remaining balance. In the event of death of an employee, his or her beneficiary receives the remaining accumulated balance. ICICI Bank also gives an option to its employees, allowing them to receive the amount contributed by ICICI Bank along with their monthly salary during their employment.

Upto March 31, 2005, the superannuation fund was administered solely by LIC. Subsequent to March 31, 2005, both LIC and ICICI Prudential Life Insurance Company Limited are administering separate funds. Employees have the option to decide on an annual basis, the insurance company for management of that year’s contribution towards superannuation fund.

Pension

The Bank provides for pension, a deferred retirement plan covering certain employees of erstwhile Bank of Madura, erstwhile Sangli Bank and erstwhile Bank of Rajasthan. The plan provides for pension payment including dearness relief on a monthly basis to these employees on their retirement based on the respective employee’s years of service with the Bank and applicable salary. For erstwhile Bank of Madura, erstwhile Sangli Bank and erstwhile Bank of Rajasthan employees in service, separate pension funds are managed by the trust and the liability is funded as per actuarial valuation. The Bank purchases annuities from LIC and ICICI Prudential Life Insurance Company Limited as part of master policies for payment of pension to retired employees of erstwhile Bank of Madura, erstwhile Sangli Bank and erstwhile Bank of Rajasthan.

Actuarial valuation of the pension liability for all the above funds is determined by an actuary appointed by the Bank. Actuarial valuation of pension liability is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

Employees covered by the pension plan are not eligible for employer's contribution under the provident fund plan.

Provident Fund

ICICI Bank is statutorily required to maintain a provident fund as a part of retirement benefits to its employees. There are separate provident funds for employees inducted from erstwhile Bank of Madura, erstwhile Sangli Bank, erstwhile Bank of Rajasthan and for other employees of ICICI Bank. In-house trustees manage these funds. Each employee contributes 12.0% of his or her basic salary (10.0% for certain staff of erstwhile Sangli Bank) and ICICI Bank contributes an equal amount. The funds are invested according to the rules prescribed by the Government of India.

Actuarial valuation for the interest rate guarantee on the provident fund balances is determined by an actuary appointed by the Bank.

Leave encashment

The Bank provides for leave encashment benefit, which is a long-term benefit scheme, based on actuarial valuation conducted by an independent actuary.

10. Income Taxes

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income issued by ICAI, respectively. Deferred tax adjustments comprise changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgement as to whether their realisation is considered as reasonably certain.

11. Impairment of Assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset with future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

12. Provisions, contingent liabilities and contingent assets

The Bank estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available up to the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimates of amounts required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statements. The Bank does not account for or disclose contingent assets, if any.

13. Earnings per share (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

14. Lease transactions

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss account over the lease term.

15. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

Schedule 18

NOTES FORMING PART OF THE ACCOUNTS

The following additional disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines in this regard.

1. Earnings per share

Basic and diluted earnings per equity share are computed in accordance with AS 20 – Earnings per share. Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. The diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

The following table sets forth, for the periods indicated, the computation of earnings per share.

₹ in million, except per share data

	Year ended March 31, 2012	Year ended March 31, 2011
Basic		
Weighted average no. of equity shares outstanding	1,152,338,322	1,137,988,639
Net profit	64,652.6	51,513.8
Basic earnings per share (₹)	56.11	45.27
Diluted		
Weighted average no. of equity shares outstanding	1,155,591,617	1,143,267,823
Net profit	64,652.6	51,513.8
Diluted earnings per share (₹)	55.95	45.06
Nominal value per share (₹)	10.00	10.00

The dilutive impact is due to options granted to employees by the Bank.

2. Business/information ratios

The following table sets forth, for the periods indicated, the business/information ratios.

		Year ended March 31, 2012	Year ended March 31, 2011
(i)	Interest income to working funds[1]	7.79%	6.80%
(ii)	Non-interest income to working funds[1]	1.74%	1.74%
(iii)	Operating profit to working funds[1]	2.41%	2.37%
(iv)	Return on assets[2]	1.50%	1.35%
(v)	Profit per employee[3] (₹ in million)	1.1	1.0
(vi)	Business (average deposits plus average advances) per employee[3,4] (₹ in million)	70.8	73.5

1. For the purpose of computing the ratio, working funds represent the average of total assets as reported in Form X to RBI under Section 27 of the Banking Regulation Act, 1949.
2. For the purpose of computing the ratio, assets represent average of total assets as reported in Form X to RBI under Section 27 of the Banking Regulation Act, 1949.
3. The number of employees includes sales executives, employees on fixed term contracts and interns.
4. The average deposits and the average advances represent the simple average of the figures reported in Form A to RBI under Section 42(2) of the Reserve Bank of India Act, 1934.

3. Capital adequacy ratio

The Bank is subject to the Basel II capital adequacy guidelines stipulated by RBI with effect from March 31, 2008. The RBI guidelines on Basel II require the Bank to maintain a minimum capital to risk-weighted assets ratio (CRAR) of 9.0% and a minimum Tier I CRAR of 6.0% on an ongoing basis.

RBI has also stipulated that banks shall maintain capital at higher of the minimum capital required as per Basel II or 80% of the minimum capital requirement under Basel I. At March 31, 2012, the prudential floor at 80% of the minimum capital requirement under Basel I was ₹ 332,499.0 million and was lower than the minimum capital requirement of ₹ 358,727.2 million under Basel II. Hence, the Bank has maintained capital adequacy at March 31, 2012 as per the Basel II norms.

The following table sets forth, for the dates indicated, computation of capital adequacy.

₹ in million

	As per Basel I framework		As per Basel II framework	
	At March 31, 2012	At March 31, 2011	At March 31, 2012	At March 31, 2011
Tier I capital	512,158.7	463,987.9	505,182.8	449,749.1
Lower Tier I	30,254.9	28,116.1	30,254.9	28,116.1
Tier II capital	238,563.6	231,007.0	232,946.4	217,501.5
Upper Tier II	143,889.5	138,248.5	143,889.5	138,248.5
Lower Tier II subordinated debt	155,206.3	155,836.3	155,206.3	155,836.3
Total capital	750,722.3	694,994.9	738,129.2	667,250.6
Total risk weighted assets	4,618,042.1	3,942,191.1	3,985,857.8	3,414,979.5
CRAR (%)	16.26%	17.63%	18.52%	19.54%
CRAR – Tier I capital (%)	11.09%	11.77%	12.68%	13.17%
CRAR – Tier II capital (%)	5.17%	5.86%	5.84%	6.37%
Amount raised by issue of Innovative Perpetual Debt Instruments (IPDI) during the year	..	..	..	..
Amount raised by issue of upper Tier II Instruments during the year	..	..	..	..
Amount of subordinated debt raised as Tier II capital during the year	16,000.0	59,790.0[1]	16,000.0	59,790.0[1]

1. Includes an issuance of ₹ 25,000.0 million, wherein the funds were received in March 2010 but were not considered for Tier II capital pending allotment.

4. Information about business and geographical segments

Business Segments

Pursuant to the guidelines issued by RBI on Accounting Standard 17 – (Segment Reporting) - Enhancement of Disclosures dated April 18, 2007, effective from year ended March 31, 2008, the following business segments have been reported.

- Retail Banking includes exposures which satisfy the four criteria of orientation, product, granularity and low value of individual exposures for retail exposures laid down in Basel Committee on Banking Supervision document “International Convergence of Capital Measurement and Capital Standards: A Revised Framework”.
- Wholesale Banking includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under Retail Banking.
- Treasury includes the entire investment portfolio of the Bank.
- Other Banking includes hire purchase and leasing operations and other items not attributable to any particular business segment.

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

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.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

The following tables set forth, for the periods indicated, the business segment results on this basis.

₹ in million

For the year ended March 31, 2012						
Particulars		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1	Revenue	197,112.7	261,713.1	301,414.2	2,821.8	763,061.8
2	Less: Inter-segment revenue					352,607.7
3	Total revenue (1)-(2)					410,454.1
4	Segment results	5,499.9	62,077.3	20,806.8	(349.7)	88,034.3
5	Unallocated expenses					..
6	Operating profit (4)-(5)					88,034.3
7	Income tax expenses (including deferred tax)					23,381.7
8	Net profit (6)-(7)					64,652.6
9	Segment assets	697,767.7	1,940,355.9	2,015,063.1	23,669.5	4,676,856.2
10	Unallocated assets[1]					59,614.7
11	Total assets (9)+(10)					4,736,470.9
12	Segment liabilities	1,766,275.9	876,508.2	2,083,589.8[2]	6,493.7	4,732,867.6
13	Unallocated liabilities					3,603.3
14	Total liabilities (12)+(13)					4,736,470.9
15	Capital expenditure	3,215.5	462.7	6.2	4.4	3,688.8
16	Depreciation	3,544.7	1,236.3	21.2	443.1	5,245.3

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax asset (net).
2. Includes share capital and reserves and surplus.

₹ in million

For the year ended March 31, 2011						
Particulars		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
1	Revenue	159,734.9	193,232.7	237,441.8	4,303.1	594,712.5

For the year ended March 31, 2011						
Particulars		Retail Banking	Wholesale Banking	Treasury	Other Banking Business	Total
2	Less: Inter-segment revenue					268,493.0
3	Total revenue (1)-(2)					326,219.5
4	Segment results	(5,141.9)	48,997.0	22,006.9	1,745.0	67,607.0
5	Unallocated expenses					..
6	Operating profit (4)-(5)					67,607.0
7	Income tax expenses (net of deferred tax credit)					16,093.2
8	Net profit (6)-(7)					51,513.8
9	Segment assets	668,933.1	1,600,956.9	1,715,322.5	14,616.3	3,999,828.8
10	Unallocated assets[1]					62,507.9
11	Total assets (9)+(10)					4,062,336.7
12	Segment liabilities	1,543,417.3	795,560.7	1,717,399.3[2]	4,986.3	4,061,363.6
13	Unallocated liabilities					973.1
14	Total liabilities (12)+(13)					4,062,336.7
15	Capital expenditure	13,467.8	7,749.5	206.3	105.6	21,529.2
16	Depreciation	3,478.5	1,307.3	21.8	816.8	5,624.4

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax asset (net).
2. Includes share capital and reserves and surplus.

Geographical segments

The Bank reports its operations under the following geographical segments.

- Domestic operations comprise branches in India.
- Foreign operations comprise branches outside India and offshore banking unit in India.

The following table sets forth, for the periods indicated, geographical segment revenues.

₹ in million

Revenue	Year ended March 31, 2012	Year ended March 31, 2011
Domestic operations	366,126.5	286,909.7

Revenue	Year ended March 31, 2012	Year ended March 31, 2011
Foreign operations	44,327.6	39,309.8
Total	410,454.1	326,219.5

The following table sets forth, for the periods indicated, geographical segment assets.

₹ in million

Assets	At March 31, 2012	At March 31, 2011
Domestic operations	3,828,815.6	3,303,115.9
Foreign operations	848,040.6	697,435.3
Total	4,676,856.2	4,000,551.2

The following table sets forth, for the periods indicated, capital expenditure and depreciation thereon for the geographical segments.

₹ in million

	Capital expenditure incurred during		Depreciation provided during	
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2011
Domestic operations	3,616.0	21,484.5	5,211.8	5,590.1
Foreign operations	72.8	44.7	33.5	34.3
Total	3,688.8	21,529.2	5,245.3	5,624.4

5. Maturity pattern

- In compiling the information of maturity pattern, certain estimates and assumptions have been made by the management.
- Assets and liabilities in foreign currency exclude off-balance sheet assets and liabilities.

The following table sets forth, the maturity pattern of assets and liabilities of the Bank at March 31, 2012.

₹ in million

Maturity buckets	Loans & Advances [2]	Investment securities[2]	Deposits[2]	Borrowings [2,3]	Total foreign currency assets	Total foreign currency liabilities
Day 1[1]	7,738.5	35,284.9	19,792.9	..	30,222.0	2,688.8
2 to 7 days[1]	13,041.4	217,729.6	44,612.6	174,543.1	69,821.6	9,310.3
8 to 14 days[1]	13,191.0	49,505.7	54,744.2	2,543.6	10,671.6	7,216.8
15 to 28 days	39,001.7	95,723.5	97,134.4	26,841.4	21,209.7	25,492.3
29 days to 3 months	142,209.3	77,392.4	273,131.8	80,937.6	67,038.9	114,905.9
3 to 6 months	188,828.5	87,627.9	288,254.6	141,606.5	73,969.8	129,864.6
6 months to 1 year	336,379.4	149,466.7	452,112.8	223,622.4	95,326.5	241,781.4
1 to 3 years	1,043,883.5	245,244.2	690,126.6	173,520.5	172,330.3	197,466.2
3 to 5 years	388,469.1	152,923.0	228,550.3	197,146.0	147,925.4	140,532.7
Above 5	364,534.2	484,702.5	406,539.4	380,888.0	254,969.4	151,621.8

Maturity buckets	Loans & Advances [2]	Investment securities[2]	Deposits[2]	Borrowings [2,3]	Total foreign currency assets	Total foreign currency liabilities
years						
Total	2,537,276.6	1,595,600.4	2,554,999.6	1,401,649.1	943,485.2	1,020,880.8

1. The aforesaid disclosure is in accordance with the revised maturity buckets as per the RBI circular no. DBOD.BP.BC.22 /21.04.018/2009-10 dated July 1, 2009.
2. Includes foreign currency balances.
3. Includes borrowings in the nature of subordinated debts and preference shares as per RBI guidelines vide circular no. DBOD.BP.BC no. 81/21.01.002/2009-10.

The following table sets forth the maturity pattern of assets and liabilities of the Bank at March 31, 2011.

₹ in million

Maturity buckets	Loans & Advances [2]	Investment securities[2]	Deposits[2]	Borrowings [2,3]	Total foreign currency assets	Total foreign currency liabilities
Day 1[1]	9,280.7	49,614.9	45,279.5	913.1	57,011.6	35,628.8
2 to 7 days[1]	12,637.9	18,462.6	63,935.7	3,028.3	27,144.3	6,388.6
8 to 14 days[1]	14,881.9	24,073.6	54,938.5	7,270.2	11,484.9	8,654.3
15 to 28 days	26,058.4	92,754.3	64,625.1	23,284.7	13,578.6	16,578.0
29 days to 3 months	149,170.8	96,887.8	212,721.9	92,328.3	58,021.5	78,777.9
3 to 6 months	190,491.4	76,649.1	178,717.0	108,229.9	29,419.1	114,994.8
6 months to 1 year	260,740.5	120,666.5	374,534.2	138,828.8	53,188.7	153,395.3
1 to 3 years	889,201.1	359,736.2	1,177,196.9	229,022.1	214,539.8	202,968.1
3 to 5 years	342,603.1	106,907.7	33,946.6	110,920.2	131,949.7	80,851.3
Above 5 years	268,593.1	401,106.8	50,125.7	381,717.2	170,112.0	138,821.6
Total	2,163,659.0	1,346,859.6	2,256,021.1	1,095,542.8	766,450.2	837,058.7

1. The aforesaid disclosure is in accordance with the revised maturity buckets as per the RBI circular no. DBOD.BP.BC.22/21.04.018/2009-10 dated July 1, 2009.
2. Includes foreign currency balances.
3. Includes borrowings in the nature of subordinated debts and preference shares as per RBI guidelines vide circular no. DBOD.BP.BC no. 81/21.01.002/2009-10.

6. Preference shares

Certain government securities amounting to ₹ 2,578.1 million at March 31, 2012 (March 31, 2011: ₹ 2,563.8 million) have been earmarked against redemption of preference shares issued by the Bank, which fall due for redemption on April 20, 2018, as per the original issue terms.

7. Employee Stock Option Scheme (ESOS)

In terms of the ESOS, as amended, the maximum number of options granted to any eligible employee in a financial year shall not exceed 0.05% of the issued equity shares of the Bank at the time of grant of the options and aggregate of all such options granted to the eligible employees shall not exceed 5% of the aggregate number of the issued equity shares of the Bank on the date(s) of the grant of options.

Under the stock option scheme, eligible employees are entitled to apply for equity shares. Options granted for fiscal 2003 and earlier years vest in a graded manner over a three-year period, with 20%, 30% and 50% of the grants vesting in each year commencing from the end of 12 months from the date of grant. Options granted from fiscal 2004 vest in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant. Options granted in April 2009 vest in a graded manner over a five year period with 20%, 20%, 30% and 30% of grant vesting each year, commencing from the end of 24 months from the date of grant. Options granted in September, 2011 vest in a graded manner over a five years period with 15%, 20%, 20% and 45% of grant vesting each year, commencing from the end of 24 months from the date of the grant. The options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. As per the scheme, the exercise price of ICICI Bank's options is the last closing price on the stock exchange, which recorded highest trading volume preceding the date of grant of options. Hence, there was no compensation cost based on intrinsic value of options.

In February, 2011, the Bank granted 3,035,000 options to eligible employees and whole-time Directors of ICICI Bank and certain of its subsidiaries at an exercise price of ₹ 967. Of these options granted, 50% would vest on April 30, 2014 and the balance 50% would vest on April 30, 2015. The options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. Based on intrinsic value of options, compensation cost of ₹ 21.0 million was recognised during the year ended March 31, 2012 (March 31, 2011 ₹ 2.9 million).

If ICICI Bank had used the fair value of options based on binomial tree model, compensation cost in the year ended March 31, 2012 would have been higher by ₹ 1,816.1 million and proforma profit after tax would have been ₹ 62.83 billion. On a proforma basis, ICICI Bank's basic and diluted earnings per share would have been ₹ 54.52 and ₹ 54.37 respectively. The key assumptions used to estimate the fair value of options granted during the year ended March 31, 2012 are given below.

Risk-free interest rate	7.99% to 9.07%
Expected life	6.35 to 6.98 years
Expected volatility	47.53% to 49.20%
Expected dividend yield	1.26% to 1.60%

The weighted average fair value of options granted during the year ended March 31, 2012 is ₹ 592.52 per option (March 31, 2011: ₹ 535.87).

A summary of the status of the Bank's stock option plan is given below.

₹ except number of options

Particulars	Stock options outstanding			
	Year ended March 31, 2012		Year ended March 31, 2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	20,529,387	779.72	18,763,460	689.50
Add: Granted during the year	4,060,600	1,104.82	5,514,600	972.00
Less: Lapsed during the year, net of re-issuance[1]	448,372	798.77	1,005,536	871.95
Less: Exercised during the year	942,070	510.94	2,743,137	517.21
Outstanding at the end of the year	23,199,545	846.94	20,529,387	779.72
Options exercisable	12,019,655	745.26	10,197,137	682.72

In terms of the Scheme, 23,199,545 options (March 31, 2011: 20,529,387 options) granted to eligible employees were outstanding at March 31, 2012.

A summary of stock options outstanding at March 31, 2012 is given below.

Range of exercise price (₹ per share)	Number of shares arising out of options	Weighted average exercise price (₹ per share)	Weighted average remaining contractual life (Number of years)
105-299	28,925	132.05	1.07
300-599	6,048,620	471.10	4.35
600-999	13,122,000	942.79	6.80
1,000-1,399	4,000,000	1,106.03	9.04

A summary of stock options outstanding at March 31, 2011 is given below.

Range of exercise price (₹ per share)	Number of shares arising out of options	Weighted average exercise price (₹ per share)	Weighted average remaining contractual life (Number of years)
105-299	95,086	137.13	1.07
300-599	6,906,951	466.85	5.30
600-999	13,426,350	942.54	7.78
1,000-1,399	101,000	1,084.59	7.94

The options were exercised regularly throughout the period and weighted average share price as per NSE price volume data during the year ended March 31, 2012 was ₹ 922.76 (March 31, 2011: ₹ 1,014.96).

8. Reconciliation of nostro account

In terms of RBI circular no. DBOD.BP.BC.No.133/21.04.018/2008-09 dated May 11, 2009, ₹ 3.2 million (March 31, 2011: ₹ 2.6 million) representing outstanding credit balances of individual value less than US$ 2,500 or equivalent lying in nostro account, which were originated up to March 31, 2002, was transferred to profit and loss account during the year ended March 31, 2012 and has been subsequently appropriated to General Reserve.

9. Subordinated debt

During the year ended March 31, 2012, the Bank raised subordinated debt qualifying for Tier II capital amounting to ₹ 16,000.0 million. The following table sets forth, the details of these bonds.

₹ in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Lower Tier II	March 16, 2012	9.20% (semi-annually)	6 years	16,000.0
Total				16,000.0

During the year ended March 31, 2011, the Bank raised subordinated debt qualifying for Tier II capital amounting to ₹ 59,790.0 million. The following table sets forth, the details of these bonds.

₹ in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Lower Tier II	April 05, 2010	8.88%(semi-annually)	10 years	25,000.0[1]
Lower Tier II	September 29, 2010	8.90% (annually)	15 years	14,790.0
Lower Tier II	January 13, 2011	9.11% (annually)	10 years	20,000.0
Total				59,790.0

1. During the year ended March 31, 2010, Bank had raised an amount of ₹ 25,000.0 million towards application money on subordinated debt bonds which was pending for allotment at March 31, 2010 and was subsequently allotted on April 5, 2010.

10. Repurchase transactions

The following table sets forth, the details of securities sold and purchased under repo and reverse repo transactions respectively including transactions under Liquidity Adjustment Facility (LAF).

₹ in million

		Minimum outstanding balance during the	Maximum outstanding balance during the	Daily average outstanding balance during the	Outstanding balance at March 31, 2012
		Year ended March 31, 2012			
Securities sold under Repo and LAF					
i)	Government Securities	1.3	169,551.0	67,461.6	169,551.0
ii)	Corporate Debt Securities	..	645.0	5.3	..
Securities purchased under Reverse Repo and LAF					
i)	Government Securities	..	36,750.0	1,524.6	2,630.0
ii)	Corporate Debt Securities	..	..	..	..

1. Amounts reported are based on face value of securities under repo and reverse repo and LAF.

The following table sets forth, the details of securities sold and purchased under repo and reverse repo.

₹ in million

		Minimum outstanding balance during the	Maximum outstanding balance during the	Daily average outstanding balance during the	Outstanding balance at March 31, 2011
		Year ended March 31, 2011			
Securities sold under Repo					
i)	Government Securities	1.1	214,553.6	41,177.3	1.2
ii)	Corporate Debt Securities	..	..	..	..
Securities purchased under Reverse Repo					
i)	Government Securities	..	7,817.1	282.2	124.0
ii)	Corporate Debt Securities	..	250.0	3.4	..

1. Amounts reported are based on face value of securities under repo and reverse repo.

The transactions with RBI under LAF are accounted for as borrowing and lending transactions from the three months ended March 31, 2012. If the Bank had continued to account for LAF transactions as "sale and purchase" at March 31, 2012, the investments would have been lower by ₹ 168,000.0 million and the borrowings would have been lower by ₹ 168,000.0 million.

11. Investments

The following table sets forth, for the periods indicated, the details of investments and the movement of provision held towards depreciation on investments of the Bank.

₹ in million

Particulars			At March 31, 2012	At March 31, 2011
1.	Value of Investments			
i)	Gross value of investments			
	a)	In India	1,539,777.2	1,272,423.9
	b)	Outside India	81,826.4	94,499.8
ii)	Provision for depreciation			
	a)	In India	(25,565.7)	(19,483.1)
	b)	Outside India	(437.5)	(581.0)

Particulars		At March 31, 2012	At March 31, 2011
iii)	Net value of investments		
	a) In India	1,514,211.5	1,252,940.8
	b) Outside India	81,388.9	93,918.8
2.	Movement of provisions held towards depreciation on investments		
i)	Opening balance	20,064.1	12,161.1
ii)	Provisions made during the year	8,129.7	8,612.7[1]
iii)	Write-off/(write-back) of excess provisions during the year	(2,190.6)	(709.7)
iv)	Closing balance	26,003.2	20,064.1

1. Includes provision created at the time of acquisition of investments from erstwhile The Bank of Rajasthan on amalgamation.

12. Investment in securities, other than government and other approved securities (Non-SLR investments)

    i) Issuer composition of investments in securities, other than government and other approved securities

The following table sets forth, the issuer composition of investments of the Bank in securities, other than government and other approved securities at March 31, 2012.

₹ in million

Sr. No.	Issuer	Amount	Extent of private placement[3]	Extent of 'below investment grade' securities	Extent of 'unrated' securities[4,5]	Extent of 'unlisted' securities[4,5]
			(a)	(b)	(c)	(d)
1	PSUs	48,803.2	45,156.0	..	..	9.6
2	FIs	28,032.9	21,649.8	..	..	..
3	Banks	118,691.4	107,676.0	809.4	..	..
4	Private corporates	163,469.5	143,623.3	283.1	6,944.0	14,521.8
5	Subsidiaries/ Joint ventures	136,753.3	..	..	..	..
6	Others[6,7,8]	250,651.9	39,950.8	25,568.7	..	..
7	Provision held towards depreciation	(24,589.7)	..	..	..	..
	Total	721,812.5	358,055.9	26,661.2	6,944.0	14,531.4

1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
2. Collateralised debt obligations securities have been included in the above data based on the arranger of such instruments.
3. Includes ₹ 2,619.0 million of application money towards corporate bonds/debentures.
4. Excludes investments, amounting to ₹ 7,086.1 million, in preference shares of subsidiaries and ₹ 5,092.1 million in subordinated bonds of subsidiaries, namely ICICI Bank UK PLC and ICICI Bank Canada.
5. Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates, security receipts, commercial papers, certificates of deposit, unlisted convertible debentures and securities acquired by way of conversion of debt.
6. Other investments include deposits under RIDF/RHDF deposit schemes amounting to ₹ 181,025.1 million.
7. Excludes investments in non-Indian government securities by overseas branches amounting to ₹ 4,402.4 million.
8. Others include non-SLR Indian government securities of ₹ 96.1 million.

The following table sets forth, the issuer composition of investments of the Bank in securities, other than government and other approved securities at March 31, 2011.

₹ in million

Sr. No.	Issuer	Amount	Extent of private placement[3]	Extent of 'below investment grade' securities	Extent of 'unrated' securities [4,5]	Extent of 'unlisted' securities [4,5]
			(a)	(b)	(c)	(d)
1	PSUs	20,171.7	12,613.0	..	..	14.4
2	FIs	13,505.6	10,250.0	..	..	..
3	Banks	113,605.3	79,810.7	2,069.1	3,601.2	8,488.4
4	Private corporates	177,554.6	152,122.0	283.0	9,761.4	17,828.9
5	Subsidiaries/ Joint ventures	135,463.8	..	..	..	..
6	Others [6,7,8]	254,175.9	44,898.0	31,934.5	..	..
7	Provision held towards depreciation	(17,900.7)	..	..	..	..
	Total	696,576.2	299,693.7	34,286.6	13,362.6	26,331.7

1. Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.
2. Collateralised debt obligations securities have been included in the above data based on the arranger of such instruments.
3. Includes ₹ 900.0 million of application money towards corporate bonds/debentures.
4. Excludes investments amounting to ₹ 6,359.0 million, in preference shares of subsidiaries and ₹ 4,529.8 million in subordinated bonds of subsidiaries, namely ICICI Bank UK PLC and ICICI Bank Canada.
5. Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates, security receipts, commercial papers, certificates of deposit, unlisted convertible debentures and securities acquired by way of conversion of debt.
6. Other investments include deposits under RIDF/RHDF deposit schemes amounting to ₹ 150,795.6 million.
7. Excludes investments in non-Indian government securities by overseas branches amounting to ₹ 8,862.3 million.
8. Others include non-SLR Indian government securities of ₹ 191.3 million.

ii) Non-performing investments in securities, other than government and other approved securities

The following table sets forth, for the periods indicated, the movement in gross non-performing investments in securities, other than government and other approved securities.

₹ in million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Opening balance	4,923.8	5,219.3
Additions during the year	1,790.9	1,024.5
Reduction during the year	(1,286.3)	(1,320.0)
Closing balance	5,428.4	4,923.8
Total provision held	4,606.3	4,302.2

13. Sales and transfers of securities to/from Held to Maturity (HTM) category

During the year ended March 31, 2012, the value of sales and transfers of securities to/from HTM category (excluding one time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year and sale to RBI under pre-announced Open Market Operation auctions) have not exceeded 5% of the book value of the investments held in HTM category at the beginning of the year.

14. CBLO transaction

Collateralised Borrowing and Lending Obligation (CBLO) is a discounted money market instrument, developed by The Clearing Corporation of India Limited (CCIL) and approved by RBI, which involves secured borrowings and lending transactions. At March 31, 2012, the Bank had outstanding borrowings amounting to Nil (March 31, 2011: Nil) and outstanding lending of Nil (March 31, 2011: ₹ 1,999.6 million) in the form of CBLO. The amortised book value of securities given as collateral by the Bank to CCIL for availing the CBLO facility was ₹ 22,491.9 million at March 31, 2012 (March 31, 2011: ₹ 51,841.1 million).

15. Derivatives

ICICI Bank is a major participant in the financial derivatives market. The Bank deals in derivatives for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers, enabling them to hedge their risks.

Dealing in derivatives is carried out by identified groups in the treasury of the Bank based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Treasury middle office conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting and ensures compliance with various internal and regulatory guidelines.

The market making and the proprietary trading activities in derivatives are governed by the Investment Policy and Derivative policy of the Bank, which lays down the position limits, stop loss limits as well as other risk limits. The Risk Management Group (RMG) lays down the methodology for computation and monitoring of risk. The Risk Committee of the Board (RCB) reviews the Bank's risk management policy in relation to various risks including credit and recovery policy, investment policy, derivative policy, ALM policy and operational risk management policy. The RCB comprises independent directors and the Managing Director and CEO.

The Bank measures and monitors risk of its derivatives portfolio using such risk metrics as Value at Risk (VAR), stop loss limits and relevant greeks for options. Risk reporting on derivatives, forms an integral part of the management information system.

The use of derivatives for hedging purposes is governed by the hedge policy approved by Asset Liability Management Committee (ALCO). Subject to prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate, floating rate or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the hedge itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter.

Hedge derivative transactions are accounted for pursuant to the principles of hedge accounting. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the profit and loss account. The premium on option contracts is accounted for as per Foreign Exchange Dealers Association of India (FEDAI) guidelines.

Derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with the respective counter parties. The exposure on account of derivative transactions is computed as per RBI guidelines and is marked against the credit limits approved for the respective counter-parties.

The following table sets forth the details of derivative positions at March 31, 2012.

₹ in million

Sr. No.	Particulars	At March 31, 2012	
		Currency derivatives[1]	Interest rate derivatives[2]
1	Derivatives (Notional principal amount)		
	a) For hedging	5,062.2	312,533.7
	b) For trading	1,214,603.2	2,446,693.6
2	Marked to market positions[3]		
	a) Asset (+)	59,517.3	28,323.4
	b) Liability (-)	(46,244.0)	(26,520.7)
3	Credit exposure[4]	118,689.8	80,110.9
4	Likely impact of one percentage change in interest rate (100*PV01)[5]		
	a) On hedging derivatives[6]	45.3	11,751.7
	b) On trading derivatives	1,038.9	2,752.9
5	Maximum and minimum of 100*PV01 observed during the year		
	a) On hedging[6]		
	Maximum	(1.3)	(9,523.0)
	Minimum	(50.8)	(13,444.8)
	b) On trading		
	Maximum	(620.3)	2,956.8
	Minimum	(1,270.0)	(1,899.8)

1. Exchange traded and Over the Counter (OTC) options, cross currency interest rate swaps and currency futures are included in currency derivatives.
2. Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest. Represents net positions.
4. Includes accrued interest and has been computed based on Current Exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and offsetting impact with the underlying on-balance sheet items.

The following table sets forth the details of derivative positions at March 31, 2011.

₹ in million

Sr. No.	Particulars	At March 31, 2011	
		Currency derivatives[1]	Interest rate derivatives[2]
1	Derivatives (Notional principal amount)		
	a) For hedging	4,105.4	279,739.8
	b) For trading	1,316,079.5	3,866,544.9
2	Marked to market positions[3]		
	a) Asset (+)	53,618.2	40,802.3
	b) Liability (-)	(46,478.2)	(40,823.7)
3	Credit exposure[4]	120,177.9	96,389.0
4	Likely impact of one percentage change in interest rate (100*PV01)[5]		
	On hedging derivatives[6]	39.8	9,828.1
	On trading derivatives	854.4	1,898.0
5	Maximum and minimum of 100*PV01 observed during the year		
	a) On hedging[6]		
	Maximum	(39.8)	(6,126.5)
	Minimum	(69.1)	(10,546.1)
	b) On trading		
	Maximum	(802.2)	5,407.4
	Minimum	(1,532.5)	1,572.2

1. Exchange traded and OTC options, cross currency interest rate swaps and currency futures are included in currency derivatives.

2. Interest rate swaps, forward rate agreements, swaptions and exchange traded interest rate derivatives are included in interest rate derivatives.
3. For trading portfolio including accrued interest. Represents net positions.
4. Includes accrued interest and has been computed based on Current Exposure method.
5. Amounts given are absolute values on a net basis, excluding options.
6. The swap contracts entered into for hedging purpose would have an opposite and offsetting impact with the underlying on-balance sheet items.

The Bank has exposure in credit derivative instruments including credit default swaps, credit linked notes, collateralised debt obligations and principal protected structures. The notional principal amount of these credit derivatives outstanding at March 31, 2012 was Nil (March 31, 2011: ₹ 10,599.7 million) in funded instruments and ₹ 10,349.9 million (March 31, 2011: ₹ 28,168.2 million) in non-funded instruments which includes Nil (March 31, 2011: ₹ 223.0 million) of protection bought by the Bank.

The profit and loss impact on the above portfolio on account of mark-to-market and realised profit/losses during the year ended March 31, 2012 was net profit of ₹ 561.0 million (March 31, 2011: ₹ 94.6 million). At March 31, 2012, the total outstanding mark-to-market position of the above portfolio was a net loss of ₹ 59.6 million (March 31, 2011: ₹ 527.9 million). The credit derivatives are marked to market by the Bank based on counter-party valuation quotes, or internal models using inputs from market sources such as Bloomberg/Reuters, counter-parties and FIMMDA.

The Bank offers deposits to customers of its offshore branches with structured returns linked to interest, forex, credit or equity benchmarks. The Bank covers these exposures in the inter-bank market. At March 31, 2012, the net open position on this portfolio was Nil (March 31, 2011: Nil) with mark-to-market gain of ₹ 24.8 million (March 31, 2011: ₹ 27.8 million). The profit and loss impact on account of mark-to-market and realised profit and loss during the year ended March 31, 2012 was a net loss of ₹ 5.2 million.

The notional principal amount of forex contracts classified as non-trading at March 31, 2012 amounted to ₹ 745,722.2 million (March 31, 2011: ₹ 340,828.8 million). For these non-trading forex contracts, at March 31, 2012, marked to market positions was asset of ₹ 22,528.9 million (March 31, 2011: ₹ 2,532.0 million) and liability of ₹ 12,843.6 million (March 31, 2011: ₹ 7,333.8 million), credit exposure of ₹ 42,639.4 million (March 31, 2011: ₹ 10,873.7 million) and likely impact of one percentage change in interest rate (100*PV01) was ₹ (81.6) million (March 31, 2011: ₹ (9.6) million).

The notional principal amount of forex contracts classified as trading at March 31, 2012 amounted to ₹ 2,814,328.7 million (March 31, 2011: ₹ 2,127,789.6 million). For these trading forex contracts, at March 31, 2012, marked to market position was asset of ₹ 70,164.7 million (March 31, 2011: ₹ 39,289.0 million) and liability of ₹ 66,449.6 million (March 31, 2011: ₹ 33,916.3 million), credit exposure of ₹ 135,371.9 million (March 31, 2011: ₹ 92,213.9 million) and likely impact of one percentage change in interest rate (100*PV01) was ₹ (90.1) million (March 31, 2011: ₹ (45.4) million). The net overnight open position at March 31, 2012 was ₹ 299.1 million (March 31, 2011: ₹ 502.1 million).

16. Exchange traded interest rate derivatives and currency options

Exchange traded interest rate derivatives

The following table sets forth, for the periods indicated, the details of exchange traded interest rate derivatives.

₹ in million

Particulars		At March 31, 2012	At March 31, 2011
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)		
	a) Euro dollar futures	..	..

Particulars			At March 31, 2012	At March 31, 2011
	b)	Treasury note futures – 10 years	..	..
	c)	Treasury note futures – 5 years	..	..
	d)	Treasury note futures – 2 years	..	..
	e)	NSE – GOI Bond futures	..	..
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)			
	a)	Euro dollar futures	..	..
	b)	Treasury note futures – 10 years	..	..
	c)	Treasury note futures – 5 years	..	..
	d)	Treasury note futures – 2 years	..	..
	e)	NSE – GOI Bond futures	..	..
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective "		N.A.	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"		N.A.	N.A.

Exchange traded currency options

The following table sets forth, for the periods indicated, the details of exchange traded currency options.

₹ in million

Particulars		At March 31, 2012	At March 31, 2011
i)	Notional principal amount of exchange traded currency options undertaken during the year	4,34,623.3	43,970.0
ii)	Notional principal amount of exchange traded currency options outstanding	12,587.8	9,418.5
iii)	Notional principal amount of exchange traded currency options outstanding and not "highly effective"	N.A.	N.A.
iv)	Mark-to-market value of exchange traded currency options outstanding and not "highly effective"	N.A.	N.A.

17. Forward rate agreement (FRA)/Interest rate swaps (IRS)

The Bank enters into FRA and IRS contracts for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers to enable them to hedge their interest rate risk within the prevalent regulatory guidelines.

A FRA is a financial contract between two parties to exchange interest payments for a `notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date, cash payments based on contract rate and the settlement rate, which is the agreed bench-mark/reference rate prevailing on the settlement date, are made by the parties to one another. The benchmark used in the FRA contracts of the Bank is LIBOR of various currencies.

An IRS is a financial contract between two parties exchanging or swapping a stream of interest payments for a `notional principal' amount on multiple occasions during a specified period. The Bank deals in interest rate benchmarks like MIBOR, INBMK, MIFOR and LIBOR of various currencies.

These contracts are subject to the risks of changes in market interest rates as well as the settlement risk with the counterparties.

The following table sets forth, for the periods indicated, the details of the forward rate agreements/interest rate swaps.

₹ in million

Particulars		At March 31, 2012	At March 31, 2011
i)	The notional principal of FRA/IRS	2,603,143.0	3,952,522.3
ii)	Losses which would be incurred if all counter parties failed to fulfil their obligations under the agreement[1]	31,219.3	42,479.4
iii)	Collateral required by the Bank upon entering into FRA/IRS	..	..
iv)	Concentration of credit risk[2]	3,261.6	2,871.4
v)	The fair value of FRA/IRS[3]	25,235.5	13,615.4

1. For trading portfolio both mark-to-market and accrued interest have been considered and for hedging portfolio, only accrued interest has been considered.
2. Credit risk concentration is measured as the highest net receivable under swap contracts from a particular counter party.
3. Fair value represents mark-to-market including accrued interest.

18. Advances

The following table sets forth, for the periods indicated, the details of movement of gross non-performing assets (NPAs), net NPAs and provisions.

₹ in million

Particulars			Year ended March 31, 2012	Year ended March 31, 2011
i)	Net NPAs (funded) to net advances (%)		0.73%	1.11%
ii)	Movement of NPAs (Gross)			
	a)	Opening balance[1]	100,342.6	94,806.5
	b)	Additions during the year[2]	29,861.2	28,656.3
	c)	Reductions during the year[2,3]	(35,450.5)	(23,120.2)
	d)	Closing balance[1]	94,753.3	100,342.6
iii)	Movement of Net NPAs			
	a)	Opening balance[1]	24,073.6	38,411.1
	b)	Additions during the year[2]	13,311.6	4,946.4
	c)	Reductions during the year[2,3]	(18,776.8)	(19,283.9)
	d)	Closing balance[1]	18,608.4	24,073.6
iv)	Movement of provisions for NPAs (excluding provision on standard assets)			
	a)	Opening balance[1]	76,269.0	56,395.4
	b)	Provisions made during the year[2,3]	20,872.5	27,782.6
	c)	Write-off/(write-back) of excess provisions[2]	(20,996.6)	(7,909.0)
	d)	Closing balance[1]	76,144.9	76,269.0

1. Net of write-off.
2. Includes cases added to and deleted from NPAs during the year ended March 31, 2012 with such gross loans amounting to ₹ 8,561.8 million (March 31, 2011: ₹ 5,025.8 million) and such net loans amounting to ₹ 2,560.7 million (March 31, 2011: ₹ 3,512.0 million).
3. For NPAs in credit cards, the difference between the opening and closing balances (other than accounts written off during the year) is included in additions during the year.

19. Provision on standard assets

The Bank makes provision on standard assets as per applicable RBI guidelines.

The Bank has not written back any standard assets provision pursuant to the RBI circular no. DBOD.BP.BC.83/21.01.002/2008-09 dated November 15, 2008 and DBOD.BP.BC.94/21.04.048/ 2011-12 dated May 18, 2011. The provision on standard assets held by the Bank at March 31, 2012 was ₹ 14,796.0 million (March 31, 2011: ₹ 14,796.0 million).

20. Provision Coverage Ratio

The provision coverage ratio of the Bank at March 31, 2012 computed as per the extant RBI guidelines is 80.4% (March 31, 2011: 76.0%).

21. Farm loan waiver

The Ministry of Finance, Government of India had issued guidelines for the implementation of the Agriculture Debt Waiver and Relief Scheme for farmers on May 23, 2008. The Bank has implemented the scheme as per guidelines issued by RBI circular DBOD No.BP.BC. 26/21.04.048/2008-09 dated July 30, 2008 on "Agricultural Debt Waiver and Debt Relief Scheme, 2008 – Prudential norms on Income Recognition, Asset Classification and Provisioning and Capital Adequacy".

Pursuant to the Scheme, an aggregate amount of ₹ 2,795.1 million (March 31, 2011: ₹ 2,795.3 million) has been waived which was recoverable from Government of India. The amount of ₹ 2,795.1 million has been received up to March 31, 2012 (March 31, 2011: ₹ 2,788.9 million).

In terms of RBI circular DBOD.No.BP.BC.26/21.04.048/2008-2009 dated July 30, 2008 on Agriculture Debt Waiver and Debt Relief Scheme, 2008 - Prudential Norms on Income Recognition, Asset Classification and Provisioning and Capital Adequacy, an amount of ₹ 50.4 million, being provision held on Present Value (PV) basis, has been transferred directly to General Reserve during the year ended March 31, 2012 without routing through the profit and loss account.

22. Securitisation

The Bank sells loans through securitisation and direct assignment. The following tables set forth, for the periods indicated, the information on securitisation and direct assignment activity of the Bank as an originator.

₹ in million, except number of loans securitised

	Year ended March 31, 2012	Year ended March 31, 2011
Total number of loan assets securitised	..	..
Total book value of loan assets securitised	..	..
Sale consideration received for the securitised assets	..	..
Net gain/(loss) on account of securitisation[1]	(2,016.2)	(5,492.7)

1. Includes gain/(loss) on deal closures, gain amortised during the year and expenses relating to utilisation of credit enhancement.

₹ in million

	At March 31, 2012	At March 31, 2011
Outstanding credit enhancement (funded)	5,228.0	5,266.2
Outstanding liquidity facility	327.1	1,246.6
Net outstanding servicing asset/(liability)	(92.4)	(17.4)
Outstanding subordinate contributions	2,750.5	6,017.0

The outstanding credit enhancement in the form of guarantees amounted to ₹ 11,833.0 million at March 31, 2012 (March 31, 2011: ₹ 16,006.0 million).

Outstanding credit enhancement in the form of guarantees for third party originated securitisation transactions amounted to ₹ 9,161.5 million at March 31, 2012 (March 31, 2011: ₹ 8,639.0 million) and outstanding liquidity facility for third party originated securitisation transactions amounted to Nil at March 31, 2012 (March 31, 2011: Nil).

The following table sets forth, for the periods indicated, the movement of provision on securitisation and direct assignment transactions.

₹ in million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Opening balance	2,363.8	2,253.8
Additions during the year	1,696.7	2,277.1
Deductions during the year	(2,273.8)	(2,167.1)
Closing balance	1,786.7	2,363.8

23. Financial assets transferred during the year to securitisation company (SC)/reconstruction company (RC)

The Bank has transferred certain assets to Asset Reconstruction Companies (ARCs) in terms of the guidelines issued by RBI governing such transfer. For the purpose of the valuation of the underlying security receipts issued by the underlying trusts managed by ARCs, the security receipts are valued at their respective NAVs as advised by the ARCs.

The following table sets forth, for the periods indicated, the details of the assets transferred.

₹ in million, except number of accounts

	Year ended March 31, 2012	Year ended March 31, 2011
Number of accounts[1]	2	..
Aggregate value (net of provisions) of accounts sold to SC/RC	44.4	..
Aggregate consideration	94.1	..
Additional consideration realised in respect of accounts transferred in earlier years[2]	..	..
Aggregate gain/(loss) over net book value	49.7	..

1. Excludes accounts previously written-off.
2. During the year ended March 31, 2012, asset reconstruction companies have fully redeemed six security receipts. The Bank incurred net loss of ₹ 950.6 million on such redemptions (March 31, 2011: ₹ 67.6 million).

24. Details of non-performing assets purchased/sold, excluding those sold to SC/RC

The Bank has not purchased any non-performing assets in terms of the guidelines issued by the RBI circular no. DBOD.No.BP.BC.16/21.04.048/2005-06 dated July 13, 2005. The Bank has sold certain non-performing assets in terms of these RBI guidelines.

The following table sets forth, for the periods indicated, details of non-performing assets sold, excluding those sold to SC/RC.

₹ in million, except number of accounts

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
No. of accounts	1	..
Aggregate value (net of provisions) of accounts sold, excluding those sold to SC/RC	642.0	..
Aggregate consideration	641.0	..
Aggregate gain/(loss) over net book value	(1.0)	..

25. Information in respect of restructured assets

The following table sets forth, for the periods indicated, details of loan assets subjected to restructuring.

₹ in million, except number of accounts

		Year ended March 31, 2012			Year ended March 31, 2011		
		CDR Mechanism	SME Debt Restructuring	Others	CDR Mechanism	SME Debt Restructuring	Others
Standard advances restructured[3]	Number of borrowers	12	..	16	4	2	60
	Amount outstanding	24,667.5	..	12,688.3	993.7	99.4	11,627.7
	Amount restructured	24,159.4	..	11,790.1	964.6	89.7	11,024.6
	Sacrifice (diminution in the fair value)	3,297.5	..	447.1	132.5	..	645.2
Sub- standard advances restructured	Number of borrowers	1	..	1	..	..	5
	Amount outstanding	155.8	..	337.1	..	..	1,215.2
	Amount restructured	69.8	..	269.5	..	..	1,216.6
	Sacrifice (diminution in the fair value)	15.5	..	..	..	..	651.1
Doubtful advances restructured	Number of borrowers	1	..	1	..	..	2
	Amount outstanding	85.6	..	86.9	..	..	321.7
	Amount restructured	50.1	..	79.1	..	..	360.4
	Sacrifice (diminution in the fair value)	6.1	..	3.1	..	..	..
Total	Number of borrowers	14	..	18	4	2	67
	Amount outstanding	24,908.9	..	13,112.3	993.7	99.4	13,164.6
	Amount restructured	24,279.3	..	12,138.7	964.6	89.7	12,601.6
	Sacrifice (diminution in the fair value)	3,319.1	..	450.2	132.5	..	1,296.3

1. The aforesaid disclosure for the year ended March 31, 2012 includes the reversal of interest income of ₹ 868.8 million (March 31, 2011: ₹ 176.7 million) on account of conversion of overdue interest into FITL.
2. The aforesaid disclosure excludes the reversal of derivative income of ₹ 9.9 million for the year ended March 31, 2012 (March 31, 2011: ₹ 18.5 million) on account of conversion of derivative receivables into term loan/preference shares.
3. Amount outstanding represents the borrower level balances (including facilities not restructured) at the end of the quarter in which the restructuring scheme was implemented.

26. Floating provision

Bank holds floating provision of ₹ 1.9 million at March 31, 2012 (March 31, 2011: ₹ 1.9 million) taken over from erstwhile Bank of Rajasthan on amalgamation.

27. Concentration of Deposits, Advances, Exposures and NPAs

(I) Concentration of deposits, advances, exposures and NPAs

₹ in million

Concentration of deposits	At March 31, 2012	At March 31, 2011
Total deposits of twenty largest depositors	212,175.1	219,063.0
Deposits of twenty largest depositors as a percentage of total deposits of the Bank	8.30%	9.71%

₹ in million

Concentration of advances[1]	At March 31, 2012	At March 31, 2011
Total advances to twenty largest borrowers (including banks)	1,032,621.4	968,797.3
Advances to twenty largest borrowers as a percentage of total advances of the Bank	15.40%	16.93%

1. Represents credit exposure as per RBI guidelines on exposure norms. Total advances do not include the exposure to consolidated entities which are deducted from capital funds of the Bank.

₹ in million

Concentration of exposures[1]	At March 31, 2012	At March 31, 2011
Total exposure to twenty largest borrowers/customers (including banks)	1,066,030.1	1,007,127.8
Exposures to twenty largest borrowers/customers as a percentage of total exposure of the Bank	14.94%	16.29%

1. Represents credit and investment exposures as per RBI guidelines on exposure norms. Total exposure does not include the exposure to consolidated entities which are deducted from capital funds of the Bank.

₹ in million

Concentration of NPAs	At March 31, 2012	At March 31, 2011
Total exposure[1] to top four NPA accounts	5,657.3	6,508.1

1. Represents gross exposure (funded and non-funded).

(II) Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to total advances in that sector			
		At March 31, 2012		At March 31, 2011	
		Gross	Net	Gross	Net
1.	Agriculture and allied activities[1]	4.78%	1.25%	7.61%	3.00%
2.	Industry (Micro & small, medium and large)	2.02%	0.69%	2.10%	0.77%
3.	Services	0.92%	0.24%	1.76%	0.51%
4.	Personal loans[2]	9.18%	1.26%	9.84%	1.83%
	Total	3.62%	0.73%	4.47%	1.11%

1. Represents loans towards agriculture and allied activities that qualify for priority sector lending.
2. Excludes retail loans towards agriculture and allied activities that qualify for priority sector lending. Excludes commercial business loans, developer financing and dealer funding.

(III) Movement of NPAs

₹ in million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Opening balance of gross NPAs[1]	100,342.6	94,806.5
Additions: fresh NPAs during the year[2,3]	29,861.2	28,656.3
Sub-total (A)	130,203.8	123,462.8
Less:		
i) Upgradations	(7,381.1)	(7,581.6)
ii) Recoveries (excluding recoveries made from upgraded accounts)	(16,234.5)	(13,670.1)
iii) Write-offs	(11,834.9)	(1,868.5)
Sub-total (B)	(35,450.5)	(23,120.2)
Closing balance of gross NPAs[1] (A-B)	94,753.3	100,342.6

1. Net of write-off.
2. Includes cases added to and deleted from NPAs during the year ended March 31, 2012, with such gross loans amounting to ₹ 8,561.8 million (March 31, 2011: ₹ 5,025.8 million).
3. For NPAs in credit cards, the difference between the opening and closing balances (other than accounts written off during the year) is included in additions during the year.

(IV) Overseas assets, NPAs and revenue

₹ in million

Particulars	At March 31, 2012	At March 31, 2011
Total assets[1]	848,040.6	697,435.3
Total NPAs (net)[2]	508.1	981.1
Total revenue[1]	44,327.6	39,309.8

1. Represents the total assets and total revenue of foreign operations as reported in Schedule 18 notes to accounts note no. 4 on information about business and geographical segments, of the financial statements.
2. As per RBI guidelines.

(V) Off-balance sheet special purpose vehicles (SPVs) sponsored (which are required to be consolidated as per accounting norms)

(a) The following table sets forth, the names of SPVs/trusts sponsored by the Bank/subsidiaries which are consolidated.

Sr. No.	Name of the SPV sponsored[1]
A.	Domestic
	1. ICICI Eco-net Internet and Technology Fund
	2. ICICI Equity Fund
	3. ICICI Emerging Sectors Fund
	4. ICICI Strategic Investments Fund
	5. ICICI Venture Value Fund
B	Overseas
	None

1. The nature of business of the above entities is given in significant accounting policies (Schedule 17) in the consolidated notes to accounts to consolidated financial statements.

(b) The following table sets forth, the names of SPVs/trusts which are not sponsored by the Bank/subsidiaries and are consolidated.

Sr. No.	Name of the SPV[1]
A	Domestic
	1. Rainbow Fund

B	Overseas
	None

1. The nature of business of the above entities is given in significant accounting policies (Schedule 17) in the notes to accounts to consolidated financial statements.

28. Lending to sensitive sectors

The Bank has lending to sectors, which are sensitive to asset price fluctuations. The sensitive sectors include capital markets and real estate.

The following table sets forth, for the periods indicated, the position of lending to capital market sector.

₹ in million

		At March 31, 2012	At March 31, 2011
	Capital market sector		
i	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds, the corpus of which is not exclusively invested in corporate debt	14,654.4	19,481.6
ii	Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	12,102.9	12,659.3
iii	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	13,900.4	5,513.6
iv	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances	..	..
v	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	40,623.6	31,845.2
vi	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	..	..
vii	Bridge loans to companies against expected equity flows/issues	..	..
viii	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	..	..
ix	Financing to stockbrokers for margin trading	..	..
x	All exposures to Venture Capital Funds (both registered and unregistered)	9,608.7	10,338.6
xi	Others	112,518.7	185,891.2
	Total Exposure to Capital Market	203,408.7	265,729.5

The following table sets forth, for the periods indicated, the summary of lending to real estate sector.

₹ in million

		At March 31, 2012	At March 31, 2011
Real estate sector			
I	Direct exposure	735,286.5	712,446.1
	i) Residential mortgages of which: individual housing loans eligible for priority sector advances	491,314.1 177,313.3	453,165.2 190,163.0
	ii) Commercial real estate[1]	237,900.1	250,948.9
	iii) Investments in mortgage backed securities (MBS) and other securitised exposure	6,072.3	8,332.0
	a. Residential	6,072.3	8,332.0
	b. Commercial real estate	..	..
II	Indirect exposure	78,930.8	64,893.7
	i) Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	77,476.4[2]	64,893.7
	ii) Others	1,454.4	..
	Total Exposure to Real Estate Sector[3]	814,217.3	777,339.8

1. Commercial real estate exposure include loans to individuals against non-residential premises, loans given to land and building developers for construction, corporate loans for development of special economic zone, loans to borrowers where servicing of loans is from a real estate activity and exposures to mutual funds/venture capital funds/private equity funds investing primarily in the real estate companies.

2. Indirect exposure includes mandatory contribution of ₹ 15,268.1 million to Rural Housing Fund of NHB, arising out of shortfall in achievement of the priority sector lending targets.
3. Excludes non-banking assets acquired in satisfaction of claims.

29. Risk category-wise country exposure

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. The funded country exposure (net) of the Bank as a percentage of total funded assets for Singapore was 1.54% (March 31, 2011: 0.92%) and United Kingdom was 1.23% (March 31, 2011: 1.32%). As the net funded exposure to Singapore and United Kingdom exceeds 1.0% of total funded assets, the Bank held a provision of ₹ 240.0 million on country exposure at March 31, 2012 (March 31, 2011: ₹ 140.0 million) based on RBI guidelines.

The following table sets forth, for the periods indicated, the details of exposure (net) and provision held by the bank.

₹ in million

Risk category	Exposure (net) at March 31, 2012	Provision held at March 31, 2012	Exposure (net) at March 31, 2011	Provision held at March 31, 2011
Insignificant	529,612.7	240.0	452,917.5	140.0
Low	186,098.7	..	129,968.6	..
Moderate	23,462.4	..	23,727.2	..
High	0.1	..	485.7	..
Very High	..	..	..	..
Restricted	..	..	..	..
Off-Credit	..	..	..	..
Total	739,173.9	240.0	607,099.0	140.0
- Of which: funded	349,358.3	..	295,610.7	..

30. Details of Single Borrower Limit and Borrower Group Limit exceeded by the Bank

During the year ended March 31, 2012, the Bank has complied with the Reserve Bank of India guidelines on single borrower and borrower group limit.

31. Unsecured advances against intangible assets

The Bank had not made advances against intangible collaterals of the borrowers, which are classified as 'unsecured' in its financial statements at March 31, 2012 (March 31, 2011: Nil) and the estimated value of the intangible collaterals was Nil at March 31, 2012 (March 31, 2011: Nil).

32. Fixed Assets

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets.

₹ in million

Particulars	At March 31, 2012	At March 31, 2011
At cost at March 31st of preceding year	6,589.6	5,852.6
Additions during the year	465.6	737.6
Deductions during the year	..	(0.6)
Depreciation to date	(5,637.0)	(4,830.8)
Net block	1,418.2	1,758.8

33. Assets given on lease

Assets under finance lease

The following table sets forth, for the periods indicated, the details of finance leases.

₹ in million

Particulars	At March 31, 2012	At March 31, 2011
Future minimum lease receipts		
Present value of lease receipts	..	6.8
Unmatured finance charges	..	0.6
Total	..	7.4
Maturity profile of future minimum lease receipts		
- Not later than one year	..	2.7
- Later than one year and not later than five years	..	4.7
- Later than five years	..	..
Total	..	7.4

Maturity profile of present value of lease rentals

The following table sets forth, for the periods indicated, the details of maturity profile of present value of finance lease receipts.

₹ in million

Particulars	At March 31, 2012	At March 31, 2011
Not later than one year	..	2.4
Later than one year and not later than five years	..	4.4
Later than five years	..	..
Total	..	6.8

34. Description of contingent liabilities

The following table describes the nature of contingent liabilities of the Bank.

Sr. no.	Contingent liability	Brief Description
1.	Claims against the Bank, not acknowledged as debts	This item represents certain demands made in certain tax and legal matters against the Bank in the normal course of business and customer claims arising in fraud cases. In accordance with the Bank's accounting policy and Accounting Standard 29, the Bank has reviewed and classified these items as possible obligations based on legal opinion/judicial precedents/assessment by the Bank.
2.	Liability for partly paid investments	This item represents amounts remaining unpaid towards purchase of investments. These payment obligations of the Bank do not have any profit/loss impact.
3.	Liability on account of outstanding forward exchange contracts	The Bank enters into foreign exchange contracts in its normal course of business, to exchange currencies at a pre-fixed price at a future date. This item represents the notional principal amount of such contracts, which are derivative instruments. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the inter-bank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.
4	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	This item represents the guarantees and documentary credits issued by the Bank in favour of third parties on behalf of its customers, as part of its trade finance banking activities with a view to augment the customers' credit standing. Through these instruments, the Bank undertakes to make payments for its customers' obligations, either directly or in case the customer fails to fulfill their financial or performance obligations.
5	Currency swaps, interest rate swaps, currency options and interest rate futures	This item represents the notional principal amount of various derivative instruments which the Bank undertakes in its normal course of business. The Bank offers these products to its customers to enable them to transfer, modify or reduce their foreign exchange and interest rate risks. The Bank also undertakes these contracts to manage its own interest rate and foreign exchange positions. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the inter-bank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.
6	Other items for which the Bank is contingently liable	Other items for which the Bank is contingently liable primarily include the amount of Government securities bought/sold and remaining to be settled on the date of financial statements. This also includes the value of sell down options and other facilities pertaining to securitisation the notional principal amounts of credit derivatives, amount applied in public offers under

Sr. no.	Contingent liability	Brief Description
		Application Supported by Blocked Amounts (ASBA) and the amount that the Bank is obligated to pay under capital contracts. Capital contracts are job orders of a capital nature which have been committed.

35. Bancassurance

The following table sets forth, for the periods indicated, the break-up of income derived from bancassurance business.

₹ in million

Sr. No.	Nature of income	Year ended March 31, 2012	Year ended March 31, 2011
1.	Income from selling life insurance policies	3,004.1	1,885.4
2.	Income from selling non life insurance policies	369.1	325.6
3.	Income from selling mutual fund/collective investment scheme products	693.1	597.4

36. Staff retirement benefits

Pension

The following tables set forth, for the periods indicated, reconciliation of opening and closing balance of the present value of the defined benefit obligation for pension benefits.

₹ in million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Opening obligations	8,842.9	1,748.7
Service cost	251.6	170.8
Interest cost	707.8	457.8
Actuarial (gain)/loss	2,329.8	607.0
Liabilities extinguished on settlement	(2,268.7)	(460.0)
Addition due to amalgamation	..	6,479.0
Benefits paid	(260.7)	(160.4)
Obligations at the end of year	9,602.7	8,842.9
Opening plan assets, at fair value	8,467.4	1,839.9
Expected return on plan assets	652.9	156.5
Actuarial gain/(loss)	51.7	69.1
Assets distributed on settlement	(2,413.5)	(511.1)
Contributions	2,881.7	6,094.6
Addition due to amalgamation	..	978.8
Benefits paid	(260.7)	(160.4)
Closing plan assets, at fair value	9,379.5	8,467.4
Fair value of plan assets at the end of the year	9,379.5	8,467.4
Present value of the defined benefit obligations at the end of the year	9,602.7	8,842.9
Amount not recognised as an asset (limit in Para 59(b))	..	..
Asset/(liability)	(223.2)	(375.5)
Cost for the year		
Service cost	251.6	170.8

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Interest cost	707.8	457.8
Expected return on plan assets	(652.9)	(156.5)
Actuarial (gain)/loss	2,278.2	537.9
Curtailments & settlements (gain)/loss	144.8	51.1
Effect of the limit in para 59(b)	..	(7.7)
Net cost	2,729.5	1,053.4
Actual Return on Plan Assets	704.6	225.7
Expected employer's contribution next year	150.0	100.0
Investment details of plan assets		
Insurer Managed Funds[1]	78.93%	75.58%
Government of India securities	8.59%	9.93%
Corporate Bonds	9.40%	10.82%
Others	3.08%	3.67%
Assumptions		
Interest rate	8.35%	8.10%
Salary escalation rate:		
On Basic Pay	1.50%	1.50%
On Dearness Relief	7.00%	7.00%
Estimated rate of return on plan assets	8.00%	8.00%

1. Majority of the funds are invested in Government of India securities and corporate bonds.

Estimated rate of return on plan assets is based on our expectation of the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

Experience adjustment

₹ in million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Plan assets	9,379.5	8,467.4	1,839.9	2,145.3	1,490.1
Defined benefit obligations	9,602.7	8,842.9	1,748.7	1,932.2	1,678.1
Amount not recognised as an asset (limit in para 59(b))	..	..	7.7	51.2	..
Surplus/(deficit)	(223.2)	(375.5)	83.5	161.9	(188.0)
Experience adjustment on plan assets	51.7	69.1	(130.7)	144.8	(117.9)
Experience adjustment on plan liabilities	2,692.3	689.7	196.9	6.6	(121.9)

Gratuity

The following tables set forth, for the periods indicated, reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits.

₹ in million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Opening obligations	5,082.7	2,310.5
Add: Adjustment for exchange fluctuation on opening obligations	5.8	0.2

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Adjusted opening obligations	5,088.5	2,310.7
Service cost	379.7	297.1
Interest cost	419.5	326.3
Actuarial (gain)/loss	(57.4)	(324.9)
Past service cost	..	9.9
Addition due to amalgamation	..	2,773.1
Liability assumed on acquisition/(settled on divestiture)	10.1	35.3
Benefits paid	(593.2)	(344.8)
Obligations at the end of the year	5,247.2	5,082.7
Opening plan assets, at fair value	5,182.4	2,507.5
Expected return on plan assets	395.5	233.5
Actuarial gain/(loss)	20.1	(63.2)
Addition due to amalgamation	..	803.0
Contributions	12.8	2,006.9
Assets acquired on acquisition/(distributed on divestiture)	9.8	39.5
Benefits paid	(593.2)	(344.8)
Closing plan assets, at fair value	5,027.4	5,182.4
Fair value of plan assets at the end of the year	5,027.4	5,182.4
Present value of the defined benefit obligations at the end of the year	5,247.2	5,082.7
Amount not recognised as an asset (limit in Para 59(b))	..	..
Asset/(liability)	(219.8)	99.7
Cost for the year		
Service cost	379.7	297.1
Interest cost	419.5	326.3
Expected return on plan assets	(395.5)	(233.5)
Actuarial (gain)/loss	(77.5)	(261.7)
Past service cost	..	9.9
Exchange fluctuation loss/(gain)	5.8	0.2
Losses/(Gains) on "Acquisition/Divestiture"	0.3	(4.2)
Effect of the limit in para 59(b)	..	(47.9)
Net cost	332.3	86.2
Actual Return on Plan Assets	415.5	170.3
Expected employer's contribution next year	253.6	382.0
Investment details of plan assets		
Insurer Managed Funds[1]	82.65%	79.84%
Government of India securities	4.74%	6.45%
Corporate Bonds	5.98%	5.39%
Special Deposit schemes	5.78%	7.12%
Others	0.85%	1.20%
Assumptions		
Interest rate	8.30%	8.10%
Salary escalation rate	7.00%	7.00%
Estimated rate of return on plan assets	8.00%	8.00%

1. Majority of the funds are invested in Government of India securities and corporate bonds.

Estimated rate of return on plan assets is based on our expectation of the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

Experience adjustment

₹ in million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Plan assets	5,027.4	5,182.4	2,507.5	2,272.1	1,506.7
Defined benefit obligations	5,247.2	5,082.7	2,310.5	2,195.7	1,840.4
Amount not recognised as an asset (limit in para 59(b))	..	..	47.9	7.9	..
Surplus/(deficit)	(219.8)	99.7	149.1	68.5	(333.7)
Experience adjustment on plan assets	20.1	(63.2)	168.8	(118.0)	(24.8)
Experience adjustment on plan liabilities	44.1	79.0	(0.8)	(4.1)	14.0

The estimates of future salary increases, considered in actuarial valuation, take into consideration inflation, seniority, promotion and other relevant factors.

Provident Fund (PF)

The Bank has provided for an amount of ₹ 17.8 million for the year ended March 31, 2012 towards interest rate guarantee on exempt provident fund on the basis of actuarial valuation.

Assumptions	Year ended March 31, 2012
Discount rate for the term of the obligation	8.30%
Average historic yield on the investment portfolio	8.43%
Discount rate for the remaining term to maturity of the investment portfolio	8.55%
Expected investment return	8.18%
Guaranteed rate of return	8.25%

Bank has contributed employer's contribution of ₹ 1,115.3 million to provident fund for the year ended March 31, 2012 (March 31, 2011: ₹ 1,185.5 million), which includes compulsory contribution made towards employee pension scheme under Employees Provident Fund and Miscellaneous Provisions Act, 1952.

Superannuation Fund

Bank has contributed employer's contribution of ₹ 114.8 million for the year March 31, 2012 (March 31, 2011: ₹ 102.6 million) to superannuation fund.

37. Movement in provision for credit card/debit card reward points

The following table sets forth, for the periods indicated, movement in provision for credit card/debit card reward points.

₹ in million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Opening provision for reward points	462.5	269.7
Provision for reward points made during the year	769.7	555.4
Utilisation/write-back of provision for reward points	(519.7)	(362.6)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Closing provision for reward points[1]	712.5	462.5

1. The closing provision is based on the actuarial valuation of accumulated credit/debit card reward points. This amount will be utilised towards redemption of the credit/debit card reward points.

38. Provisions and contingencies

The following table sets forth, for the periods indicated, the break-up of provisions and contingencies included in profit and loss account.

₹ in million

	Year ended March 31, 2012	Year ended March 31, 2011
Provisions for depreciation of investments	4,132.0	2,038.2
Provision towards non-performing and other assets	9,931.8	19,769.1
Provision towards standard assets	..	..
Provision towards income tax	21,874.2	21,381.1
Deferred tax adjustment	1,446.5	(5,317.8)
Provision towards wealth tax	61.0	30.0
Other provisions and contingencies	1,766.6	1,061.1
Total provisions and contingencies	39,212.1	38,961.7

39. Provision for income tax

The provision for income tax (including deferred tax) for the year ended March 31, 2012 amounted to ₹ 23,320.7 million (March 31, 2011: ₹ 16,063.3 million).

The Bank has a comprehensive system of maintenance of information and documents required by transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. The Bank is of the opinion that all international transactions are at arm's length so that the above legislation will not have material impact on the financial statements.

40. Deferred tax

At March 31, 2012, the Bank has recorded net deferred tax asset of ₹ 25,453.2 million (March 31, 2011: ₹ 26,900.3 million), which has been included in other assets.

The following table sets forth, for the periods indicated, the break-up of deferred tax assets and liabilities into major items.

₹ in million

	At March 31, 2012	At March 31, 2011
Deferred tax asset		
Provision for bad and doubtful debts	27,348.8	28,944.3
Capital loss	79.5	..
Others	2,299.3	2,398.8
Total deferred tax asset	29,727.6	31,343.1
Deferred tax liability		
Depreciation on fixed assets	4,275.1	4,444.1
Total deferred tax liability	4,275.1	4,444.1
Deferred tax asset/(liability) pertaining to foreign branches	0.7	1.3
Total net deferred tax asset/ (liability)	25,453.2	26,900.3

During the year ended March 31, 2012, Bank has created deferred tax asset on carry forward capital losses, as based on its firm plans it is virtually certain that sufficient future taxable capital gains will be available against which the loss can be set off.

41. Dividend distribution tax

For the purpose of computation of dividend distribution tax on the proposed dividend, the Bank has reduced the dividend received from its Indian subsidiaries, which are not the subsidiaries of any other company, on which dividend distribution tax has been paid by the subsidiaries as per the provisions of Section 115-O of the Income Tax Act, 1961.

42. Related Party Transactions

The Bank has transactions with its related parties comprising subsidiaries, associates/joint ventures/other related entities, key management personnel and relatives of key management personnel.

Subsidiaries

ICICI Bank UK PLC, ICICI Bank Canada, ICICI Bank Eurasia Limited Liability Company, ICICI Prudential Life Insurance Company Limited[1], ICICI Lombard General Insurance Company Limited[1], ICICI Prudential Asset Management Company Limited[1], ICICI Securities Limited, ICICI Securities Primary Dealership Limited, ICICI Home Finance Company Limited, ICICI Venture Funds Management Company Limited, ICICI International Limited, ICICI Trusteeship Services Limited, ICICI Investment Management Company Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Prudential Trust Limited[1] and ICICI Prudential Pension Funds Management Company Limited[1].

1. Jointly controlled entities.

Associates/joint ventures/other related entities

ICICI Equity Fund[1], ICICI Eco-net Internet and Technology Fund[1], ICICI Emerging Sectors Fund[1], ICICI Strategic Investments Fund[1], ICICI Kinfra Limited[1], ICICI West Bengal Infrastructure Development Corporation Limited[1] (upto December 31, 2010), Financial Inclusion Network & Operations Limited, TCW/ICICI Investment Partners Limited, I-Process Services (India) Private Limited, I-Solutions Providers (India) Private Limited[3] (upto September 30, 2011), NIIT Institute of Finance, Banking and Insurance Training Limited, ICICI Venture Value Fund[1], Comm Trade Services Limited, Prize Petroleum Company Limited (upto September 30, 2011), ICICI Foundation for Inclusive Growth, I-Ven Biotech Limited[1], Rainbow Fund, ICICI Merchant Services Private Limited, Mewar Aanchalik Gramin Bank[2].

1. Entities consolidated as per Accounting Standard (AS) 21 on 'consolidated financial statements'.
2. With respect to an entity, which has been identified as a related party during the three months ended September 30, 2010, transactions reported from the three months ended September 30, 2010.
3. I-Solutions Providers (India) Private Limited has been amalgamated with I-Process Services (India) Private Limited during the three months ended December 31, 2011.

Key management personnel

Ms. Chanda Kochhar, Mr. Sandeep Bakhshi[1], Mr. N. S. Kannan, Mr. K. Ramkumar, Mr. Rajiv Sabharwal[2], Mr. Sonjoy Chatterjee[3].

Relatives of key management personnel

Mr. Deepak Kochhar, Mr. Arjun Kochhar, Ms. Aarti Kochhar, Mr. Mahesh Advani, Ms. Varuna Karna, Ms. Sunita Advani, Ms. Mona Bakhshi[1], Mr. Sameer Bakhshi[1], Ms. Rangarajan Kumudalakshmi, Ms. Aditi Kannan, Mr. Narayanan Raghunathan, Mr. Narayanan Rangarajan, Mr. Narayanan Krishnamachari, Ms. Narayanan Sudha, Mr. R. Shyam, Ms. R. Suchithra, Mr. K. Jayakumar, Ms. J. Krishnaswamy, Ms. Sangeeta Sabharwal[2], Mr. Sanjiv Sabharwal[2], Mr. Somnath Chatterjee[3], Mr. Tarak Nath Chatterjee[3], Ms. Sunaina Chatterjee[3], Ms. Nandini Chatterjee[3].

1. Transactions reported upto July 31, 2010.
2. Transactions reported with effect from June 24, 2010.

3. Transactions reported upto April 30, 2010.

The following were the significant transactions between the Bank and its related parties for the year ended March 31, 2012. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

Insurance services

During the year ended March 31, 2012, the Bank paid insurance premium to insurance subsidiaries amounting to ₹ 957.9 million (March 31, 2011: ₹ 1,529.7 million). The material transactions for the year ended March 31, 2012 were payment of insurance premium to ICICI Lombard General Insurance Company Limited amounting to ₹ 775.8 million (March 31, 2011: ₹ 1,380.8 million) and to ICICI Prudential Life Insurance Company Limited amounting to ₹ 182.1 million (March 31, 2011: ₹ 148.9 million).

During the year ended March 31, 2012, the Bank's insurance claims from the insurance subsidiaries amounted to ₹ 411.5 million (March 31, 2011: ₹ 945.5 million). The material transactions for the year ended March 31, 2012 were with ICICI Lombard General Insurance Company Limited amounting to ₹ 355.2 million (March 31, 2011: ₹ 906.5 million) and with ICICI Prudential Life Insurance Company Limited amounting to ₹ 56.3 million (March 31, 2011: ₹ 39.0 million).

Fees and commission income

During the year ended March 31, 2012, the Bank received fees from its subsidiaries amounting to ₹ 3,841.2 million (March 31, 2011: ₹ 2,809.5 million) and from its associates/joint ventures/other related entities amounting to ₹ 19.9 million (March 31, 2011: ₹ 0.8 million). The material transactions for the year ended March 31, 2012 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 3,077.0 million (March 31, 2011: ₹ 1,969.0 million), ICICI Lombard General Insurance Company Limited amounting to ₹ 421.0 million (March 31, 2011: ₹ 380.0 million) and with ICICI Securities Limited amounting to ₹ 245.9 million (March 31, 2011: ₹ 358.7 million).

During the year ended March 31, 2012, the Bank received commission on bank guarantees from its subsidiaries amounting to ₹ 32.4 million (March 31, 2011: ₹ 10.3 million). The material transactions for the year ended March 31, 2012 were with ICICI Bank UK PLC amounting to ₹ 24.8 million (March 31, 2011: ₹ 8.6 million), ICICI Bank Eurasia Limited Liability Company amounting to ₹ 5.6 million (March 31, 2011: ₹ 0.1 million) and with ICICI Securities Limited amounting to ₹ 1.5 million (March 31, 2011: ₹ 1.5 million).

Lease of premises, common corporate and facilities expenses

During the year ended March 31, 2012, the Bank recovered from its subsidiaries an amount of ₹ 1,112.1 million (March 31, 2011: ₹ 1,080.2 million) and from its associates/joint ventures/other related entities an amount of ₹ 38.4 million (March 31, 2011: ₹ 87.5 million) for lease of premises, common corporate and facilities expenses. The material transactions for the year ended March 31, 2012 were with ICICI Securities Limited amounting to ₹ 272.0 million (March 31, 2011: ₹ 234.5 million), ICICI Home Finance Company Limited amounting to ₹ 258.6 million (March 31, 2011: ₹ 241.1 million), ICICI Prudential Life Insurance Company Limited amounting to ₹ 162.6 million (March 31, 2011: ₹ 208.0 million), ICICI Lombard General Insurance Company Limited amounting to ₹ 138.4 million (March 31, 2011: ₹ 178.1 million) and with ICICI Bank UK PLC amounting to ₹ 125.1 million (March 31, 2011: ₹ 84.9 million).

Secondment of employees

During the year ended March 31, 2012, the Bank recovered towards deputation of employees from its subsidiaries an amount of ₹ 37.9 million (March 31, 2011: ₹ 29.1 million) and from its associates/joint ventures/other related entities an amount of ₹ 7.0 million (March 31, 2011: ₹ 40.0 million). The material transactions for the year ended March 31, 2012 were with ICICI Investment Management

Company Limited amounting to ₹ 28.2 million (March 31, 2011: ₹ 19.5 million), ICICI Securities Limited amounting to ₹ 11.4 million (March 31, 2011: ₹ 12.1 million), I-Process Services (India) Private Limited amounting to ₹ 7.0 million (March 31, 2011: ₹ 3.8 million), ICICI Merchant Services Private Limited amounting to Nil (March 31, 2011: ₹ 24.4 million) and with ICICI West Bengal Infrastructure Development Corporation Limited amounting to Nil (March 31, 2011: ₹ 7.3 million).

Purchase of investments

During the year ended March 31, 2012, the Bank purchased certain investments from its subsidiaries amounting to ₹ 5,757.0 million (March 31, 2011: ₹ 4,200.0 million). The material transactions for the year ended March 31, 2012 were with ICICI Securities Primary Dealership Limited amounting to ₹ 3,927.5 million (March 31, 2011: ₹ 2,109.6 million) and with ICICI Prudential Life Insurance Company Limited amounting to ₹ 1,675.4 million (March 31, 2011: ₹ 1,991.4 million).

During the year ended March 31, 2012, the Bank invested in equity warrants of Financial Inclusion Network & Operations Limited amounting to ₹ 40.0 million (March 31, 2011: Nil) and in the equity shares of ICICI Lombard General Insurance Company Limited amounting to Nil (March 31, 2011: ₹ 2,516.0 million).

Sale of investments

During the year ended March 31, 2012, the Bank sold certain investments to its subsidiaries amounting to ₹ 9,532.7 million (March 31, 2011: ₹ 12,013.8 million) and to its associates/joint ventures/other related entities amounting to ₹ 48.7 million (March 31, 2011: Nil). The material transactions for the year ended March 31, 2012 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 5,097.7 million (March 31, 2011: ₹ 3,074.9 million), ICICI Securities Primary Dealership Limited amounting to ₹ 2,783.6 million (March 31, 2011: ₹ 8,528.8 million) and with ICICI Lombard General Insurance Company Limited amounting to ₹ 1,560.3 million (March 31, 2011: ₹ 400.9 million).

Investment in Certificate of Deposits (CDs) issued by ICICI Bank

During the year ended March 31, 2012, subsidiaries have invested in CDs issued by the Bank amounting to ₹ 4,622.5 million (March 31, 2011: ₹ 4,820.9 million). The material transactions for the year ended March 31, 2012 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 3,165.6 million (March 31, 2011: ₹ 4,365.4 million) and with ICICI Securities Primary Dealership Limited amounting to ₹ 1,002.5 million (March 31, 2011: Nil)

Redemption/buyback of investments

During the year ended March 31, 2012, the Bank received a consideration from its associates/joint ventures/other related entities amounting to ₹ 1,396.8 (March 31, 2011: ₹ 1,929.3 million) on account of redemption/buyback/distribution of gain/loss on units/equity shares by associates/joint ventures/other related entities. The material transactions for the year ended March 31, 2012 were with ICICI Emerging Sectors Fund amounting to ₹ 1,396.8 (March 31, 2011: ₹ 389.2 million), ICICI Equity Fund amounting to Nil (March 31, 2011: ₹ 1,336.9 million) and with ICICI Eco-net Internet and Technology Fund amounting to Nil (March 31, 2011: ₹ 203.2 million).

Reimbursement of expenses to subsidiaries

During the year ended March 31, 2012, the Bank reimbursed expenses to its subsidiaries amounting to ₹ 40.6 million (March 31, 2011: ₹ 31.7 million). The material transactions for the year ended March 31, 2012 were with ICICI Bank UK PLC amounting to ₹ 33.9 million (March 31, 2011: ₹ 31.4 million) and with ICICI Bank Canada amounting to ₹ 6.7 million (March 31, 2011: ₹ 0.3 million)

Reimbursement of expenses to the Bank

During the year ended March 31, 2012, subsidiaries reimbursed expenses to the Bank amounting to ₹ 19.0 million (March 31, 2011: ₹ 45.5 million). The material transactions for the year ended March 31, 2012 were with ICICI Bank UK PLC amounting to ₹ 13.4 million (March 31, 2011: ₹ 40.3 million) and with ICICI Bank Canada amounting to ₹ 5.4 million (March 31, 2011: ₹ 5.2 million).

Brokerage, fees and other expenses

During the year ended March 31, 2012, the Bank paid brokerage, fees and other expenses to its subsidiaries amounting to ₹ 491.5 million (March 31, 2011: ₹ 658.7 million) and to its associates/joint ventures/other related entities amounting to ₹ 1,832.5 million (March 31, 2011: ₹ 1,405.4 million). The material transactions for the year ended March 31, 2012 were with ICICI Merchant Services Private Limited amounting to ₹ 953.9 million (March 31, 2011: ₹ 664.4 million), I-Process Services (India) Private Limited amounting to ₹ 606.5 million (March 31, 2011: ₹ 392.9 million), ICICI Home Finance Company Limited amounting to ₹ 349.8 million (March 31, 2011: ₹ 408.3 million), Financial Inclusion Network & Operations Limited amounting to ₹ 259.0 million (March 31, 2011: ₹ 340.3 million) and with ICICI Securities Limited amounting to ₹ 116.1 million (March 31, 2011: ₹ 207.3 million).

Income on custodial services

During the year ended March 31, 2012, the Bank recovered custodial charges from its subsidiaries amounting to ₹ 3.5 million (March 31, 2011: ₹ 1.6 million) and from its associates/joint ventures/other related entities amounting to ₹ 1.4 million (March 31, 2011: ₹ 2.6 million). The material transactions for the year ended March 31, 2012 were with ICICI Securities Primary Dealership Limited amounting to ₹ 3.3 million (March 31, 2011: ₹ 1.6 million), ICICI Strategic Investments Fund amounting to ₹ 0.6 million (March 31, 2011: ₹ 0.9 million), ICICI Equity Fund amounting to ₹ 0.4 million (March 31, 2011: ₹ 0.5 million) and with ICICI Emerging Sectors Fund amounting to ₹ 0.2 million (March 31, 2011: ₹ 0.9 million).

Interest expenses

During the year ended March 31, 2012, the Bank paid interest to its subsidiaries amounting to ₹ 336.4 million (March 31, 2011: ₹ 560.7 million), to its associates/joint ventures/other related entities amounting to ₹ 160.5 million (March 31, 2011: ₹ 79.7 million), to its key management personnel amounting to ₹ 2.0 million (March 31, 2011: ₹ 1.5 million) and to relatives of key management personnel amounting to ₹ 1.1 million (March 31, 2011: ₹ 0.7 million). The material transactions for the year ended March 31, 2012 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 129.1 million (March 31, 2011: ₹ 272.5 million), Mewar Aanchalik Gramin Bank amounting to ₹ 128.9 million (March 31, 2011: ₹ 69.7 million) and with ICICI Securities Limited amounting to ₹ 111.6 million (March 31, 2011: ₹ 157.2 million).

Interest income

During the year ended March 31, 2012, the Bank received interest from its subsidiaries amounting to ₹ 1,686.8 million (March 31, 2011: ₹ 1,579.1 million), from its associates/joint ventures/other related entities amounting to ₹ 49.1 million (March 31, 2011: ₹ 4.8 million), from its key management personnel amounting to ₹ 0.5 million (March 31, 2011: ₹ 0.4 million) and from relatives of key management personnel amounting to ₹ 0.7 million (March 31, 2011: ₹ 0.7 million). The material transactions for the year ended March 31, 2012 were with ICICI Home Finance Company Limited amounting to ₹ 1,181.4 million (March 31, 2011: ₹ 1,127.7 million) and with ICICI Bank Eurasia Limited Liability Company amounting to ₹ 210.9 million (March 31, 2011: ₹ 166.4 million).

Other income

The Bank undertakes derivative transactions with its subsidiaries, associates, joint ventures and other related entities. The Bank manages its foreign exchange and interest rate risks arising from these transactions by covering them in the market. During the year ended March 31, 2012, the net loss of the Bank on forex and derivative transactions entered with subsidiaries was ₹ 337.3 million (March 31, 2011: loss of ₹ 121.9 million). The material transactions for the year ended March 31, 2012 were loss of ₹ 620.0 million (March 31, 2011: loss of ₹ 167.5 million) with ICICI Bank UK PLC, gain of ₹ 352.9 million (March 31, 2011: loss of ₹ 13.9 million) with ICICI Bank Canada, loss of ₹ 242.2 million (March 31, 2011: gain of ₹ 371.7 million) with ICICI Securities Primary Dealership Limited, gain of ₹ 168.4 million (March 31, 2011: loss of ₹ 64.1 million) with ICICI Home Finance Company Limited and gain of ₹ 3.6 million (March 31, 2011: loss of ₹ 248.1 million) with ICICI Bank Eurasia Limited Liability Company. While the Bank within its overall position limits covers these transactions in the market, the above amounts represent only the transactions with its subsidiaries, associates, joint ventures and other related entities and not the offsetting/covering transactions.

Dividend income

During the year ended March 31, 2012, the Bank received dividend from its subsidiaries amounting to ₹ 7,364.1 million (March 31, 2011: ₹ 4,113.5 million). The material transactions for the year ended March 31, 2012 were with ICICI Prudential Life Insurance Company Limited amounting to ₹ 2,321.7 million (March 31, 2011: Nil), ICICI Home Finance Company Limited amounting to ₹ 1,714.1 million (March 31, 2011: ₹ 1,499.8 million), ICICI Bank UK PLC amounting to ₹ 1,216.9 million (March 31, 2011: ₹ 185.1 million), ICICI Securities Limited amounting to ₹ 520.1 million (March 31, 2011: ₹ 810.0 million), ICICI Venture Funds Management Company Limited amounting to ₹ 150.0 million (March 31, 2011: ₹ 450.0 million) and with ICICI Lombard General Insurance Company Limited amounting to Nil (March 31, 2011: ₹ 416.6 million).

Dividend paid

During the year ended March 31, 2012, the Bank paid dividend to its key management personnel amounting to ₹ 4.5 million (March 31, 2011: ₹ 4.2 million). The dividend paid during the year ended March 31, 2012 to Ms. Chanda Kochhar was ₹ 3.8 million (March 31, 2011: ₹ 3.2 million) and to Mr. N. S. Kannan was ₹ 0.7 million (March 31, 2011: ₹ 1.0 million). The dividend paid for the year ended March 31, 2011 to Mr. Sandeep Bakhshi was ₹ 0.04 million.

Remuneration to whole-time directors

Remuneration paid to the whole-time directors of the Bank during the year ended March 31, 2012 was ₹ 111.3 million (March 31, 2011: ₹ 79.6 million). The remuneration paid for the year ended March 31, 2012 to Ms. Chanda Kochhar was ₹ 37.7 million (March 31, 2011: ₹ 25.2 million), to Mr. K. Ramkumar was ₹ 25.4 million (March 31, 2011: ₹ 17.6 million), to Mr. N. S. Kannan was ₹ 25.0 million (March 31, 2011: ₹ 15.8 million) and to Mr. Rajiv Sabharwal was ₹ 23.2 million (March 31, 2011: ₹ 9.0 million). The remuneration paid for the year ended March 31, 2011 to Mr. Sandeep Bakhshi was ₹ 7.7 million and to Mr. Sonjoy Chatterjee was ₹ 4.3 million.

Sale of fixed assets

During the year ended March 31, 2012, the Bank sold fixed assets to its subsidiaries amounting to ₹ 18.4 million (March 31, 2011: ₹ 0.9 million) and to its associates/joint ventures/other related entities amounting to Nil (March 31, 2011: ₹ 2.8 million). The material transactions for the year ended March 31, 2012 were with ICICI Venture Funds Management Company Limited amounting to ₹ 14.7 million (March 31, 2011: Nil), ICICI Lombard General Insurance Company Limited amounting to ₹ 2.7 million (March 31, 2011: Nil), ICICI Securities Limited amounting to ₹ 1.0 million (March 31, 2011: ₹ 0.8 million) and with ICICI Merchant Services Private Limited amounting to Nil (March 31, 2011: ₹ 2.8 million).

Purchase of fixed assets

During the year ended March 31, 2012, the Bank purchased fixed assets from its subsidiaries amounting to ₹ 9.4 million (March 31, 2011: ₹ 10.9 million). The material transactions for the year ended March 31, 2012 were with ICICI Lombard General Insurance Company Limited amounting to ₹ 4.6 million (March 31, 2011: Nil), ICICI Prudential Life Insurance Company Limited amounting to ₹ 4.2 million (March 31, 2011: ₹ 0.1 million) and with ICICI Home Finance Company Limited amounting to Nil (March 31, 2011: ₹ 9.9 million).

Sale of gold coins

During the year ended March 31, 2012, the Bank sold gold coins to ICICI Prudential Life Insurance Company Limited amounting to ₹ 45.4 million (March 31, 2011: ₹ 0.9 million).

Donation

During the year ended March 31, 2012, the Bank has given donation to ICICI Foundation for Inclusive Growth amounting to ₹ 239.7 million (March 31, 2011: ₹ 61.0 million).

Purchase of loan

During the year ended March 31, 2012, the Bank has purchased loans from ICICI Bank UK PLC amounting to ₹ 12,870.5 million (March 31, 2011: ₹ 688.7 million).

Sale of loan

During the year ended March 31, 2012, the Bank has sold a loan to ICICI Bank UK PLC amounting to ₹ 2,543.8 million (March 31, 2011: Nil).

Purchase of bank guarantees

A bank guarantee facility provided by ICICI Bank UK PLC to one of its clients was transferred to the Bank amounting to ₹ 1,279.2 million (March 31, 2011: Nil) during the year ended March 31, 2012.

Letters of Comfort

The Bank has issued letters of comfort on behalf of its banking subsidiaries, ICICI Bank UK PLC and ICICI Bank Canada. The details of the letters are given below.

On behalf of	To	Purpose
ICICI Bank UK PLC	Financial Services Authority, UK (‘FSA’)	Financially support ICICI Bank UK PLC to ensure that it meets all of its obligations as they fall due.
ICICI Bank Canada	Canada Deposit Insurance Corporation (‘CDIC’)	To comply with the Bank Act and the CDIC regulations or by-laws there under and to indemnify CDIC against all losses, damages, reasonable costs and expenses arising from failure of ICICI Bank Canada in performing the same.

The Bank has issued an undertaking on behalf of ICICI Securities Inc. for Singapore dollar 10.0 million (currently equivalent to ₹ 404.8 million) to the Monetary Authority of Singapore (MAS) and has executed indemnity agreement on behalf of ICICI Bank Canada to its independent directors for a sum not exceeding Canadian Dollar 2.5 million (currently equivalent to ₹ 127.6 million) each, aggregating to Canadian Dollar 10 million (currently equivalent to ₹ 510.4 million). The aggregate amount of ₹ 915.2 million is included in the contingent liabilities.
As per the assessment done, there is no likely financial impact of the above letters issued to overseas regulators or of the indemnity agreements at March 31, 2012.

In addition to the above, the Bank has also issued letters of comfort in the nature of letters of awareness on behalf of banking and non-banking subsidiaries in respect of their borrowings made or proposed to be made and for other incidental business purposes. As they are in the nature of factual statements or confirmation of facts, they do not create any financial impact on the Bank.

The letters of comfort in the nature of letters of awareness that are outstanding at March 31, 2012 issued by the Bank on behalf of its subsidiaries, aggregate to ₹ 24,238.9 million (March 31, 2011: ₹ 40,240.9 million). During the year ended March 31, 2012, borrowings pertaining to letters of comfort aggregating ₹ 13,640.3 million were repaid and a letter was withdrawn pertaining to facilities amounting to ₹ 2,675.7 million.

As advised by RBI, the Bank has provided additional capital of ₹ 1,033.5 million (March 31, 2011: ₹ 1,700.5 million) on the letters of comfort that are in the nature of letters of awareness issued on behalf of its subsidiaries for their borrowing programmes.

Related party balances

The following table sets forth, the balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel at March 31, 2012.

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	11,536.6	2,089.8	41.0	19.8	13,687.2
Deposits of ICICI Bank	717.9	..	..	..	717.9
Call/term money lent	4,568.7	..	..	..	4,568.7
Call/term money borrowed	..	..	..	..	..
Advances	18,766.7	1,004.8	9.2	7.4	19,788.1
Investments of ICICI Bank	136,699.1	3,484.7	..	..	140,183.8
Investments of related parties in ICICI Bank	310.3	15.0	4.1	..	329.4
Receivables[1]	637.0	0.2	..	..	637.2
Payables[1]	27.3	202.8	..	..	230.1
Guarantees/ letter of credit	13,546.8	0.1	..	..	13,546.9
Swaps/forward contracts (notional amount)	168,433.0	..	..	..	168,433.0
Employee stock options outstanding (Numbers)	..	..	2,701,500	..	2,701,500
Employee stock options exercised[2]	..	..	0.9	..	0.9

1. Excludes mark-to-market on outstanding derivative transactions.
2. During the year ended March 31, 2012, 86,500 employee stock options were exercised, which have been reported at face value.

The following table sets forth, the maximum balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel during the year ended March 31, 2012.

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	11,536.6	3,150.6	64.0	27.3	14,778.5
Deposits of ICICI Bank	3,375.0	..	..	..	3,375.0
Call/term money lent	7,068.7	..	..	..	7,068.7
Call/term money borrowed	670.5	..	..	..	670.5
Advances	19,168.7	1,004,8	10.7	9.2	20,193.4
Investments of ICICI Bank	137,086.6	7,513.0	..	..	144,599.6
Investments of related parties in ICICI Bank[1]	407.9	15.0	4.1	..	427.0
Receivables	2,941.9	154.1[1]	..	..	3,096.0
Payables[1]	84.8	266.7	..	..	351.5
Guarantees/ letter of credit	13,649.2	0.1	..	..	13,649.3
Swaps/forward contracts (notional amount)	308,575.2	..	..	..	308,575.2

1. Maximum balances are determined based on comparison of the total outstanding balances at each quarter end during the financial year.

The following table sets forth, the balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel at March 31, 2011.

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	9,028.7	1,572.2	35.8	12.1	10,648.8
Deposits of ICICI Bank	117.8	..	..	..	117.8
Call/term money lent	..	..	..	..	-
Call/term money borrowed	..	..	..	..	-
Advances	18,162.2	44.3	10.6	7.7	18,224.8
Investments of ICICI Bank	135,409.7	7,518.6	..	..	142,928.3
Investments of related parties in ICICI Bank	387.2	15.0	3.5	..	405.7
Receivables[1]	516.8	188.2	..	..	705.0
Payables[1]	69.0	117.8	..	..	186.8
Guarantees/ letter of credit	5,975.9	0.1	..	..	5,976.0
Swaps/forward contracts (notional	271,676.7	..	..	..	271,676.7

amount)					
Employee stock options outstanding (Numbers)	..	..	2,263,000	..	2,263,000
Employee stock options exercised[2]	..	..	..	..	..

1. Excludes mark-to-market on outstanding derivative transactions.
2. During the year ended March 31, 2011, no employee stock options were exercised.

The following table sets forth, the maximum balance payable to/receivable from subsidiaries/joint ventures/associates/other related entities/key management personnel and relatives of key management personnel during the year ended March 31, 2011.

₹ in million

Items/Related party	Subsidiaries	Associates/joint ventures/other related entities	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with ICICI Bank	13,241.6	2,285.9	37.0	21.2	15,585.7
Deposits of ICICI Bank	164.7	..	..	..	164.7
Call/term money lent	6,235.3	..	..	..	6,235.3
Call/term money borrowed	2,990.0	..	..	..	2,990.0
Advances	22,118.6	78.8	11.1	9.1	22,217.6
Investments of ICICI Bank	138,972.5	10,358.1	..	..	149,330.6
Investments of related parties in ICICI Bank[1]	564.6	15.0	3.5	..	583.1
Receivables	4,223.4	261.3[1]	..	..	4,484.7
Payables[1]	662.8	117.9	..	..	780.7
Guarantees/ letter of credit	5,976.8	0.1	..	..	5,976.9
Swaps/forward contracts (notional amount)	305,497.6	..	..	..	305,497.6

1. Maximum balances are determined based on comparison of the total outstanding balances at each quarter end during the financial year.

43. Small and micro enterprises

Under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to enterprises covered under the Act. During the year ended March 31, 2012, the amount paid after the due date to vendors registered under the MSMED Act, 2006 was ₹ 7.1 million (March 31, 2011: ₹ 17.9 million). An amount of ₹ 0.1 million (March 31, 2011: ₹ 0.7 million) has been charged to profit & loss account towards accrual of interest on these delayed payments.

44. Penalties/fines imposed by RBI and other banking regulatory bodies

The penalty imposed by RBI and other banking regulatory bodies during the year ended March 31, 2012 was ₹ 1,510,000 (March 31, 2011: ₹ 510,000). RBI imposed a penalty of ₹ 1,500,000 in April 2011 on the Bank towards non-compliance of certain instructions issued by RBI in respect of derivative business and in February 2012, RBI imposed a penalty of ₹ 10,000 under section 11(3) of FEMA, 1999 with regard to delay in reporting a FDI transaction. The Bank has paid the penalties to RBI.

45. Disclosure of complaints

The following table sets forth, for the periods indicated, the movement of the outstanding number of complaints.

	Particulars	Year ended March 31, 2012	Year ended March 31, 2011
a)	No. of complaints pending at the beginning of the year	3,024	2,102
b)	No. of complaints relating to erstwhile Bank of Rajasthan at August 12, 2010	..	57
c)	No. of complaints received during the year	155,115	155,475[1]
d)	No. of complaints redressed during the year	154,302	154,610
e)	No. of complaints pending at the end of the year	3,837	3,024

1. Includes complaints received relating to erstwhile Bank of Rajasthan from August 13, 2010.
2. Does not include complaints redressed within 1 working day.

The following table sets forth, for the periods indicated, the details of awards during the year.

	Particulars	Year ended March 31, 2012	Year ended March 31, 2011
a)	No. of unimplemented awards at the beginning of the year	..	..
b)	No. of unimplemented awards relating to erstwhile Bank of Rajasthan at August 12, 2010	..	2[1]
c)	No. of awards passed by the Banking Ombudsmen during the year	..	..
d)	No. of awards implemented during the year	..	..
e)	No. of unimplemented awards at the end of the year	..	..

1. These unimplemented awards had become null and void as the appeal preferred before Appellate Authority for the same has been upheld.

46. Drawdown from reserves

There has been no draw down from reserves during the year ended March 31, 2012 (March 31, 2011: ₹ 1,160.0 million from investment reserve account).

47. Comparative figures

Figures of the previous year have been re-grouped to conform to the current year presentation.

Signatures to Schedules 1 to 18

For and on behalf of the Board of Directors

For S.R. Batliboi & Co. Firm's registration no.: 301003E Chartered Accountants	K. V. Kamath Chairman	Sridar Iyengar Director	Chanda Kochhar Managing Director & CEO
Shrawan Jalan Partner Membership no.: 102102	N. S. Kannan Executive Director & CFO	K. Ramkumar Executive Director	Rajiv Sabharwal Executive Director
	Sandeep Batra Group Compliance Officer & Company Secretary	Rakesh Jha Deputy Chief Financial Officer	

Place: Mumbai
Date: April 27, 2012

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