ICICI BANK LTD
Form 20-F
July 31, 2013

As filed with the Securities and Exchange Commission on July 31, 2013

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

FORM 20-F

(Mark One)

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

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2013
OR

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

For the transition period from to .

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report

Commission file number: 001-15002

ICICI BANK LIMITED
(Exact name of Registrant as specified in its charter)

Vadodara, Gujarat, India
(Jurisdiction of incorporation or organization)

ICICI Bank Towers
Bandra-Kurla Complex
Mumbai 400051, India
(Address of principal executive offices)

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Name of each exchange on which registered
Equity Shares of ICICI Bank Limited (1)	New York Stock Exchange
American Depositary Shares, each representing two Equity Shares of ICICI Bank Limited, par value Rs. 10 per share	New York Stock Exchange

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

Securities registered or to be registered pursuant to Section 12(g) of the Act:

[None]

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

[None]

The number of outstanding Equity Shares of ICICI Bank Limited as of March 31, 2013 was 1,153,581,715.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

Indicate by check mark which financial statement item the registrant has elected to follow.

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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CERTAIN DEFINITIONS

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

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

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

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

Pursuant to the issuance and listing of our securities in the United States under registration statements filed with the United States Securities and Exchange Commission, we file annual reports on Form 20-F which must include financial statements prepared under generally accepted accounting principles in the United States (U.S. GAAP), or financial statements prepared according to a comprehensive body of accounting principles with a reconciliation of net income and stockholders' equity to U.S. GAAP. When we first listed our securities in the United States, Indian GAAP was not considered a comprehensive body of accounting principles under the United States securities laws and regulations. Accordingly, our annual reports on Form 20-F for fiscal years 2000 through 2005 included U.S. GAAP financial statements. However, pursuant to a significant expansion of Indian accounting standards, Indian GAAP constitutes a comprehensive body of accounting principles. Accordingly, we have included in this annual report, as in the annual reports for fiscal years 2006 through 2012, consolidated financial statements prepared according to Indian GAAP, with a reconciliation of net income and stockholders' equity to U.S. GAAP and a description of significant differences between Indian GAAP and U.S. GAAP.

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

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FORWARD-LOOKING STATEMENTS

We have included statements in this annual report which contain words or phrases such as “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “e “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective” “should”, “can”, “could”, “may”, “will pursue” and similar expressions or variations of such expressions that may constitute “forward-looking statements”. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the actual growth in demand for banking and other financial products and services in the countries in which we operate or where a material number of our customers reside, our ability to successfully implement our strategy, including our retail deposit growth strategy, our use of the internet and other technology, our rural expansion, our exploration of merger and acquisition opportunities, our ability to integrate recent or future mergers or acquisitions into our operations and manage the risks associated with such acquisitions to achieve our strategic and financial objectives, our ability to manage the increased complexity of the risks that we face following our international growth, future levels of non-performing and restructured loans, our growth and expansion in domestic and overseas markets, the adequacy of our allowance for credit and investment losses, technological changes, investment income, our ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions in which we are or become a party to, the future impact of new accounting standards, our ability to implement our dividend payment practice, the impact of changes in banking and insurance regulations and other regulatory changes in India and other jurisdictions on us, including with respect to the assets and liabilities of ICICI, a former financial institution not subject to Indian banking regulations, the state of the global financial system and systemic risks, the bond and loan market conditions and availability of liquidity amongst the investor community in these markets, the nature of credit spreads and interest spreads from time to time, including the possibility of increasing credit spreads or interest rates, our ability to roll over our short-term funding sources and our exposure to credit, market and liquidity risks. We undertake no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

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

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EXCHANGE RATES

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

During fiscal 2009, following the onset of the global financial crisis and decline in capital flows, the rupee depreciated against the U.S. dollar by 27.1%, moving from Rs. 40.02 per US$ 1.00 at March 31, 2008 to Rs. 50.87 per US$ 1.00 at March 31, 2009. Given improved domestic economic conditions, during fiscal 2010, the rupee appreciated against the U.S. dollar by 11.6% moving from Rs. 50.87 per US$ 1.00 at March 31, 2009 to Rs. 44.95 at year-end fiscal 2010. During fiscal 2011, the rupee appreciated against the U.S$ 1.00 by 0.9%, moving from Rs. 44.95 per US$ 1.00 at year-end fiscal 2010 to Rs. 44.54 at year-end fiscal 2011. During fiscal 2012, the rupee depreciated against the U.S. dollar by 14.3%, moving from Rs. 44.54 per U.S. $ 1.00 at year-end fiscal 2011 to Rs. 50.89 at year-end fiscal 2012 due to volatility in capital flows on account of increased risk aversion following the European sovereign debt crisis as well as moderation in India's economic growth. During fiscal 2013, the rupee further depreciated against the U.S. dollar by 7.1%, moving from Rs. 50.89 at year-end fiscal 2012 to Rs. 54.52 at year-end fiscal 2013. During fiscal 2014 (through June 28, 2013), the rupee further depreciated against the U.S. dollar by 9.2%, moving from Rs. 54.52 per US$1.00 at year-end fiscal 2013 to Rs. 59.52 per US$1.00 at June 30, 2013 due to concern about India's current account deficit and possible implications of prospective withdrawal of quantitative easing by US Fed. 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 U.S. dollars. For periods prior to January 1, 2009, the exchange rates reflect the noon buying rates as reported by the Federal Reserve Bank of New York. For periods after January 1, 2009, the exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Federal Reserve Board.

Fiscal Year	Period End(1)	Average(1),(2)
2009	50.87	46.32
2010	44.95	47.18
2011	44.54	45.46
2012	50.89	48.01
2013	54.52	54.48
2014 (through June 28, 2013)	59.52	56.57
Month	High	Low
March 2012	51.38	49.14
April 2012	52.65	50.64
May 2012	56.38	52.50
June 2012	57.13	54.91
July 2012	56.22	54.31
August 2012	55.84	55.06
September 2012	55.88	52.92
October 2012	54.10	51.74
November 2012	55.70	53.75

December 2012	55.06	54.23
January 2013	55.20	53.21
February 2013	54.47	52.99
March 2013	54.92	54.06

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Fiscal Year Month	Period End(1) High	Average(1),(2) Low
April 2013	54.91	53.68
May 2013	56.50	53.65
June 2013 (through June 28, 2013)	60.70	56.43

(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 annual report have been translated into U.S. dollars for convenience, this does not mean that the rupee amounts referred to could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all. Except as otherwise stated in this annual report, all translations from rupees to U.S. dollars are based on the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board at March 29, 2013. 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 29, 2013 was Rs. 54.52 per US$ 1.00 and at June 28, 2012 was Rs. 59.52 per US$ 1.00.

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MARKET PRICE INFORMATION

Equity Shares

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

At June 30, 2013, 1,154,054,737 equity shares were outstanding. The prices for equity shares as quoted in the official list of each of the Indian stock exchanges are in Indian rupees.

The following table shows:

- The reported high and low closing prices quoted in rupees for our equity shares on the NSE; and

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

	Price per equity share(1)			
	High	Low	High	Low
Annual prices:				
Fiscal 2009	Rs. 942.85	Rs. 262.95	US$ 18.53	US$ 5.17
Fiscal 2010	963.65	349.35	21.44	7.77
Fiscal 2011	1,273.35	809.35	28.59	18.17
Fiscal 2012	1,126.85	653.40	22.14	12.84
Fiscal 2013	1,212.70	781.70	22.24	14.34
Quarterly prices:				
Fiscal 2012:				
First Quarter	Rs. 1,126.85	Rs. 1,006.90	US$ 25.27	US$ 22.58
Second Quarter	1,099.75	820.55	22.42	16.72
Third Quarter	933.35	653.40	17.61	12.33
Fourth Quarter	991.30	696.55	19.48	13.69
Fiscal 2013:				
First Quarter	Rs. 908.20	Rs. 781.70	US$ 16.34	US$ 14.07
Second Quarter	1,070.95	879.65	20.24	16.62
Third Quarter	1,148.95	1,018.30	20.94	18.56
Fourth Quarter	1,212.70	1,001.55	22.24	18.37
Fiscal 2014:				
First Quarter	Rs. 1,231.95	Rs. 989.10	US$ 20.70	US$ 16.62
Monthly prices:				
June 2012	899.50	781.70	16.19	14.07
July 2012	964.50	894.40	17.38	16.12
August 2012	975.20	902.15	17.56	16.25
September 2012	1,070.95	879.65	20.24	16.62
October 2012	1,087.15	1,043.25	20.21	19.39
November 2012	1,099.85	1,018.30	20.27	18.77
December 2012	1,148.95	1,102.30	20.94	20.09
January 2013	1,212.70	1,158.45	22.74	21.73

February 2013	1,181.75	1,040.40	21.74	19.14
March 2013	1,139.30	1,001.55	20.90	18.37
April 2013	1,177.35	989.10	21.93	18.43
May 2013	1,231.95	1,129.95	21.80	20.00
June 2013	1,154.60	1,026.85	19.40	17.25

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

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At June 28, 2013, the closing price of equity shares on the NSE was Rs. 1,070.75 equivalent to US$ 17.99 per equity share (US$ 35.98 per ADS on an imputed basis) translated at the exchange rate of Rs. 59.52 per US$ 1.00 as set forth in the H.10 statistical release of the Federal Reserve Board on June 28, 2013.

At year-end fiscal 2013, there were approximately 643,000 holders of record of our equity shares, of which 370 had registered addresses in the United States and held an aggregate of approximately 114,000 equity shares.

ADSs

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

At year-end fiscal 2013, ICICI Bank had approximately 168 million ADSs, equivalent to about 336 million equity shares, outstanding. At June 28, 2013, there were approximately 55,000 record holders of ICICI Bank's ADSs, out of which 131 have registered addresses in the United States.The following table sets forth, for the periods indicated, the reported high and low closing prices on the New York Stock Exchange for our outstanding ADSs traded under the symbol IBN.

	Price per ADS	
	High	Low
Annual prices:		
Fiscal 2009	US$47.20	US$9.96
Fiscal 2010	43.43	14.36
Fiscal 2011	57.57	34.85
Fiscal 2012	50.67	24.43
Fiscal 2013	47.76	27.99
Quarterly prices:		
Fiscal 2012:		
First Quarter	US$50.67	US$44.83
Second Quarter	50.00	34.00
Third Quarter	38.88	24.43
Fourth Quarter	39.79	27.90
Fiscal 2013:		
First Quarter	US$35.80	US$27.99
Second Quarter	40.15	32.34
Third Quarter	44.91	37.36
Fourth Quarter	47.76	40.12
Fiscal 2014:		
First Quarter	US$48.39	US$37.29
Monthly prices:		
June 2012	US$32.41	US$27.99
July 2012	35.25	32.40
August 2012	35.49	32.53
September 2012	40.15	32.34
October 2012	41.90	39.25
November 2012	41.54	37.36
December 2012	44.91	41.14
January 2013	46.98	43.94

February 2013	47.76	41.71
March 2013	45.15	40.12
April 2013	46.82	38.98
May 2013	48.39	44.97
June 2013	44.25	37.29

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

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RISK FACTORS

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

Risks Relating to India and Other Economic and Market Risks

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

A slowdown in the Indian economy could adversely affect our business and our borrowers and contractual counterparties, especially if such a slowdown were to be continued and prolonged. India's gross domestic product grew by 8.6% in fiscal 2010 and 9.3% in fiscal 2011. Growth slowed to 6.2% in fiscal 2012 and further to 5.0% in fiscal 2013. The industrial sector grew by 3.5% in fiscal 2012 and 2.1% in fiscal 2013 as compared to 9.2% in fiscal 2011. Growth in the services sector also moderated from 9.8% in fiscal 2011 to 8.2% in fiscal 2012 and to 7.1% in fiscal 2013. Growth in the agriculture sector slowed from 7.9% in fiscal 2011 to 3.6% in fiscal 2012 and to 1.9% in fiscal 2013.

Economic growth in India is influenced by several factors, including inflation, interest rates, government policies, and external trade and capital flows. 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 the increase in inflation, the Reserve Bank of India progressively tightened monetary policy, raising the repo rate by a total of 350 basis points in fiscal 2011 and fiscal 2012. Inflation began to moderate towards the end of fiscal 2012, with the inflation rate for March 2012 being 7.7%. In fiscal 2013, the average rate of inflation was 7.4%, with the inflation rate for March 2013 being 5.7%. The Reserve Bank of India reduced the repo rate by a total of 100 basis points in fiscal 2013 and a further 25 basis points in May 2013. In July 2013, the Reserve Bank of India introduced measures to reduce liquidity in the Indian banking system and increase the cost of borrowing from the central bank. These measures were taken in the context of currency depreciation. In fiscal 2013, the Indian rupee depreciated by 7.1% from Rs. 50.89 per U.S. dollar at March 30, 2012 to Rs. 54.52 per U.S. dollar at March 29, 2013. In fiscal 2014 (through July 19, 2013), the Indian rupee has depreciated by 8.9% to Rs. 59.37 per U.S. dollar. 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 the 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.

The Indian economy in general and the agricultural sector in particular are 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.

Further, in light of the increasing linkage of the Indian economy to other economies, the Indian economy is increasingly influenced by economic and market conditions in other countries. As a result, 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, external capital flows are impacted by global liquidity conditions, interest rates and risk appetite.

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 our equity shares and ADSs.

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

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 have further led 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 our equity shares and ADSs.

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. Subsequently in June 2012, Fitch Ratings, another international rating agency, also revised its outlook for India's debt from 'Stable' to 'Negative'. Fitch Ratings in June 2013 revised the outlook back to 'Stable'. 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 3% of the total borrowings of the Bank at year-end fiscal 2013. 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 renegotiate 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 over 30% of total imports in fiscal 2013. Following the recovery in the global economic environment in fiscal 2011 and tensions in the Middle East and North Africa, global oil prices increased sharply in fiscal 2012. However, oil prices have moderated in fiscal 2013 due to concerns over a slowdown in global economic growth. The government of India has also deregulated the prices of certain oil products resulting in international crude prices having a greater effect on domestic oil prices. Increases or volatility in oil prices, including the impact of currency depreciation, 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 our equity shares and ADSs.

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

India's current account deficit as a percentage of gross domestic product increased from 2.7% in fiscal 2011 to 4.2% in fiscal 2012 and to 4.8% in fiscal 2013. The increase in current account deficit was primarily due to the slowdown in global demand combined with high international crude oil prices and domestic demand for gold, leading to higher growth in imports as compared to exports. India's trade relationships with other countries and its trade deficit, driven to a major extent by global crude oil prices, may adversely affect Indian economic conditions. If current account and trade deficits increase, or are no longer manageable because of the rise in global crude oil prices

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or otherwise, the Indian economy, and therefore our business, our financial performance, our stockholders' equity and the price of our equity shares and ADSs could be adversely affected.

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

During fiscal 2013, capital flows were volatile due to the domestic economic slowdown and volatility in global capital markets, leading to pressure on the balance of payments and a depreciation of the Indian rupee compared to the U.S. dollar. The Indian rupee depreciated by 7.1% from Rs. 50.89 per U.S. dollar at March 30, 2012 to Rs. 54.52 per U.S. dollar at March 29, 2013. The Indian rupee further depreciated by 8.9% to Rs. 59.37 per U.S. dollar at July 19, 2013. In July 2013, the Reserve Bank of India introduced measures to reduce liquidity in the Indian banking system and increase the cost of borrowing from the central bank. 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 our equity shares and ADSs. 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 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 our equity shares and ADSs.

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

India has experienced natural calamities such as earthquakes, floods and droughts in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy. In particular, climatic and weather conditions, such as the level and timing of monsoon rainfall, impact the agricultural sector, which constituted approximately 14% of India's gross domestic product in fiscal 2012. Prolonged spells of below or above normal rainfall or other natural calamities, or global or regional climate change, could adversely affect the Indian economy and our business, especially our rural portfolio. Similarly, global or regional climate change or natural calamities in other countries where we operate could affect the economies of those countries and our operations in those countries.

Health epidemics could also disrupt our business. 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.

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

As an Indian bank, we are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect our business. Our transactions with these financial institutions expose us to credit risk in the event of default by the counterparty, which can be exacerbated during periods of market illiquidity. See also

"—Overview of the Indian Financial Sector". As the Indian financial system operates 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 several days in April 2003. During September-October 2008, following the disclosure of our exposure to Lehman Brothers and other U.S. and European financial institutions,

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rumors were circulated about our financial position which resulted in concerns being expressed by depositors and higher than normal transaction levels on a few days. We controlled the situation in these instances, but any failure to control such situations in the future could result in high volumes of deposit withdrawals, which would adversely impact our liquidity position, disrupt our business and, in times of market stress, undermine our financial strength. 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.

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

Our business and customers are predominantly located in India or are related to and influenced by the Indian economy. The Indian government has traditionally exercised, and continues to exercise, a dominant influence over many aspects of the economy. Government policies could adversely affect business and economic conditions in India, our ability to implement our strategy, and our future financial performance. Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector and encouraging the development of the Indian financial sector. India has been governed by coalition governments for the past several years. The leadership of India and the composition of the coalition in power are subject to change, and election results are sometimes not along expected lines. The next general elections in India are scheduled in the early part of fiscal 2015. It is therefore 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 impacting 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 some parts of the country increase, our business and the price of our equity shares and ADSs could be adversely affected.

India has from time to time experienced social and civil unrest and hostilities both internally and with neighboring countries. In the past, there have been military confrontations between India and Pakistan. India has also experienced terrorist attacks in some parts of the country, including in Mumbai, where our headquarters are located, most recently in July 2011. These hostilities and tensions could lead to political or economic instability in India and adversely affect our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

Risks Relating to Our Business

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

Interest rates in India are impacted by a range of factors including inflation, fiscal deficit and government borrowing, monetary policy and market liquidity. 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 ICICI Bank's 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. In July 2013, the Reserve Bank of India introduced measures to reduce liquidity in the Indian banking system and increase the cost of borrowing from the central bank and these measures were taken in the context of rupee depreciation. 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 our equity shares and ADSs. 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. From fiscal 2009 through fiscal 2011, due to seasoning of the loan portfolio, 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 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 (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

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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 in May 2013, the Reserve Bank of India issued final guidelines on restructuring of loans. As per the guidelines, loans that are restructured (other than due to delay upto a specified period in the infrastructure sector and non-infrastructure sector) from April 1, 2015 onwards would 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". We may not be able to 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 "—Business—Classification of Loans". There can be no assurance that Asset Reconstruction Company (India) Limited and other reconstruction companies will be able to recover these assets and redeem our investments in security receipts and that there will be no reduction in the value of these investments.

If we are not able to control or reduce the level of non-performing assets, the overall quality of our loan portfolio 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 our equity shares and ADSs 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 our equity shares and ADSs.

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 the Bank on a stand-alone basis. The Bank did not meet its priority sector lending requirements at year-end fiscal 2013.

Until fiscal 2011, the Bank was required to extend 50.0% of its residual adjusted net bank credit to priority sectors, after excluding the advances of ICICI at year-end fiscal 2002. The Reserve Bank of India stipulated that the Bank was required to extend 38.5% of its adjusted net bank credit (including the advances of ICICI) to priority sectors in fiscal 2012, and in fiscal 2013, extend 40.0% of adjusted net bank credit to priority sectors. As a result of this, the Bank's priority sector lending requirements increased in fiscal 2012 as compared to fiscal 2011 and further in fiscal 2013 as compared to fiscal 2012.

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, 2013, our total mandated investments in such schemes on account of past shortfalls in achieving

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the required level of priority sector lending were Rs. 202.0 billion. Such investments are expected to increase in future years in view of the current shortfall and the possible shortfall in future years.

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 2.6% in fiscal 2012 and 2.2% in fiscal 2013.

In its budget for fiscal 2009, the Indian government announced a one-time debt waiver scheme for small and marginal farmers. While the government has borne the cost of this scheme, any similar schemes in the future may have an adverse impact on future debt servicing behavior regarding farm loans and may lead to an increase in non-performing loans in the agricultural sector. The Comptroller and Auditor General of India has in its report to the Indian Parliament stated that it has found irregularities in the operation of the debt waiver scheme, including the waiver of loans owed by ineligible borrowers and claiming of such amounts from the government by banks, and has advised that the government undertake additional examination and verification in this regard.

Through recent guidelines and directions, the Reserve Bank of India has restricted the ability of banks to meet the directed lending obligations through lending to specialized financial intermediaries. In July 2012, the Reserve Bank of India issued revised guidelines on priority sector lending requirements. 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, in order to bring them on par with domestic banks with the target increasing from 32% of adjusted net bank credit to 40%.

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 centres and to customers who currently do not have access to banking services. 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 centres and from these customers.

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.

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 "—Business—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 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

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restructured loans. 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 on restructured standard accounts from 2.00% to 2.75%. The Reserve Bank of India through a notification issued on January 31, 2013 has mandated banks 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. Further in May 2013, the Reserve Bank of India issued final guidelines on restructuring of loans. As per the guidelines, loans that are restructured (other than due to delay upto 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 would be increased to 3.5% from March 31, 2014, and further to 4.25% from March 31, 2015 and 5.0% from March 31, 2016. General provisions on standard accounts restructured after June 1, 2013 would be at 5.0%. The guidelines also prescribe measures with respect to the terms of restructuring that may be approved for borrowers.

The combination of changes in regulations regarding restructured loans and 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 our equity shares and ADSs.

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 ICICI 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 4.2% of our total gross loans at March 31, 2011 to 5.1% of our total gross loans at March 31, 2012 and further to 5.9% at March 31, 2013. Concerns have emerged about the availability of coal for upcoming 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. A slowdown in the Indian and global economy may exacerbate the risks for the projects that we have financed. Future project finance losses or high levels of loan restructuring could have a materially adverse effect on our profitability and the quality of our loan portfolio and the price of our equity shares and ADSs.

Further deterioration of our non-performing asset portfolio combined with 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. During fiscal years 2008, 2009 and 2010, we saw an increase in non-performing assets, mainly in our non-collateralized retail loan portfolio. Further, the economic slowdown and the impact of global and Indian economic conditions on equity and debt markets also led to

an increase in the volume of restructured corporate loans, and the failure of these borrowers to perform as per the restructured terms would lead to their classification as non-performing loans. See also "—If we are not able to control the level of non-performing assets in our portfolio, our business will suffer".

Indian banks were required by a Reserve Bank of India policy to increase their total provisioning coverage ratio, including floating provisions and prudential/technical write-offs, to 70% by September 30, 2010. ICICI Bank was permitted by the Reserve Bank of India to achieve the stipulated level of provisioning coverage of 70% in a phased manner by March 31, 2011 and complied with the provisioning coverage requirement within this stipulated period. 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. 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. In addition, in November 2012 the Reserve Bank of India increased the general provisioning requirements on restructured standard assets. 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 our equity shares and ADSs.

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.

Branch network of ICICI Bank in India has increased from 1,419 branches at March 31, 2009 to 3,100 branches at March 31, 2013. See also "—We may buy or sell businesses or be required to undertake mergers by the Reserve Bank of India and could face integration and other acquisition risks". 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, would have an adverse impact on our growth and profitability and the price of our equity shares and ADSs.

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

Under the Reserve Bank of India's Basel II guidelines, banks in India must maintain a minimum total risk-based capital ratio of 9.0% and a minimum Tier 1 risk-based capital ratio of 6.0%. See also "Supervision and Regulation—Capital Adequacy Requirements". ICICI Bank had a total risk-based capital ratio of 18.7% and a Tier 1 risk-based capital ratio of 12.8% at year-end fiscal 2013. Under Pillar 1 of the Reserve Bank of India's Basel II guidelines, ICICI Bank follows the standardized approach for measurement of credit and market risks and the basic indicator approach for measurement of operational risk. ICICI Bank is in the process of implementing various projects for migrating to the advanced approaches for calculating risk-based capital requirements.

The Reserve Bank of India has issued guidelines to implement the Basel III framework in 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 measure 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 effective date of the Basel III guidelines is April 1, 2013. The guidelines will be fully phased in by March 31, 2018.

Applying the Basel III guidelines, capital ratios of ICICI Bank at June 30, 2013 were: Common Equity Tier 1 risk-based capital ratio of 11.7%; Tier 1 risk-based capital ratio of 11.7%; and total risk-based capital ratio of 17.0%. The Reserve Bank of India may require additional capital to be held by banks as a systemic buffer. Globally, capital regulations

continue to evolve, including additional capital requirements for domestic systemically important banks. 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. 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.

We continue to monitor further regulatory capital developments. We believe that our current robust capital adequacy position and demonstrated track record of access to domestic and overseas markets for capital raising will enable us to satisfy the new Basel III capital standards.

In November 2012, the Reserve Bank of India released draft guidelines on liquidity risk management and the Basel III liquidity standards. The Reserve Bank of India has proposed the monitoring and reporting of the Basel III liquidity coverage ratio, which is designed to ensure that a bank maintains an adequate level of liquid assets to survive an acute liquidity stress scenario lasting one month. It has 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.

Any reduction in our regulatory capital ratios or increase in liquidity requirements applicable to us on account of regulatory changes or otherwise and any inability to access capital markets may limit our ability to grow our business 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 nationwide credit bureau has been operational in India only since 2001. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. In addition, the credit risk of our borrowers, particularly small and middle market companies, is higher than borrowers in more developed economies due to the 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 our equity shares and ADSs” and “Business—Loan Portfolio—Directed Lending”. Also, several of our corporate borrowers in the past suffered from low profitability because of increased competition from economic liberalization, a sharp decline in commodity prices, a high debt burden and high interest rates in the Indian economy at the time of their financing, and other factors. An economic slowdown and a general decline in business activity in India could impose further stress on these borrowers’ financial soundness and profitability and thus expose us to increased credit risk. This may lead to an increase in the level of our non-performing assets and there could be an adverse impact on our business, our future financial performance, our stockholders’ equity and the price of our equity shares and ADSs.

In addition to credit risks, we also face additional risks as compared with banks in developed economies. We pursue our banking, insurance and other activities in India in 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.

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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 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 or regulatory policies. 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. Such formal or informal actions might force us to make additional provision for our non-performing assets, 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 business volumes, impacting their profitability.

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 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 the Group 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 has so far imposed an aggregate penalty of Rs. 600 million (US$ 11 million) on 25 Indian banks, including Rs. 10 million (US$ 0.2 million) on ICICI Bank, for instances of violation of applicable regulations.

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.

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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 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 "—Business—Classification of Loans—Non-Performing Asset Strategy". Changes in asset prices may cause the value of our collateral to decline, and we may not be able to realize the full value of our collateral as a result of delays in bankruptcy and foreclosure proceedings, delays in the creation of security interests, defects or deficiencies in the perfection of collateral (including due to inability to obtain approvals that may be required from various persons, agencies or authorities), fraudulent transfers by borrowers and other factors, including depreciation in the value of the collateral and illiquid market for disposal of and volatility in the market prices for the collateral, current legislative provisions or changes thereto and past or future judicial pronouncements.

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 our equity shares and ADSs.

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 our

equity shares and ADSs 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 loan 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 38.1% of our gross loans and advances at March 31, 2013. Our loans and advances to (i) the non-finance service sector, (ii) the infrastructure sector (excluding power), (iii) power sector and (iv) iron and steel constituted 7.2%, 6.7%, 5.9% and 5.1%, respectively, of our gross loans and advances at March 31, 2013. At March 31, 2013, our largest non-bank borrower accounted for approximately 12.6% of our capital funds. The largest group of companies under the same

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management control accounted for approximately 30.1% of our capital funds. 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. 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). See also "—Business—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 become operational 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. Similarly, the profit on foreign exchange transactions is dependent on foreign exchange market conditions and the risk management strategies of corporate clients. Volatile market conditions may also have an adverse impact on mergers and acquisitions activity by Indian companies, affecting our fee and other incomes related to such activity. 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. The continuation of such 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 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.

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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 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 requires the approval of the Reserve Bank of India. While we have recently significantly expanded our branch network pursuant to the Reserve Bank of India's authorizations for establishing new branches, there can be no assurance that these authorizations or future authorizations granted by the Reserve Bank of India will meet our requirements for branch expansion to achieve the desired growth in our deposit base. During September - October 2008, following the disclosure of our exposure to Lehman Brothers and other 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 our equity shares and ADSs.

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 our equity shares and ADSs", "—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 our equity shares and ADSs" and "—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, 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 have significantly reduced their business volumes in response to the regulatory environment, which has impacted their growth and profitability.

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

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 with a high industry profile, are inherently exposed to this risk.

We may buy or sell 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. While we do not currently expect to significantly expand our international business, other than continuing to focus on our deposit franchise in select geographies and seeking India-linked business

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opportunities, 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 "–Business – 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. During fiscal 2014, following indications of possible tapering of quantitative easing in the US and the consequent withdrawal of capital flows from emerging economies, the rupee continued to depreciate against the U.S. dollar. The rupee depreciated by 8.9% to Rs. 59.37/U.S. dollar at July 19, 2013 from Rs. 54.52/U.S. dollar at March 29, 2013. Some of our borrowers with foreign exchange and derivative exposures may be adversely impacted by the depreciation of the rupee. These would include borrowers impacted by higher rupee denominated interest or principal repayment on unhedged foreign currency borrowings, increase in cost of raw material import where there is limited ability to pass through such escalations in output price and escalation of project costs due to higher imported equipment costs, as well as borrowers that may have taken 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 July 2013, the Reserve Bank of India issued draft guidelines proposing higher capital and provisioning requirements for banks on their exposures to corporates 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 may have an adverse impact on our profitability, our business and the price of our equity shares and ADSs. 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.

We experienced rapid growth in our retail loan portfolio between fiscal 2002 and fiscal 2007. See also "—Business—Loan Portfolio". In addition, we undertook a rural initiative designed to introduce our products and services in rural areas. The rapid growth of our retail loan business and the rural initiative exposed us to increased risks within India including higher levels of non-performing loans in our unsecured retail credit portfolio, increased operational risk,

increased fraud risk and increased regulatory and legal risk. For example, during fiscal 2007, we made a provision of Rs. 0.9 billion for losses from frauds pertaining to the warehouse receipt-based financing product for agricultural credit. See also "—Our risk profile is linked to the Indian economy and the banking and financial markets in India which are still evolving".

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. 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 received 26 applications for new bank licenses by the July 1, 2013 deadline. Greater presence of existing competitors or new entrants of banks offering a wider range of products and services could increase competition. In addition, the moderation of growth in the Indian banking sector is leading to greater competition for business opportunities. 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 "—Business—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. In 2005, the Reserve Bank of India introduced the Real Time Gross Settlement System, an inter-bank settlement system which facilitates real time settlements primarily between banks. 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 such payment systems, as well as other similar structural changes. Recent examples of some other 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. Also, in May 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. 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".

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

While our life insurance business recorded accounting profits in fiscal 2011 and fiscal 2012, 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%-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 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 million into our general insurance subsidiary in fiscal 2013.

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", "Business—Insurance" and "Supervision and Regulation—Reserve Bank of India Regulation—Holding Compani
The capital requirements of our insurance subsidiaries and restrictions on our ability to capitalize them could adversely impact their growth, our future capital adequacy, our financial performance and the price of our equity shares and ADSs.

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

Our life insurance and general insurance joint ventures are becoming an increasingly important part of our business. See also "—Business—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 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 product regulations specified by the Insurance Regulatory and Development Authority effective September 1, 2010. The changes 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 further guidelines on non-linked and linked life insurance products which include 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 would require life insurance companies to modify existing products to comply with the revised guidelines. These revisions could impact the growth, margins and profitability of life insurance companies.

The growth of our general insurance business has been adversely impacted by the deregulation of pricing on certain products, which has resulted in a reduction in premiums for those products. 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. 0.8 billion in fiscal 2011 and a loss of Rs. 4.2 billion in fiscal 2012 for the subsidiary. In fiscal 2013, this subsidiary made a profit of Rs. 3.1 billion. See also "—The additional capital required by our insurance subsidiaries may adversely impact our business and the price of our equity shares and ADSs" 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 our equity shares and ADSs.

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.

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

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 fulfill their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees as we are), and to the risk that our (or our vendors') business continuity and data security systems prove not to be sufficiently adequate. We also face the risk that the design of our controls and procedures prove inadequate, or are circumvented, thereby causing delays in detection or errors in information. Although we maintain a system of controls designed to keep operational risk at appropriate levels, like all banks and insurance companies we have suffered losses from operational risk and there can be no assurance that we will not suffer losses from operational risks in the future that may be material in amount, and our reputation could be adversely affected by the occurrence of any such events involving our employees, customers or third parties. There are inherent limitations to the effectiveness of any system especially of controls and procedures, including the possibility of human error, circumvention or overriding of the controls and procedures, in a fast changing environment or when entering new areas of business or expanding geographic reach. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. We 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 "—Business—Risk Management—Operational Risk".

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

Our business operations are based on a high volume of transactions. Although we take adequate measures to safeguard against system-related and other fraud, there can be no assurance that we would be able to prevent fraud. Our reputation could be adversely affected by fraud committed by employees, customers or outsiders, or by our perceived inability to properly manage fraud-related risks. Our inability or perceived inability to manage these risks could lead to enhanced regulatory oversight and scrutiny. Our rural initiative, our international growth and our expansion to 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 Non-performing Assets and Restructured Loans" and "Business—Risk Management—Operational Risk". Physical or electronic break-ins, security breaches, other disruptive problems caused by our increased use of the internet or power disruptions could also affect the security of information stored in and transmitted through our computer systems and network infrastructure. Cyber threats, such as phishing and trojans, could invade our network to seek sensitive information, which may cause damage to our reputation and adversely impact our business and financial results. Although we have implemented security technology and operational procedures to prevent such

occurrences, there can be no assurance that these security measures will be successful. A significant failure in security measures could have a material adverse effect on our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

System failures could adversely impact our business.

Given the large share of retail products and services and transaction banking services in our total business, the importance of systems technology to our business has increased significantly. We have 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 our equity shares and ADSs. 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 tax demands have included in contingent liabilities Rs. 41.1 billion in additional taxes in excess of our provisions at March 31, 2013. 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. 41.1 billion included in our contingent liabilities does not include further disputed tax assessments amounting to Rs. 24.3 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 "—Business—Legal and Regulatory Proceedings". We have appealed all of these demands. While we expect that no additional liability will arise out of these disputed demands 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 our equity shares and ADSs.

We are involved in various litigations. Any final judgment awarding material damages against us could have a material adverse impact on our future financial performance 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 "—Business—Legal and Regulatory Proceedings". We cannot guarantee that the judgments in any of the litigation in which we are involved would be favorable to us and if our assessment of the risk changes, our view on provisions will also change.

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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 via the rural initiatives. Our continued success depends in part on the continued service of key members of our management team and our ability to continue to attract, train, motivate and retain highly qualified professionals is a key element of our strategy and we believe it to be a significant source of competitive advantage. The successful implementation of our strategy depends on the availability of skilled management, both at our head office and at each of our business units and international locations and on our ability to attract and train young professionals. 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 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 "—Business—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 annual report are based on our 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 annual report.

Risks Relating to ADSs and Equity Shares

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

Our ADS holders have no voting rights unlike holders of our equity shares who have voting rights. For certain information regarding the voting rights of the equity shares underlying our ADSs, see also "—Business—Shareholding Structure and Relationship with the Government of India". If you wish, you may withdraw the equity shares underlying your ADSs and seek to exercise your voting rights under the equity shares you obtain from the withdrawal. However, for foreign investors, this withdrawal process may be subject to delays and is subject to a cap of 49.0% in the total shares foreign institutional investors and non-resident Indians may hold in us. For a discussion of the legal restrictions triggered by a withdrawal of the equity shares from the depositary facility upon surrender of ADSs, see also "—Restriction on Foreign Ownership of Indian Securities".

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

In fiscal 2008, we concluded a capital raising exercise comprising a public offering in India and an ADS offering aggregating Rs. 199.7 billion. We may conduct additional equity offerings to fund the growth of our business, including our international operations, our insurance business or our other subsidiaries. In addition, up to 10.0% of our issued equity shares from time to time, may be granted in accordance with our Employee Stock Option Scheme. Any future issuance of equity shares or ADSs or exercise of employee stock options would dilute the positions of investors in equity shares and ADSs and could adversely affect the market price of our equity shares and ADSs.

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

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

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

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

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

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

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

The Life Insurance Corporation of India, the General Insurance Corporation of India and other government-owned general insurance companies, all of which are directly controlled by the Indian government, are among our principal shareholders. At June 30, 2013, the Life Insurance Corporation of India held 7.5% and the General Insurance Corporation of India and other government-owned general insurance companies held 2.0% of our outstanding equity shares. See also "—Business—Shareholding Structure and Relationship with the Government of India". Any substantial sale of our equity shares by these or other large shareholders could adversely affect the price of our equity shares and ADSs. 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. Deutsche Bank Trust Company Americas held approximately 29.2% of our equity shares at June 28, 2013 as depositary for ADS holders and votes on these shares in accordance with the directions of our board of directors. Pursuant to the provisions of the Banking Regulation Act as currently effective, Deutsche Bank Trust Company Americas can only vote 10.0% of our equity shares. After taking into consideration

the restriction of 10.0%, the effective outstanding voting rights at June 28, 2013 for Deutsche Bank Trust Company Americas were 10.0%, for the Life Insurance Corporation of India were 7.5% and for the General Insurance Corporation of India and other government-owned general insurance companies were 2.0%. An amendment to the Banking Regulation Act has increased the voting rights cap from 10.0% to 26.0%. However, this is pending notification by the Reserve Bank of India.

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

The Indian securities markets are smaller and more volatile than securities markets in developed economies. In the past, the Indian stock exchanges have experienced high volatility and other problems that have affected the market price and liquidity of the listed securities, including temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In April 2003, the decline in the price of the equity shares of a leading Indian software company created volatility in the Indian stock markets and created temporary concerns regarding our exposure to the equity markets. On May 17, 2004, the Bombay Stock Exchange Sensex fell by 565 points from 5,070 to 4,505, creating temporary concerns regarding our exposure to the equity markets. Both the BSE and the NSE halted trading on the exchanges on May 17, 2004 in view of the sharp fall in prices of securities. The Indian securities markets experienced rapid appreciation during fiscal 2006 but underwent a sharp correction in May 2006. The markets experienced a recovery thereafter and the BSE Sensex reached an all-time high of 20,873 on January 8, 2008 but subsequently experienced a sharp correction, with the BSE Sensex declining to 8,160 on March 9, 2009. In the 24 months since then, the equity markets had recovered with the BSE Sensex at 19,445 at March 31, 2011. However, the European debt crisis, volatile crude oil prices and concerns on growth in India have caused a decline in the domestic equity markets with the BSE Sensex at 17,404 at March 30, 2012, which recovered to 18,836 at March 29, 2013. In recent years, there have been changes in laws and regulations regulating the taxation of dividend income, which have impacted the Indian equity capital markets. See also "—Dividends". Similar problems or changes in the future could adversely affect the market price and liquidity of our equity shares and ADSs.

We are subject to regulatory restrictions on the payment of dividend to shareholders. Any change in such restrictions or increase in capital requirements may have an impact on our dividend payout to our equity share and ADS holders.

The Reserve Bank of India has prescribed limits on the dividend payout ratio of banks in India linked to certain parameters such as the risk-based capital ratio and net non-performing assets ratio. 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 distributions and discretionary bonus payments. Any change in restrictions on payment of dividend or capital requirements may limit our ability to pay dividends to our equity share and ADS holders.

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

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

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

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

relaxed. As a result, any premium enjoyed by ADSs as compared to the equity shares may be reduced or eliminated as a result of offerings made or sponsored by us, changes in Indian law permitting further conversion of equity shares into ADSs or a change in investor preferences.

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

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

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

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

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

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

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BUSINESS

Overview

We are a diversified financial services group offering a wide range of banking and financial services to corporate and retail customers through a variety of delivery channels. 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 total assets at year-end fiscal 2013 were Rs. 6,748.2 billion. Our consolidated capital and reserves at year-end fiscal 2013 were Rs. 687.6 billion. In fiscal 2013, we earned a net profit of Rs. 96.0 billion compared to Rs. 76.4 billion in fiscal 2012.

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 also offer agricultural and rural banking 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 3,100 branches and 10,481 ATMs in India at year-end fiscal 2013.

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, Thailand 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—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 2013, with a market share of 7.0% in new business written (on retail weighted new business premium basis) according to Insurance Regulatory and Development Authority. ICICI Prudential Pension Funds Management Company Limited, a 100% subsidiary of ICICI Prudential Life Insurance Company, is one of the fund managers for 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 2013, with a market share of 9.5% in gross written premium (excluding premium on the motor third party insurance pool) according to Insurance Regulatory and Development Authority. ICICI Prudential Asset Management Company manages the ICICI Prudential Mutual Fund, which was among the top three mutual funds in India in terms of

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average funds under management during fiscal 2013 according to Association of Mutual Funds in India. 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 we 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 annual report. 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, New York 10110.

History

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

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

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

At the time of the merger, both ICICI Bank and ICICI were publicly listed in India and on the New York Stock Exchange. The amalgamation was approved by each of the boards of directors of ICICI, ICICI Personal Financial

Services, ICICI Capital Services and ICICI Bank at their respective board meetings held on October 25, 2001. The amalgamation was approved by ICICI Bank's and ICICI's shareholders at their extraordinary general meetings held on January 25, 2002 and January 30, 2002, respectively. The amalgamation was approved by the High Court of Gujarat at Ahmedabad on March 7, 2002 and by the High Court of Judicature at Bombay on April 11, 2002. The amalgamation was approved by the Reserve Bank of India on April 26, 2002. The amalgamation became effective on May 3, 2002. The date of the amalgamation for accounting purposes under Indian GAAP was March 30, 2002.

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

The Bank of Rajasthan, a listed Indian private sector bank, merged with ICICI Bank with effect from 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 59 branches with total deposits of Rs. 5.6 billion and total loans of Rs. 2.4 billion at year-end fiscal 2013. It made a profit of Rs. 31.8 million in fiscal 2013 and had accumulated losses of Rs. 38.0 million at year-end fiscal 2013.

Shareholding Structure and Relationship with the Government of India

The following table sets forth, at June 30, 2013, 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	7.5	%	86,471,155
General Insurance Corporation of India and government-owned general insurance companies	2.0		23,243,866
UTI and UTI Mutual Fund	0.9		10,569,630
Other government-controlled institutions, mutual funds, corporations and banks	0.1		948,394
Total government-controlled shareholders	10.5		121,233,045
Other Indian investors:			
Individual domestic investors(1),(2)	5.2		60,523,418
Mutual funds and banks (other than government-controlled mutual funds and banks) (2)	7.1		81,533,185
SBI Life Insurance	1.1		12,222,394
Bajaj Holdings and Investment Ltd	1.0		11,201,817
Other Indian corporations and others(2)	6.4		74,063,297
Total other Indian investors	20.8		239,544,111
Total Indian investors	31.3		360,777,156
Foreign investors:			
Deutsche Bank Trust Company Americas, as depositary for ADS holders	29.2		336,587,762
Government of Singapore	2.1		23,801,448
Carmignac Gestion A\C Carmignac Patrimoine	2.0		22,725,555
Aberdeen Global Indian Equity (Mauritius) Limited	1.6		18,080,000
Europacific Growth Fund	1.6		18,278,406
Vanguard Emerging Markets Stock Index Fund	1.0		11,898,668
Other foreign institutional investors, foreign banks, overseas corporate bodies, foreign companies, foreign nationals, foreign institutional investors and non-resident Indians(2)	31.4		361,905,742
Total foreign investors	68.7		793,277,581

Total	100.0	1,154,054,737

(1) Executive officers and directors (including non-executive directors) as a group held about 0.08% of ICICI Bank's equity shares at June 30, 2013.

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

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The holding of government-controlled shareholders was 10.5% at June 30, 2013 against 12.9% at June 30, 2012 and 12.4% at June 30, 2011. The holding of Life Insurance Corporation of India was 7.5% at June 30, 2013 against 9.3% at June 30, 2012, and 9.2% at June 30, 2011.

We operate as an autonomous and commercial enterprise and the Indian government has never directly held any of our shares. We are not aware of or a party to any shareholders' agreement or voting trust relating to the ownership of the shares held by the government-controlled shareholders. We do not have any agreement with our government-controlled shareholders regarding management control, voting rights, anti-dilution or any other matter. Our Articles of Association provide that the government of India is entitled, pursuant to the provisions of guarantee agreements between the government of India and ICICI, to appoint a representative to our Board. 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 no representative of either Life Insurance Corporation of India or 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 20.8% at June 30, 2013 against 24.4% at June 30, 2012 and 22.1% at June 30, 2011. The total holding of Indian investors was 31.3% at June 30, 2013 against 37.3% at June 30, 2012 and 34.5% at June 30, 2011. The holding of foreign investors was 68.7% at June 30, 2013 against 62.7% at June 30, 2012 and 65.5% at June 30, 2011. See "Supervision and Regulation—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 29.2% of our equity shares at June 30, 2013 against 27.4% at June 30, 2012 and 26.1% at June 30, 2011 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—Proposed 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 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 & 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.

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In fiscal 2010, we focused on repositioning our balance sheet for the growth. We increased the proportion of current and savings account deposits; reduced the rate of growth of non-performing loans; continued to keep stringent control on operating expenses; and maintained a high level of capital adequacy, relative to the regulatory requirement. From fiscal 2011, we have 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. We seek to adopt a balanced approach to profitability growth and risk management.

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

Given India's favorable demographics and the under-penetration of retail credit, we identified retail credit as a key opportunity over a decade ago. We capitalized on the retail opportunity by offering 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 funded dealers who sell automobiles, consumer durables and commercial vehicles. Due to the increase in interest rates, the tightening of liquidity, the increase in asset prices and challenges in collections, we reduced our disbursements of retail loans, especially unsecured loans in fiscal 2009 and fiscal 2010. From fiscal 2011, we have focused on growing selected retail segments such as mortgages and other secured retail lending. The retail portfolio was Rs. 1,005.0 billion, constituting 38.0% of gross loans at year-end fiscal 2011. The retail portfolio increased to Rs. 1,183.9 billion constituting 39.4% of gross loans at year-end fiscal 2012, and to Rs. 1,290.2 billion constituting 38.1% of gross loans at year-end fiscal 2013 driven by growth in secured retail lending categories like automobile loans, commercial vehicle loans and mortgage loans. We believe that retail credit has a robust long-term growth potential due to rising income levels and the expansion of the middle class. We will continue to focus on secured retail products such as home loans, automobile loans and commercial business loans. We will selectively offer unsecured products such as personal loans and credit cards to our customers. Our retail loans also include rural and agricultural loan products, and we are seeking to grow this portfolio.

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".

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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". 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. 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 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 structures in rural locations, including technology-based channels, and have opened 131 low-cost branches in rural locations, 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 may adversely affect our business".The following table sets forth, at the dates indicated, the break-down of our gross (net of write-offs) retail finance portfolio.

	At March 31,				
	2011	2012	2013	2013	2013
		(Rs. in billions)		(% share)	(US$ in millions)
Home loans	Rs. 553.1	Rs. 638.3	Rs. 744.6	57.7 %	US$ 13,658
Commercial business loans	152.9	180.7	151.2	11.7	2,774
Automobile loans	85.8	94.7	115.9	9.0	2,125
Business banking(1)	17.2	47.3	44.7	3.5	820
Others(2)	75.3	119.5	139.1	10.8	2,551
Total secured retail finance portfolio	884.3	1,080.5	1,195.5	92.7 %	21,928
Personal loans	42.8	29.6	31.8	2.5	582
Business banking(1)	25.1	25.8	22.7	1.8	416
Credit card receivables	48.5	46.0	36.4	2.8	667
Others(2)	4.3	2.0	3.8	0.2	72
Total unsecured retail finance portfolio	120.7	103.4	94.7	7.3 %	1,737
Total retail finance portfolio(3)	Rs. 1,005.0	Rs. 1,183.9	Rs. 1,290.2	100.0 %	US$ 23,665

(1) Includes dealer financing and small ticket loans to small businesses.

(2) Primarily includes rural loans.

(3) 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 for earlier years presented is also reclassified.

Our unsecured retail portfolio primarily includes personal loans and loans against credit card receivables. From fiscal 2009, due to the increase in interest rates, tightening liquidity, challenging macroeconomic environment and 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. Our personal loans typically range from Rs. 100,000 to Rs. 1,000,000 in size with tenors of 1-4 years and yields ranging from 14-18%. During fiscal 2013, ICICI Bank's personal

loans disbursements were about 3.0% of its total retail loan disbursements at Rs. 13.8 billion and its number of outstanding credit cards increased from approximately 2.8 million at year-end fiscal 2012 to about 2.9 million at year-end fiscal 2013. At year-end fiscal 2013, our personal loans portfolio was Rs. 31.8 billion compared to Rs. 29.6 billion at year-end fiscal 2012. The credit card receivables portfolio at year-end fiscal 2013 was Rs. 36.4 billion compared to Rs. 46.0 billion at year-end fiscal 2012. The proportion of unsecured retail loans in the total retail portfolio decreased from 12.0% at year-end fiscal 2011 to 8.7% at year-end fiscal 2012 and further to 7.3% at year-end fiscal 2013.

We offer retail lending products primarily in India through ICICI Bank and our wholly owned subsidiary, ICICI Home Finance Company Limited. Our home loan portfolio includes both loans for the purchase and construction of

homes as well as loans against property. Our policies for such loans are based on certain stipulated ratios such as the loan-to-value ratio and the ratio of fixed debt obligations to a borrower's income. The initial repayment term of such loans is 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.

Our banking subsidiary in Canada offers residential mortgages in the local market. The mortgages are insured and primarily have federal-backed insurance. At year-end fiscal 2013, ICICI Bank Canada held residential mortgages amounting to CAD 2,015 million as compared to CAD 1,675 million at year-end fiscal 2012. This includes mortgages of CAD 1,745 million at year-end fiscal 2013 as compared to CAD 1,231 million at year-end fiscal 2012 securitized under the Canadian National Housing Act –Mortgage Backed Securities program. We also undertake retail lending activities to a very limited extent in certain of our other overseas branches and subsidiaries.

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 small and medium enterprises toolkit —an online business and advisory resource for small and medium enterprises; and the "Emerging India Awards" —a small and medium enterprises recognition platform.

Retail Deposits

Our retail deposit products include time deposits and savings account 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 year-end fiscal 2013, we had a debit card base in excess of 19 million cards.

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

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

Fee-Based Products and Services

Through our distribution network, we offer government of India savings bonds, insurance policies from ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company, 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 fee-based products and services including transaction banking services, documentary credits and guarantees to small and medium enterprises.

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

Commercial Banking for Corporate Customers

We provide a range of commercial and investment banking products and services to India's leading corporations and middle market companies. Our product suite includes working capital and term loan products, fee and commission-based products and services, deposits and foreign exchange and derivatives products. The Corporate Banking Group focuses on origination and coverage of all corporate clients. The Corporate Banking Group comprises relationship and credit teams. The 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 year-end fiscal 2013, 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. 1,522.3 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.

- Retail Foreign Exchange Products

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

- Bullion

We deal in bullion and sell gold coins to retail customers.

- 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 non-resident Indian community bank in key markets. We also seek to build stable wholesale funding sources and strong syndication capabilities to support our corporate and investment banking business, and to expand private banking operations for India-centric asset classes.

We currently have subsidiaries in the United Kingdom, Canada and Russia, branches in 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, Thailand 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$ 64.0 billion in fiscal 2013, with India being the largest remittance receiving country in the world. We recognized the remittance opportunity early on in the decade and started offering a host of remittance services tailored to meet the needs of diverse customer segments. To facilitate easy transfer of funds to India, we offer a suite of online as well as offline money transfer products. These products enable non-resident Indians to send money to any beneficiary in India with a wide choice of delivery channels like electronic transfers to accounts with over 80,000 bank branches.

- 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.

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

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

Total assets (net of inter-office balances) of ICICI Bank's overseas branches at year-end fiscal 2013 were Rs. 935.1 billion and total advances were Rs. 733.6 billion compared to total assets of Rs. 875.0 billion and total advances of Rs. 694.0 billion at year-end fiscal 2012. The increase in assets and advances of ICICI Bank's overseas branches at year-end fiscal 2013 compared to year-end fiscal 2012 primarily reflects the depreciation of the rupee against the U.S. dollar by 6.7% during fiscal 2013. 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 the United Kingdom and Canada, our subsidiaries offer direct banking using the internet as the access channel.

At year-end fiscal 2013, ICICI Bank UK PLC had 13 branches, including one in Belgium and one in Germany, and assets including cash and liquid securities, loans and advances, bonds and notes of financial institutions, India-linked investments and asset backed securities. ICICI Bank UK made a net profit of US$14 million during fiscal 2013, compared to US$25 million during fiscal 2012. ICICI Bank UK repatriated US$100 million of aggregate capital to ICICI Bank, including redemption of US$50.0 million of preference capital and return of US$50.0 million of equity capital, after receiving regulatory and other approvals.

At year-end fiscal 2013, ICICI Bank Canada had nine branches and assets including cash and liquid securities, loans and advances, insured residential mortgages, asset backed securities and India-linked investments. ICICI Bank Canada made a net profit of CAD 44 million in fiscal 2013 as compared to CAD 34 million in fiscal 2012. In May 2013, ICICI Bank Canada remitted CAD 75 million of capital to ICICI Bank, after receiving regulatory and other approvals.

At year-end fiscal 2013, ICICI Bank Eurasia Limited Liability Company had one branch and total assets of US$250 million. ICICI Bank Eurasia Limited Liability Company made a net profit of US$6 million in fiscal 2013 as compared to US$4 million in fiscal 2012.

See also "—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 our equity shares and ADSs" and "Risk Factors—Risks Relating to Our Business—We have experienced rapid international growth in earlier years, which has increased the complexity of the risks that we face".

Delivery Channels

We deliver our products and services through a variety of channels, ranging from traditional bank branches to ATMs, call centers and the Internet. At year-end fiscal 2013, we had a network of 3,100 branches across several Indian states.

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 semi-urban and rural areas. See also "—Supervision and Regulation—Regulation Relating to the opening of Branches and Automated Teller Machines". The following table sets forth the number of branches

broken down by area at year-end fiscal 2013.

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	At March 31, 2013	
	Number of branches and extension counters	% of total
Metropolitan/urban	1,647	53.1 %
Semi-urban/rural	1,453	46.9 %
Total branches and extension counters	3,100	100.0 %

At year-end fiscal 2013, we had 10,481 ATMs, of which 3,322 were located at our branches. 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 corporate 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.

Investment Banking

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

Treasury

Through our treasury operations, we seek to manage our balance sheet, including the maintenance of required regulatory reserves, and to optimize profits from our trading portfolio by taking advantage of market opportunities. Our domestic trading and securities portfolio includes our regulatory reserve portfolio, as there is no restriction on active management of our regulatory reserve portfolio. Our treasury operations include a range of products and services for corporate and small enterprise customers, such as forward contracts and interest rate and currency swaps, and foreign exchange products and services. See also "—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, ICICI Bank is required to maintain a minimum of 23.0% of its domestic net demand and time liabilities by way of approved securities such as government of India securities and state government securities. ICICI Bank maintains the statutory liquidity ratio through a portfolio of government of India securities that it actively manages to optimize the yield and benefit from price movements. Further, as a prudent liquidity management strategy, ICICI Bank generally maintains excess investments in securities eligible for classification under the statutory liquidity ratio requirement. See also "—Supervision and Regulation—Legal Reserve Requirements".

ICICI Bank engages in domestic investments and foreign exchange operations from a centralized trading floor in Mumbai. As part of our treasury activities, we also maintain proprietary trading portfolios in domestic debt and equity securities and in foreign currency assets. Our treasury manages our foreign currency exposures and the foreign

exchange and risk hedging derivative products offered to our customers and engages in proprietary trading in currencies. Our investment and market risk policies are approved by the Board of Directors.

ICICI Bank's domestic investment portfolio is classified into three categories —held to maturity, available-for-sale and held for trading. Investments are classified as held to maturity subject to the current regulation issued by the Reserve Bank of India. Investments acquired by us with the intention to trade by taking advantage of the short-term price/interest rate movements are classified as held for trading. The investments which do not fall in the above two categories are classified as available-for-sale. Investments under the held for trading category should be sold within 90 days; in the event of inability to sell due to adverse factors including tight liquidity, extreme volatility or a uni-directional 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)

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shares, (d) bonds and debentures, (e) subsidiaries and joint ventures, and (f) others. Investments classified under the held to maturity category are not marked to market and are carried at acquisition cost, unless the acquisition cost is more than the face value, in which case the premium is amortized over the period until maturity of such securities. At year-end fiscal 2013, 81.0% of ICICI Bank's government securities portfolio was in the held to maturity category. The individual securities in the available-for-sale category are marked to market. Investments under this category are valued security-wise and depreciation/appreciation is aggregated for each classification. Net depreciation, if any, is provided for. Net appreciation, if any, is ignored. The individual securities in the held for trading category are accounted for in a similar manner as those in the available-for-sale category.

The following tables set forth, at the dates indicated, certain information related to our available-for-sale investments portfolio.

	At March 31, 2011			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
	(in millions)			
Corporate debt securities	Rs. 219,369	Rs. 2,795	Rs. (3,444)	Rs. 218,720
Government securities	201,063	81	(1,018)	200,126
Other securities(1)	60,683	523	(495)	60,710
Total debt investments	481,115	3,399	(4,957)	479,556
Equity shares	24,849	4,230	(7,384)	21,695
Other investments(2)	73,889	2,641	(10,034)	66,497
Total	Rs. 579,853	Rs. 10,270	Rs. (22,375)	Rs. 567,748

(1) Includes credit linked notes.

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

	At March 31, 2012			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
	(in millions)			
Corporate debt securities	Rs. 242,284	Rs. 3,741	Rs. (3,265)	Rs. 242,760
Government securities	227,890	250	(381)	227,760
Other securities(1)	11,186	523	(88)	11,621
Total debt investments	481,360	4,514	(3,734)	482,141
Equity shares	29,646	5,626	(6,659)	28,613
Other investments(2)	69,512	2,029	(8,734)	62,808
Total	Rs. 580,518	Rs. 12,169	Rs. (19,127)	Rs. 573,562

(1) Includes credit linked notes.

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

	At March 31, 2013			
	Amortized cost	Gross	Gross	Fair value

		unrealized gain	unrealized loss	
		(in millions)		
Corporate debt securities	Rs. 169,497	Rs. 3,533	Rs. (505)	Rs. 172,525
Government securities	205,050	432	(152)	205,330
Other securities(1)	94,512	708	(1,119)	94,101
Total debt investments	469,059	4,673	(1,776)	471,956
Equity shares	38,374	7,789	(8,090)	38,073
Other investments(2)	37,564	2,413	(6,644)	33,333
Total	Rs. 544,997	Rs. 14,875	Rs. (16,510)	Rs. 543,362

(1) Includes credit linked notes.

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

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The investments in corporate debt securities decreased from Rs. 242.3 billion at year-end fiscal 2012 to Rs. 169.5 billion at year-end fiscal 2013, primarily due to the redemption/sale of debentures held by ICICI Bank and decrease in investment in corporate debt securities by ICICI Bank UK. The investments in other debt securities increased from Rs. 11.2 billion at year-end fiscal 2012 to Rs. 94.5 billion at year-end fiscal 2013, primarily due to increase in investment in India-linked pass through certificate securities. Other investments decreased from Rs. 69.5 billion at year-end fiscal 2012 to Rs. 37.6 billion at year-end fiscal 2013 primarily due to decrease in investment in mutual funds and security receipts.

Net unrealized gain on debt investments was Rs. 2.9 billion at year-end fiscal 2013 as compared to a net unrealized gain of Rs. 0.8 billion at year-end fiscal 2012, primarily due to net unrealized gain on corporate debt securities of Rs. 3.0 billion at year-end fiscal 2013 compared to net unrealized gain of Rs. 0.5 billion at year-end fiscal 2012. Net unrealized gain on corporate debt securities increased primarily due to a decrease in yield. The yield on 10 year government of India securities decreased from 8.57% at year-end fiscal 2012 to 7.96% at year-end fiscal 2013. Net unrealized loss on other securities was Rs. 0.4 billion at year-end fiscal 2013 compared to net unrealized gain of Rs. 0.4 billion at year-end fiscal 2012. Net unrealized loss on equity securities decreased from Rs. 1.0 billion at year-end fiscal 2012 to Rs. 0.3 billion at year-end fiscal 2013. Net unrealized losses on other investments decreased from Rs. 6.7 billion at year-end fiscal 2012 to Rs. 4.2 billion at year-end fiscal 2013 primarily due to decrease in net unrealized losses on security receipts issued by asset reconstruction company on redemption of securitization trusts.

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

	Year ended March 31,			
	2011	2012	2013	2013
	(in millions)			
Interest	Rs. 26,695	Rs. 30,688	Rs. 35,521	US$ 651
Dividend	960	5,866	3,142	58
Total	Rs. 27,655	Rs. 36,554	Rs. 38,663	US$ 709
Gross realized gain	8,037	8,199	6,679	US$ 123
Gross realized loss	(3,178)	(4,379)	(1,197)	(22)
Total	Rs. 4,859	Rs. 3,820	Rs. 5,482	US$ 101

Interest and dividend income from our available-for-sale securities increased from Rs. 36.6 billion in fiscal 2012 to Rs. 38.7 billion in fiscal 2013 primarily due to an increase in yield on investments, offset, in part by decrease in dividends received on investments in mutual funds in fiscal 2013 compared to fiscal 2012. Interest and dividend income from our available-for-sale securities increased from Rs. 27.7 billion in fiscal 2011 to Rs. 36.6 billion in fiscal 2012 primarily due to an increase in yield on investments and higher dividends received on investment in mutual funds.

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

	At March 31, 2013							
	Up to one year		One to five years		Five to ten years		More than ten years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(in millions, except percentages)							
Corporate debt securities	Rs. 19,462	8.9%	Rs. 71,621	8.8%	Rs. 45,624	10.5%	Rs. 32,790	9.1%

Government securities		95,241	4.5		76,068	8.1		33,390	8.1		351	8.0	
Other securities		27,344	8.3		54,351	8.5		2,053	9.8		10,764	6.3	
Total amortized cost of interest-earning securities(1)	Rs	142,047	5.9	%	Rs. 202,040	8.5	%	Rs. 81,067	9.5	%	Rs. 43,905	8.4	%
Total fair value	Rs	141,952			Rs. 203,238			Rs. 82,425			Rs. 44,340		

(1) Includes securities denominated in different currencies.

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The amortized cost of our held to maturity portfolio amounted to Rs. 1,154.2 billion at year-end fiscal 2013, Rs. 1,042.7 billion at year-end fiscal 2012 and Rs. 690.4 billion at year-end fiscal 2011. Since year-end fiscal 2012, the transactions of ICICI Bank with the Reserve Bank of India under the Liquidity Adjustment Facility are accounted for as borrowing and lending transactions, while they were previously accounted for as purchase and sale transactions. This resulted in an increase in the held to maturity portfolio by Rs. 168.0 billion at year-end fiscal 2012. Net unrealized gain on the held to maturity portfolio was Rs. 0.2 billion at year-end fiscal 2013 compared to net unrealized loss of Rs. 26.4 billion at year-end fiscal 2012 and Rs. 17.9 billion at year-end fiscal 2011. During fiscal 2013, there was a reversal of net unrealized losses as the yield on government securities decreased. The yield on 10 year government of India securities increased from 7.99% at year-end fiscal 2011 to 8.57% at year-end fiscal 2012 and decreased to 7.96% at year-end fiscal 2013.

The fair value of investments in held-for-trading securities increased to Rs. 286.8 billion at year-end fiscal 2013 compared to Rs. 206.5 billion at year-end fiscal 2012 primarily due to increase in investment in government securities and corporate debt securities. Interest and dividend income on held-for-trading securities increased from Rs. 11.2 billion in fiscal 2012 to Rs. 16.0 billion in fiscal 2013 reflecting increase in held-for-trading portfolio. Net realized and unrealized gain on held-for-trading portfolio increased from Rs. 1.5 billion in fiscal 2012 to Rs. 3.4 billion in fiscal 2013 primarily due to higher realized gains during fiscal 2013. In fiscal 2013, we capitalized on certain market opportunities to realize gains from the sale of our government and other domestic fixed income positions.

We have limited investment in equity shares of Rs. 38.8 billion because the Reserve Bank of India restricts investments in equity securities by banks. See also "—Supervision and Regulation—Reserve Bank of India Regulations—Regulations Relating to Investments and Capital Market Exposure Limits".

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

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

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

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	At March 31, 2013										
	Asset backed securities and funded credit derivatives (1),(2)		Bonds(2)		Others		Total		Mark-to-market gain/ (loss) in fiscal 2013	Realized gain/(loss)/ Impairment loss in income statement for fiscal 2013	Mark-to-market gain/ (loss) at March 31, 2013
	Trading	Available-for-sale and held to maturity	Trading	Available-for-sale and held to maturity	Trading	Available-for-sale and held to maturity	Trading	Available-for-sale and held to maturity			
	(Rs. in millions)										
U.S.	-	-	-	3,039	-	-	-	3,039	127	(2)	(19)
Canada	725	190	-	23,681	-	271	725	24,142	2,226	(191)	728
Europe	-	8,693	-	106	-	1,900	-	10,699	854	(64)	(1,741)
India	-	803	-	20,289	-	-	-	21,092	837	(186)	178
Rest of Asia	-	-	-	443	-	543	-	986	24	(667)	(5)
Others	-	-	-	-	-	-	-	-	17	-	-
Total portfolio	725	9,686	-	47,558	-	2,714	725	59,958	4,085	(1,110)	(859)

(1) Includes residential mortgage backed securities, commercial mortgage backed securities, other asset backed securities and collateralized loan obligations. Excludes unfunded credit derivative exposure of Rs. 3.5 billion.

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

Investments in corporate and financial sector debt securities and mortgage and asset backed securities by our overseas branches and banking subsidiaries decreased from Rs. 78.3 billion at year-end fiscal 2012 to Rs. 60.7 billion at year-end fiscal 2013. Investment in asset backed securities and funded credit derivatives portfolio decreased from Rs. 15.0 billion at year-end fiscal 2012 to Rs. 10.4 billion at year-end fiscal 2013, primarily due to partial redemption and maturity of mortgage backed securities. The bond portfolio decreased from Rs. 60.7 billion at year-end fiscal 2012 to Rs. 47.6 billion at year-end fiscal 2013, primarily due to a reduction in the bond portfolio arising from sales and the maturity of the portfolio in ICICI Bank and our UK subsidiary. Our investments in Europe decreased from Rs. 16.5 billion at year-end fiscal 2012 to Rs. 10.7 billion at year-end fiscal 2013. Majority of our investments in Europe is in the United Kingdom.

The mark-to-market losses on our investment portfolio was Rs. 0.9 billion at year-end fiscal 2013 and Rs. 4.6 billion at year-end fiscal 2012. The mark-to-market impact was a gain of Rs. 4.1 billion during fiscal 2013 as compared to a gain of Rs. 1.2 billion during fiscal 2012. Net realized and impairment loss was Rs. 1.1 billion during fiscal 2013 as compared to a net loss of Rs. 0.6 billion during fiscal 2012.

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

At March 31

Category	2012	2013
	(in millions)	
Bonds		
Banks and financial institutions	Rs. 16,548	Rs. 15,831
Corporate	44,143	31,727
Total bonds	60,691	47,558
Asset backed securities and funded credit derivatives	15,016	10,411
Others(1)	2,543	2,714
Total	Rs. 78,250	Rs. 60,683

(1) Includes investments in certificates of deposits.

Our investments in securities of banks and financial institutions is spread over a number of banks and of this the investment in the top 10 banks accounts for approximately 92.1% of the total investments in banks and financial institutions at year-end fiscal 2013 as compared to approximately 66.5% at year-end fiscal 2012. Approximately

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31.2% of our investment in securities of corporate entities is India-linked at year-end fiscal 2013 as compared to approximately 41.4% at year-end fiscal 2012.

Our total investment in asset backed securities represents less than 0.5% of our total assets at year-end fiscal 2013. The portfolio size of such securities was Rs. 10.4 billion and primarily comprised retail mortgage backed securities of Rs. 8.1 billion, collateralized loan obligations of small and medium enterprises of Rs. 0.6 billion, commercial mortgage backed securities of Rs. 0.2 billion, asset backed commercial paper of Rs. 0.7 billion and credit linked notes of Rs. 0.8 billion. The retail mortgage backed securities portfolio consists primarily of UK residential mortgage backed securities portfolio backed by prime and buy-to-let mortgages. The asset backed commercial paper portfolio consists of investments made by ICICI Bank Canada in securities issued by securitization trusts. These trusts have in turn invested in various Canadian and United States assets.

At year-end fiscal 2013, the fair value of investments in the government securities held by our overseas branches and banking subsidiaries was Rs. 48.1 billion primarily in Canada.

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

ICICI Securities Limited

ICICI Securities Limited is engaged in 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 made a net profit of Rs. 0.7 billion in fiscal 2013 compared to Rs. 0.8 billion in fiscal 2012.

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. 1.2 billion in fiscal 2013 compared to a net profit of Rs. 0.9 billion in fiscal 2012. 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 year-end fiscal 2013, ICICI Venture managed or advised funds of approximately Rs. 93.3 billion. ICICI Venture made a net profit of Rs. 0.2 billion in fiscal 2013 compared to a net profit of Rs. 0.7 billion in fiscal 2012.

Asset Management

We provide asset management services through our subsidiary, ICICI Prudential Asset Management. ICICI Prudential Asset Management is a joint venture with Prudential PLC of UK. We have approximately 51.0% interest in the entity. ICICI Prudential Asset Management also provides portfolio management services and advisory services to clients. ICICI Prudential Asset Management has also been selected for offering investment management services to the Employee Provident Fund Organization. ICICI Prudential Asset Management Company had average mutual fund assets under management of Rs. 878.4 billion during fiscal 2013. ICICI Prudential Asset Management made a net profit of Rs. 1.1 billion during fiscal 2013 compared to a net profit of Rs. 0.9 billion in fiscal 2012.

Insurance

We provide a wide range of insurance products and services through our subsidiaries ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company. ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company are joint ventures with Prudential PLC of UK and Fairfax Financial Holdings Limited of Canada, respectively. We have approximately 74.0% interest in both of these entities. Subject to the amendment of foreign ownership regulations, Prudential PLC has the right to increase its shareholding in ICICI Prudential Life Insurance Company to 49.0% 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 "—Supervision and Regulation—Recent Structural Reforms—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. 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. 15.0 billion in fiscal 2013, compared to Rs. 13.8 billion in fiscal 2012, due to an increase in investment income and lower operating expenses as well as the continued income stream from business sold in prior years. 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. Accordingly, the business mix of ICICI Prudential Life Insurance Company also changed with an increase in the proportion of retail non-linked conventional products and in fiscal 2013 traditional products contributed to 45.5% of the retail regular new business premium. See also "—Operating and Financial Review and Prospects—Segment Revenues and Assets—Life Insurance".

The new business annualized premium equivalent of ICICI Prudential Life Insurance Company increased by 13.3% to Rs. 35.3 billion in fiscal 2013 while total premium decreased by 3.4% to Rs. 135.4 billion during fiscal 2013. The decrease in total premium was mainly due to the decrease in renewal premium and single premium. ICICI Prudential Life Insurance Company maintained its market leadership in the private sector with an overall market share of about 7.0% based on retail weighted new business received premium during fiscal 2013 compared to 5.9% in fiscal 2012.

The Insurance Regulatory and Development Authority recently issued guidelines on non-linked life insurance products which include limits on the commission rates payable by insurance companies, introduction of minimum guaranteed surrender value and minimum death benefits. The new guidelines, which are effective from October 1, 2013, require life insurance companies to modify existing non-linked products which do not comply with the revised guidelines. See also "—Risk Factors—Risks Relating to Our Business—While our insurance business are becoming an increasingly important part of our business, there can be no assurance of their future rates of growth or levels of profitability".

ICICI Lombard General Insurance Company's gross written premiums (excluding its share of the motor third party insurance pool and declined risk pooland inward reinsurance) increased by 19.1% to Rs. 61.3 billion during fiscal 2013, as compared to Rs. 51.5 billion for fiscal 2012. ICICI Lombard General Insurance Company was the largest private general insurer with a market share of about 9.5% in gross written premiums amongst all general insurance companies during fiscal 2013 according to Insurance Regulatory and Development Authority.

In accordance with the Insurance and Regulatory Development Authority guidelines, ICICI General, together with all other general insurance companies participated in the Indian Motor Third Party Insurance Pool (the "Pool"),

administered by the General Insurance Corporation of India covering third party risks of commercial vehicles, from April 1, 2007. As per the Insurance and Regulatory Development Authority direction effective March 31, 2012, the Pool was dismantled on a clean-cut basis and general insurance companies were required to recognize the Pool liabilities as per loss ratios estimated by Government Actuary's Department UK with the option to recognize the same over a three-year period. ICICI General had decided to recognize the additional liabilities of the Pool during

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fiscal 2012 and therefore, the loss after tax of ICICI General of Rs. 4.2 billion for fiscal 2012 included impact of additional Pool losses of Rs. 6.9 billion. Our consolidated net profit after tax for fiscal 2012 included the impact of additional Pool losses of Rs. 5.0 billion in line with our shareholding in ICICI General. During fiscal 2013, the appointed actuary carried out re-assessment of liabilities relating to policies underwritten by ICICI General for risks incepted between April 1, 2007 and March 31, 2012. Based on the re-assessment, ICICI General has recognized additional provision of Rs. 1.0 billion during fiscal 2013.

ICICI Lombard General Insurance Company made a net profit of Rs. 3.1 billion in fiscal 2013 compared to net loss of Rs. 4.2 billion in fiscal 2012, primarily due to the impact of additional provision of the Pool losses during fiscal 2012 and due to the increase in net commission earned, investment income and net premium earned in fiscal 2013.

Pursuant to the decision to dismantle the third party motor pool by the Insurance Regulatory and Development Authority, effective April 1, 2012, a Declined Risk Pool has been created in its place. Under this Pool approach, insurers will 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% of their share in total gross premium and 50% share in total motor premium. Any shortfall against this requirement is allocated to the insurers from the Declined Risk Pool. Additionally, as against the earlier approach of ceding all third party premiums including those related to comprehensive policies, under the Declined Risk Pool framework, only specific third party insurance premiums is pooled. 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.

ICICI Bank earns commissions and fees from these subsidiaries as their distributor for sales of life and general insurance products.

Funding

Our funding operations are designed to ensure stability of funding, minimize funding costs and effectively manage liquidity. Since the amalgamation of ICICI with ICICI Bank, the primary source of domestic funding has been deposits raised from both retail and corporate customers. We also raise funds through short-term rupee borrowings and domestic or overseas bond offerings pursuant to specific regulatory approvals. As ICICI was not allowed to raise banking deposits as a financial institution, its primary sources of funding prior to the amalgamation were retail bonds and rupee borrowings from a wide range of institutional investors. ICICI also raised funds through foreign currency borrowings from commercial banks and other multilateral institutions like the Asian Development Bank and the World Bank, which were guaranteed by the government of India. With regard to these guarantees by the government of India for purposes of obtaining foreign currency borrowings, the government of India has, in its letter dated May 31, 2007, instructed us to take steps to either repay or prepay such foreign currency borrowings for which a guarantee has been provided by the government of India or to substitute the guarantees provided by the government of India with other acceptable guarantees. At year-end fiscal 2013, the total outstanding loans/bonds of ICICI Bank that are guaranteed by the government of India were Rs. 15.8 billion, constituting approximately 1.1% of the total borrowings of ICICI Bank 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 subsidiaries in the United Kingdom and Canada fund themselves primarily through retail deposits.

Our deposits were 46.6% of our total liabilities at year-end fiscal 2013 compared to 45.5% of our total liabilities at year-end fiscal 2012. Our borrowings, including preference shares issued by us, were 25.6% of our total liabilities at

year-end fiscal 2013 compared to 26.0% of our total liabilities at year-end fiscal 2012. Our deposits increased by 11.6% from Rs. 2,819.5 billion at year-end fiscal 2012 to Rs. 3,147.7 billion at year-end fiscal 2013. Our borrowings (including redeemable non-cumulative preference shares and subordinated debt) increased by 7.2% from Rs. 1,613.0 billion at year-end fiscal 2012 to Rs. 1,728.9 billion at year-end fiscal 2013 primarily due to increase in debt capital instruments borrowings, refinance borrowings, short-term borrowings and overseas borrowings offset, in part, by a decrease in borrowings under liquidity adjustment facility with the Reserve Bank of India. The increase in overseas

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borrowings was primarily due to increase in securitization of insured mortgages by ICICI Bank Canada and increase in bonds issued and repurchase borrowings by ICICI Bank UK.The overseas borrowings also increased due to rupee depreciation.

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

	At March 31,					
	2011		2012		2013	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in billions, except percentages)					
Current account deposits	Rs. 354.7	13.7 %	Rs. 358.7	12.7 %	Rs. 379.7	12.1 %
Savings deposits	732.7	28.3	829.1	29.4	921.7	29.3
Time deposits	1,503.7	58.0	1,631.7	57.9	1,846.3	58.6
Total deposits	Rs. 2,591.1	100.0 %	Rs. 2,819.5	100.0 %	Rs. 3,147.7	100.0 %

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

	Year ended March 31(1),						
	2011		2012		2013		
	Amount	Cost(2)	Amount	Cost(2)	Amount	Amount	Cost(2)
	(in billions, except percentages)						
Interest-bearing deposits:							
Savings deposits	Rs. 648.0	3.2 %	Rs. 732.1	3.7 %	Rs. 822.6	US$ 15	3.7 %
Time deposits	1,531.8	6.1	1,647.8	7.6	1,815.8	33	8.0
Non-interest-bearing deposits:							
Other demand deposits	234.4	—	254.3	—	260.8	5	—
Total deposits	Rs. 2,414.2	4.7 %	Rs. 2,634.2	5.8 %	Rs. 2,899.2	US$ 53	6.1 %

(1) For fiscal 2011, the average balances are based on daily average balances outstanding for ICICI Bank, except for the averages of foreign branches which were calculated on a monthly basis until October 31, 2010 and on a fortnightly basis thereafter and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that fiscal year for subsidiaries. For fiscal 2012 and fiscal 2013, 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.

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

Our average deposits in fiscal 2013 were Rs. 2,899.2 billion at an average cost of 6.1% compared to average deposits of Rs. 2,634.2 billion at an average cost of 5.8% in fiscal 2012. Our average time deposits in fiscal 2013 were Rs. 1,815.8 billion at an average cost of 8.0% compared to average time deposits of Rs. 1,647.8 billion at an average cost of 7.6% in fiscal 2012. Due to tight banking system liquidity and increase in systemic interest rates, the cost of time deposits increased during fiscal 2012 and the impact of this increase was reflected in fiscal 2013. The average cost of savings deposits was 3.7% in fiscal 2012 and fiscal 2013. Our savings deposits include retail savings deposits accepted by ICICI Bank UK. See also "—Operating and Financial Review and Prospects—Financial Condition—Deposits".

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

	At March 31, 2013			
	Up to one year(1)	After one year and within three years	After three years	Total
	(in millions)			
Interest-bearing deposits:				
Savings deposits	Rs. 921,660	Rs. —	Rs. —	Rs. 921,660
Time deposits	1,497,068	259,826	89,446	1,846,340
Non-interest-bearing deposits:				
Other demand deposits	379,705	—	—	379,705
Total deposits	Rs. 2,798,433	Rs. 259,826	Rs. 89,446	Rs. 3,147,705

(1) Savings and other demand deposits are payable on demand and hence are classified in the 'Up to one year' bucket.

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

	At March 31,(1)						
	2011		2012		2013		
	Amount	% of total	Amount	% of total	Amount	Amount	% of total
	(in millions, except percentages)						
Statutory liquidity ratio bonds(4)	Rs. 6,343	1.0 %	Rs. 2,810	0.5 %	Rs. —	US$ —	0.0 %
Borrowings from Indian government(5)	527	0.1	162	0.0	20	1	0.0
Money market borrowings(2),(6)	144,882	23.2	194,147	33.3	243,415	4,465	37.9
Other borrowings(3),(7)	473,424	75.7	386,424	66.2	399,562	7,328	62.1
Total	Rs. 625,176	100 %	Rs. 583,542	100.0 %	Rs. 642,997	US$ 11,794	100.0 %

(1) For fiscal 2011, the average balances are based on daily average balances outstanding for ICICI Bank, except for the averages of foreign branches which were calculated on a monthly basis until October 31, 2010 and on a fortnightly basis thereafter and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that fiscal year for subsidiaries. For fiscal 2012 and 2013, 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.

(2) Includes call and term borrowings, repurchase transactions, trasactions under liquidity adjustment facility with Reserve Bank of India and refinance borrowings.

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

(4) With an average cost of 11.7% in fiscal 2011 and 11.6% in fiscal 2012.

(5) With an average cost of 12.2% in fiscal 2011, 12.6% in fiscal 2012 and 13.1% in fiscal 2013.

(6) With an average cost of 8.6% in fiscal 2011, 9.1% in fiscal 2012 and 8.7% in fiscal 2013.

(7) With an average cost of 8.7% in fiscal 2011, 11.9% in fiscal 2012 and 12.2% in fiscal 2013.

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

	At March 31,			
	2012	2013		% of total deposits
	(in millions, except percentages)			
Less than three months	Rs. 256,751	Rs. 349,854	US$ 6,417	11.1 %
Above three months and less than six months	192,366	182,205	3,342	5.8

Above six months and less than 12 months	331,092	359,007	6,585	11.4
More than 12 months	46,994	35,975	660	1.2
Total deposits of Rs. 10 million and more	Rs. 827,203	Rs. 927,041	US$ 17,004	29.5 %

Rupee term deposits of Rs. 10 million or more increased from Rs. 827.2 billion at year-end fiscal 2012 to Rs. 927.0 billion at year-end fiscal 2013.

The following table sets forth, at the dates indicated, certain information related to short-term rupee borrowings.

	At March 31, (1)		
	2011	2012	2013
	(in millions, except percentages)		
Year-end balance	Rs. 88,015	Rs. 277,587	Rs. 283,998
Average balance during the year (2)	144,882	194,147	243,415
Maximum quarter-end balance	103,693	277,587	300,095
Average interest rate during the year (3)	8.6 %	9.1 %	8.7 %
Average interest rate at year-end (4)	8.6 %	9.5 %	8.4 %

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(1) Short-term borrowings include borrowings in the call market, repurchase agreements and transactions by ICICI Bank with the Reserve Bank of India under the liquidity adjustment facility.

(2) For fiscal 2011, the average balances are the sum of the daily average balances outstanding for ICICI Bank and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that fiscal year for subsidiaries and other consolidated entities. For fiscal 2012 and fiscal 2013, 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.

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

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

Our short term rupee borrowings increased from Rs. 88.0 billion at year-end fiscal 2011 to Rs. 277.6 billion at year-end fiscal 2012 and to Rs. 284.0 billion at year-end fiscal 2013. The transactions with the Reserve Bank of India under the liquidity adjustment facility are accounted for as borrowings and lending transactions since March 31, 2012, while these transactions were earlier accounted as sales and purchase transactions. This resulted in an increase in short-term borrowings by Rs. 168.0 billion at year-end fiscal 2012.

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

	For year ended March 31, (1)						
	2011		2012		2013		
	Amount	% of total	Amount	% of total	Amount	Amount	% of total
	(in millions, except percentages)						
Bond borrowings (2)	Rs. 321,199	47.0 %	Rs 398,613	45.2 %	Rs. 407,005	US$ 7,465	40.1 %
Other borrowings (3)	356,901	53.0	483,515	54.8	606,858	11,131	59.9
Total	Rs 678,100	100.0 %	Rs 882,128	100.0 %	Rs. 1,013,863	US$ 18,596	100.0 %

(1) For fiscal 2011, the average balances are based on daily average balances outstanding for ICICI Bank, except for the averages of foreign branches which were calculated on a monthly basis until October 31, 2010 and on a fortnightly basis thereafter and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March that fiscal year for subsidiaries. For fiscal 2012 and fiscal 2013, 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.

(2) With an average cost of 5.7% in fiscal 2011, 5.6% in fiscal 2012 and 5.5% in fiscal 2013.

(3) With an average cost of 2.0% in fiscal 2011, 2.3% in fiscal 2012 and 2.5% in fiscal 2013.

At year-end fiscal 2013, the outstanding debt capital instruments raised by us were Rs. 418.4 billion. The outstanding debt capital instruments include debt that is classified either as Tier I or Tier II capital in calculating the capital adequacy ratio in accordance with the Reserve Bank of India's regulations on capital adequacy. 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 procedures, which are established to address these risks.

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

- The Board of Directors has oversight of all the risks assumed by the Bank.
- Specific committees of the Board have been constituted to facilitate focused oversight of various risks. For a discussion of these and other committees, see “Management”.
- The Risk Committee reviews risk management policies in relation to various risks (including portfolio, liquidity, interest rate, operational, investment policies and strategy and regulatory and compliance issues in relation thereto), key risk indicators and risk profile templates (covering areas including credit risk,

interest rate risk, liquidity risk, foreign exchange risk and operational risk) and the limits framework, including stress test limits for various risks. The Risk Committee also assesses 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 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 reports to the Executive Director and Chief Financial Officer. The Credit 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 the Executive Director and Chief Financial Officer. These groups are independent of the business units and coordinate with representatives of the business units to implement our risk management methodologies.

Credit Risk

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

The credit risk is governed by the Credit and Recovery Policy or 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

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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 the 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 for Corporate and Project Finance Exposures

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 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 limits 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).

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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 twelve ratings ranging from AAA to B and short-term ratings from S1 to S8. A borrower's credit rating is a critical input for the credit approval process. The borrower's credit rating and the default pattern corresponding to that credit rating, forms an important input in the risk-based pricing framework of the Bank. Every proposal for a financing facility is prepared by the relevant business unit and reviewed by the 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, B, 5 and 6 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 with 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-, S1-S4, 1, 2A-C	Entities/obligations are judged to offer high safety with regard to timely payment of financial obligations.
	A+, A, A-, S5-S7, 3A-C	Entities/obligations are judged to offer an adequate degree of safety with regard to timely payment of financial obligations.
	BBB+, BBB and BBB-, S8, 4A-C	Entities/obligations are judged to offer moderate safety with regard to timely payment of financial obligations.
(II)	Below investment grade (BB and B, 5, 6)	Entities/obligations are judged to carry inadequate safety with regard to timely payment of financial obligations.

At year-end fiscal 2013, our net non-investment grade loans constituted about 11% 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 whether to renew the working capital loan arrangement.

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.

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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 consist 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:

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- 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.

Risk Monitoring of Corporate and Project Finance Exposures

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.

Credit Risk Assessment Procedures for 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 are 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/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 centralized 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 jewellery for which an external appraiser is appointed by the Bank. Certain norms like a cap on the gross weight of certain kind of jewellery have been set to reduce jewellery 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.

Credit Risk Assessment Procedures for 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 a group of 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 minimum score requirement before appraisal of these enterprises are 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/dealer. The process involves an analysis of the base credit quality of the vendor/dealer pool and an analysis of the linkages that exist between the vendor/dealer and the company.

The 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.

Credit Risk Assessment procedures for 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

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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".

Portfolio Review

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

The Credit Committee of the Bank, apart from approving proposals, regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the Credit Committee is submitted to the Board for its information.

Quantitative and Qualitative Disclosures About Market Risk

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

Market Risk Management Procedures

Market risk policies include the Investment Policy, 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 meets periodically and reviews the positions in domestic trading groups, overseas branches and banking subsidiaries, 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, in light of the current and expected business environment.

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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 Asset Liability Management Committee.

Interest Rate Risk

Our core business is deposit taking, 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 Indian interest rates are our main source of interest rate risk.

Exposure to fluctuations in interest rates is measured primarily by way of gap analysis, providing a static view of the maturity and re-pricing characteristics of balance sheet positions. An interest rate gap report is prepared by classifying all assets and liabilities into various time period categories according to contracted/behavioral maturities or anticipated re-pricing date. The difference in the amount of assets and 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 prepares interest rate risk reports on a fortnightly basis. These reports are submitted to the Reserve Bank of India on a monthly basis. Interest rate risk is further monitored through interest rate risk limits approved by the Asset Liability Management Committee. 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 2013 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.

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.

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

For a discussion of our vulnerability to interest rate risk, see "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, at the date indicated, our asset-liability gap position.

	At March 31, 2013(1)			
	Less than or equal to one year	Greater than one year and up to five years	Greater than five years	Total
	(in millions)			
Loans, net	Rs. 2,753,890	Rs. 412,651	Rs. 133,200	Rs. 3,299,741
Investments	621,854	498,458	1,436,355	2,556,667
Other assets(2)	257,133	15,086	567,203	839,422
Total assets	3,632,877	926,195	2,136,758	6,695,830
Stockholders' equity and preference share capital	-	-	687,624	687,624
Borrowings	895,290	496,316	337,277	1,728,883
Deposits	2,513,015	490,627	144,063	3,147,705
Other liabilities	-	-	1,184,004	1,184,004
Total liabilities	3,408,305	986,943	2,352,968	6,748,216
Total gap before risk management positions	224,572	(60,748)	(216,210)	(52,386)
Off-balance sheet positions(3)	(292,608)	188,741	90,702	(13,165)
Total gap after risk management positions	Rs. (68,036)	Rs. 127,993	Rs. (125,508)	Rs. (65,551)

(1) 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.

(2) The categorization for these items is different from that reported in the financial statements.

(3) Off- balance sheet positions comprise derivatives, including foreign exchange forward contacts.

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

	At March 31, 2013		
	Fixed	Variable	Total

	rate loans	rate loans	
		(in millions)	
Loans	Rs. 551,350	Rs. 1,831,375	Rs. 2,382,725

The following table sets forth, using the balance sheet at year-end fiscal 2013 as the base, one possible prediction of the impact of adverse changes in interest rates on net interest income for fiscal 2014, assuming a parallel shift in the yield curve at year-end fiscal 2013.

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	At March 31, 2013			
	Change in interest rates (in basis points)			
	(100)	(50)	50	100
	(in millions)			
Rupee portfolio	Rs. (5,395)	Rs. (2,698)	Rs. 2,698	Rs. 5,395
Foreign currency portfolio	(1,403)	(702)	702	1,403
Total	Rs. (6,798)	Rs. (3,400)	Rs. 3,400	Rs. 6,798

Based on our asset and liability position at year-end fiscal 2013, the sensitivity model shows that net interest income from the banking book for fiscal 2014 would rise by Rs. 6.8 billion if interest rates increased by 100 basis points during fiscal 2014. Conversely, the sensitivity model shows that if interest rates decreased by 100 basis points during fiscal 2014, net interest income for fiscal 2014 would fall by an equivalent amount of Rs. 6.8 billion. Based on our asset and liability position at year-end fiscal 2012, the sensitivity model showed that net interest income from the banking book for fiscal 2013 would rise by Rs. 3.7 billion if interest rates increased by 100 basis points during fiscal 2013. Conversely, the sensitivity model showed that if interest rates decreased by 100 basis points during fiscal 2013, net interest income for fiscal 2012 would fall by an equivalent amount of Rs. 3.7 billion.

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

Price Risk (Trading book)

The following table sets forth, using the fixed income portfolio at year-end fiscal 2013 as the base, one possible prediction of the impact of changes in interest rates on the value of our fixed income held for trading portfolio for fiscal 2013, assuming a parallel shift in interest rate curve.

		At March 31, 2013			
		Change in interest rates (in basis points)			
	Portfolio Size	(100)	(50)	50	100
			(in millions)		
Government of India securities	Rs. 73,428	Rs. 2,662	Rs. 1,351	Rs. (1,351)	Rs. (2,662)
Corporate debt securities	213,233	4,687	2,357	(2,357)	(4,687)
Total	Rs. 286,661	Rs. 7,349	Rs. 3,708	Rs. (3,708)	Rs. (7,349)

At year-end fiscal 2013, the total value of our fixed income trading portfolio was Rs. 286.7 billion. The sensitivity model shows that if interest rates increase by 100 basis points during fiscal 2014, the value of this portfolio would fall by Rs. 7.3 billion. Conversely, if interest rates fall by 100 basis points during fiscal 2014, the value of this portfolio would rise by Rs. 7.3 billion. At year-end fiscal 2012, the total value of our fixed income trading portfolio was Rs. 203.4 billion. The sensitivity model showed that if interest rates increased by 100 basis points during fiscal 2013, the value of this portfolio would fall by Rs. 1.3 billion. Conversely, if interest rates fell by 100 basis points during fiscal 2013, the value of this portfolio would rise by Rs. 1.3 billion. The sensitivity for fixed income trading portfolio increased in fiscal 2013 compared to fiscal 2012 primarily due to an increase in investments in longer duration securities.

At year-end fiscal 2013, the total outstanding notional principal amount of our trading interest rate derivatives portfolio was Rs. 3,201.2 billion compared to Rs. 3,500.9 billion at year-end fiscal 2012. The sensitivity model shows that if interest rates increase by 100 basis points, the value of this portfolio would rise by Rs. 1.2 billion. At year-end

fiscal 2013, the total outstanding notional principal amount of our trading currency derivatives (such as futures, options and cross currency interest rate swaps) portfolio was Rs. 952.9 billion compared to Rs. 1,207.2 billion at year-end fiscal 2012. The sensitivity model shows that if interest rates increase by 100 basis points, the value of this portfolio would fall by Rs. 0.1 billion.

Equity Risk

We assume equity risk both as part of our investment book and our trading book. At year-end fiscal 2013, we had a total equity investment portfolio of Rs. 38.8 billion, primarily comprising Rs. 13.6 billion of investments by

the Bank and Rs. 23.4 billion of investments by our insurance subsidiaries. Additionally, ICICI Securities and ICICI Securities Primary Dealership also have a small portfolio of equity derivatives. The equity investments by the Bank include the equity portfolio of our proprietary trading group amounting to Rs. 2.3 billion and other equity investments amounting to Rs. 11.3 billion. These other equity investments are primarily unlisted and long-term in nature. 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 and equity linked instruments. Our investments through these funds are similar in nature to our 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. For further information on our trading and available-for-sale investments, see "—Overview of Our Products and Services—Investment Banking—Treasury".

The risk in the equity portfolio of the proprietary trading group, which manages the equity trading book of the Bank, is controlled through a Value-at-Risk (VaR) approach and stop loss limits, as stipulated in the Investment Policy. VaR measures the statistical risk of loss from a trading position, given a specified confidence level and a defined time horizon. The VaR is calculated using a 99% confidence level and a holding period of one day.

The Bank monitors VaR using both the analytical model and the historical simulation model and takes the higher of the two numbers for VaR limit monitoring purposes. The Bank computes analytical VaR based on factor sensitivities and volatility multipliers. The Bank decided to start using the historical simulation model also to measure the VaR for the equity portfolio of the proprietary trading group because of its better performance.

On all the dates during fiscal 2013, the VaR calculated using the historical simulation model was higher than the VaR computed using the analytical model. The following table sets forth the high, low, average and period-end VaR numbers for the analytical VaR model and the historical simulation model.

	High	Low	Average	At March 29, 2013
		Rs. in million		
VaR (analytical model)	156.6	37.0	66.8	50.8
VaR (historical simulation model)	240.5	82.4	140.9	87.7

We monitor the effectiveness of the VaR model by regularly back-testing its performance. Statistically, we would expect to see losses in excess of VaR only 1% of the time over a one-year period. During fiscal 2013, hypothetical losses did not exceed the VaR estimates for any day.

The following table sets forth a comparison of the hypothetical daily profit/loss, computed on the assumption of no intra-day trading, and VaR calculated using the historical simulation model during fiscal 2013.

	Average	On March 29, 2013
	Rs. in million	
Hypothetical daily profit/(loss)	(1.7)	6.2
VaR (historical simulation model)	140.9	87.7

The high and low hypothetical daily profit/(loss) during fiscal 2013 was Rs. 154.1 million and Rs. (145.4) million respectively.

While VaR is an important tool for measuring market risk under normal market conditions, it has inherent limitations that should be taken into account, including its inability to accurately predict future losses when extreme events are affecting the markets, because it is based on the assumption that historical market data is indicative of future market performance. Moreover, different VaR calculation methods use different assumptions and hence may produce different results, and computing VaR at the close of the business day would exclude intra-day risk. There is also a general possibility that the VaR model may not fully capture all the risks present in the portfolio.

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Exchange Rate Risk

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

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 and is one of the largest participants in the currency options market accounting for a significant share of daily trading volume in India. All the options are maintained within the limits specified in the Investment Policy. The foreign exchange rate risk is monitored through the net overnight open position limit approved by the Reserve Bank of India. The Bank also monitors Greeks of its currency options.

Derivative Instruments Risk

The Bank 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.

The Bank offers various derivative products, including options and swaps, to clients for their risk management purposes. The Bank generally does not carry market risk on client derivative positions as the Bank covers its positions in the inter-bank market. Profits or losses on account of currency movements on these transactions are borne by the clients. 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 the Bank. Some clients did not pay their derivatives contract obligations to the Bank 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 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 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 Bank pursues 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 exposures in the form of both funded and non-funded credit derivatives. The notional principal amount of funded instruments at year-end fiscal 2013 was Rs. 0.8 billion compared to Rs. 1.5 billion at year-end

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fiscal 2012. The notional principal amount of non-funded instruments at year-end fiscal 2013 was Rs. 3.5 billion compared to Rs. 11.1 billion at year-end fiscal 2012.

Credit Spread Risk

Credit spread risk arises out of 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 the Bank. The Bank closely monitors its portfolio and risk is monitored by setting investment limits, reference entity exposure limits, rating-wise limits, single issuer limit, maturity limits and stipulating daily and cumulative stop-loss limits.

The following table sets forth, using our held for trading portfolio at year-end fiscal 2013 as the base, one possible prediction of the impact of changes in credit spreads on the value of the trading portfolio, assuming a parallel shift in credit spreads.

	At March 31, 2013				
		Change in credit spreads (in basis points)			
	Portfolio Size	(100)	(50)	50	100
			(in millions)		
Corporate debt securities	Rs. 213,233	Rs. 4,688	Rs. 2,358	Rs. (2,358)	Rs. (4,688)
Total	Rs. 213,233	Rs. 4,688	Rs. 2,358	Rs. (2,358)	Rs. (4,688)

At year-end fiscal 2013, our held for trading portfolio (excluding government securities) was Rs. 213.2 billion. The sensitivity model shows that if credit spreads increase by 100 basis points during fiscal 2014, the value of this portfolio would fall by Rs. 4.7 billion. Conversely, if credit spreads fall by 100 basis points during fiscal 2014, the value of this portfolio would rise by Rs. 4.7 billion. At year-end fiscal 2012, our held for trading portfolio (excluding government securitites) was Rs. 156.2 billion. The sensitivity model showed that if credit spreads increased by 100 basis points during fiscal 2013, the value of this portfolio would fall by Rs. 1.1 billion. Conversely, if credit spreads fell by 100 basis points during fiscal 2013, the value of this portfolio would rise by Rs. 1.1 billion. In addition to above, at year-end fiscal 2013, we also had a portfolio of credit derivatives with notional of Rs. 3.5 billion. The sensitivity model shows that if credit spreads increase by 100 basis points during fiscal 2014, the value of this portfolio would fall by Rs. 0.01 billion.

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 (including Chief Financial Officer), Presidents, Senior General Managers in charge of Risk and Treasury and Deputy Chief Financial Officer and heads of business groups. The Risk Committee of the Board, a Board Committee, has oversight of the Asset Liability Management Committee.

The Bank uses various tools for the measurement of liquidity risk including the statement of structural liquidity, dynamic liquidity gap statements, liquidity ratios and stress testing through scenario analysis. The statement of structural liquidity is used as a standard tool for measuring and managing net funding requirements and the assessment of a surplus or shortfall of funds in various maturity buckets in the future. The cash flows pertaining to

various assets, liabilities and off-balance sheet items are placed in different time buckets based on their contractual or behavioral maturity. The statement of structural liquidity of rupee currency for domestic operations, and statement of structural liquidity all currencies together for international operations of the Bank (country-wise and in aggregate) are prepared on daily basis. The utilization against gap limits laid down for each bucket are reviewed by Asset Liability Management Committee of the Bank.

The Bank also prepares dynamic liquidity 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 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 maintain prudential levels of liquid assets in the form of cash, balances with the central bank 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 23% of net demand and time liabilities in India and their cash reserve ratio at a level of 4.00% 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 and market-wide 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, 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 2013, 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 also 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

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applicable. Our subsidiary in the United Kingdom raises funding through wholesale and retail sources. Wholesale sources comprise issuance of bonds through an MTN programme, bilateral and club loans as well as repo borrowings. In the retail segment, it raises deposits through its branch network as well as its internet platform. A buffer of high quality liquid assets/central bank reserves is maintained against these deposits. Our subsidiary in Canada is funded through diversified funding sources from retail as well as wholesale sources like borrowings through securitization of insured mortgages 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. For a discussion on our vulnerability to operational risk, see "Risk Factors—Risks Relating to Our Business—There is operational risk associated with financial industries which, when realized, may have an adverse impact on our business".

The management of operational risk 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 controls for transactions through internet banking including two levels of passwords. In addition to this, grid-level authentication (a grid is a unique set of numbers printed on the debit card) is also required. Additionally, a one-time password is sent to the customer's registered mobile number for the addition of a payee for fund transfers. 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.

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Operational Controls and Procedures in the 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 like 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 nationwide 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 like issuance of personalized checkbooks and the activation of newly opened 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 with sufficient internal checks and controls like fund transfers through the National Electronic Funds Transfer system and Real Time Gross Settlement system. 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 comrpises 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.

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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 mega 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 under the rules promulgated under Prevention of Money Laundering Act, 2002 and guidelines issued by the Reserve Bank of India from time to time.

The Bank's implementation of these guidelines includes formulation of an 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 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 through automated applications; and appropriate mechanisms to train employees and to create customer awareness on this subject.

The Know-Your-Customer procedures are based on basic due diligence for low risk customers, enhanced due diligence for high risk customers and simplified due diligence for small deposit accounts in terms of the Reserve Bank of India guidelines.

The Bank also adheres to the anti-money laundering requirements as specified by the regulators of respective geographies. 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.

Our life insurance subsidiary has implemented Know-Your-Customer/Anti-Money Laundering/Combating of Financing of Terrorism guidelines issued according to the Prevention of Money Laundering Act, 2002 and guidelines issued by Insurance Regulatory and Development Authority from time to time.

Anti-Money Laundering and Combating Financing of Terrorism Policy is approved by the Board of Directors of the life insurance subsidiary. The Policy is also in accordance with the Group Anti-Money-Laundering policy and includes oversight by the Audit Committee on the implementation of the Anti-Money Laundering framework, appointment of a senior level officer as Money Laundering Prevention Officer who has the day-to-day responsibility for implementation of the anti-money laundering framework, adoption of a risk-based Anti-Money-Laundering framework, implementation of adequate Know-Your- Customer procedures based on risk categorization of customer

segments, screening of customers against sanctioned lists, risk-based transaction monitoring, regulatory reporting procedures and appropriate mechanisms to train employees and to create customer awareness on this subject.

Anti-Money laundering framework is reviewed by the Internal Audit Department and its observations are periodically reported to the Audit Committee.

Following the release on the Internet 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 the Group 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 has so far imposed an aggregate penalty of Rs. 600.0 million (US$ 11.0 million) on 25 Indian banks, including Rs. 10.0 million (US$ 0.2 million) on ICICI Bank, for instances of violation of applicable regulations. 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 our equity shares and ADSs."

Audit

The Internal Audit Group provides independent, objective assurance on the effectiveness of internal controls, risk management and corporate governance and suggests improvements. It helps us accomplish our objectives by evaluating and improving 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 in 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 of Directors. 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 the 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 "—

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Risk Factors—Risks Relating to Our Business—We are involved in various litigations. Any final judgment awarding material damages against us could have a material adverse impact on our future financial performance, our stockholders' equity and the price of our equity shares and ADSs" and "Risk Factors—Risks relating to Our Business—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment".

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 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 Bank UK

ICICI Bank UK is primarily exposed to credit risk, market risk (including interest and liquidity risks), operational risk, compliance and reputation risk.

The board of directors of ICICI Bank UK is responsible for oversight and control of the functioning of ICICI Bank UK and approves all major policies and procedures. The board is assisted by its sub-committees, the Audit Committee, Governance Committee, Risk Committee and Credit Committee which have been constituted to facilitate focused oversight on various risks. Policies approved from time to time by the board/or the board's committees form the governing framework for each type of risk. Business activities are undertaken within this policy framework.

All credit risk related issues are governed by ICICI Bank UK's Credit Risk Management Policy. ICICI Bank UK takes a two-tier approach to assessment of credit risk - first review by the commercial officer proposing the transaction followed by a credit officer's independent assessment of the same. Credit risk is also managed at the portfolio level by monitoring the key parameters of risk concentration such as industry exposures, country exposures, rating category based exposures, product specific exposures and large exposures. ICICI Bank UK has board approved policies for managing market risk such as its treasury policy manual, trading book policy statement, valuation, model validation policy and independent price verification policy. For monitoring and managing market risk, it uses various risk metrics, including the duration of equity, price value of one basis point change in interest rate, price value of one basis

point change in credit spread and stop loss limits. ICICI Bank UK uses various tools for measurement of liquidity risk including the statement of structural liquidity, dynamic liquidity gap statements, liquidity ratios and stress testing through scenario analysis. In line with its liquidity risk appetite, ICICI Bank UK maintains adequate high quality liquid assets/central bank reserves to cover projected stressed outflows under various scenarios as approved by the board in the Individual Liquidity Adequacy Assessment framework. The management of operational risk (including fraud and conduct risks) is governed by the Operational Risk Management Policy approved by the Risk Committee. Operational risk elements covered in the Operational Risk

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Management Policy include operational incident management, techniques for risk identification and measurement, monitoring through key risk indicators and risk mitigation techniques.

ICICI Bank Canada

ICICI Bank Canada is primarily exposed to credit risk, market risk (including interest and liquidity risks), operational risk, compliance and reputation risk. ICICI Bank Canada has developed a risk management framework to ensure that the risks are identified, measured and monitored effectively. The framework also requires the establishment of policies and procedures to monitor and mitigate the risks.

The board of directors of ICICI Bank Canada has oversight on all risks assumed by ICICI Bank Canada. The board has established committees and assigned specific mandates to the committees for providing oversight for the various risks facing it. The policies approved by the board create the governing framework for managing various risks facing it. Business activities are undertaken within this policy framework.

The Risk Committee of the board has delegated the operational responsibility for credit risk management to the Management Credit Committee within the broad parameters and limits laid down in the Credit and Recovery Policy. The Management Credit Committee approves credit proposals before recommending them to Risk Committee, manages the credit risk on a portfolio basis and reviews asset quality and portfolio quality on a monthly basis and the same is presented to the Risk Committee atleast on a quarterly basis.

The Risk Committee has delegated operational responsibility for market risk management and liquidity risk management to the Asset Liability Committee within the broad parameters and limits laid down in the Market Risk Management Policy and Liquidity Management Policy respectively. The Asset Liability Committee reviews matters pertaining to Investment and Treasury operations and the implementation of risk mitigation measures and recommends major policy changes governing treasury activities to the Risk Committee. Asset Liability Committee reviews adherence to market risk and liquidity risk requirements of the Office of the Superintendant of Financial Institutions (Canada's banking regulator), internal control guidelines and limits.

The Risk Committee has delegated operational responsibility for management of operational risk to the Operational Risk Committee under the Management Committee. Operational Risk Committee is responsible for managing operational risks in the day-to-day operations of ICICI Bank Canada. The Operational Risk Committee under the oversight of Management Committee reviews the Operational Risk Management implementation and operational risk profiles on a monthly basis.

ICICI Securities Primary Dealership

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.

ICICI Prudential Life Insurance Company

The risk governance structure of ICICI Prudential Life Insurance Company consists of the Board, Board Risk Management Committee, Executive Risk Committee and its sub-committees. The Board Risk Management Committee is comprised of non-executive directors. The board, on recommendation of Board Risk Management Committee, has approved policies to address various risks such as market risk, credit risk, liquidity risk, insurance risk, operational risk, reinsurance risk, underwriting risk and outsourcing risk.

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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 identification, measurement, 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 has a liquidity contingency plan in place. The Insurance Risk Committee assists the Executive Risk Committee in 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 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 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 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

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.

Controls and Procedures

We have carried out an evaluation under the supervision and with the participation of management, including the Managing Director and Chief Executive Officer and the Executive Director and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Securities Exchange Act as of March 31, 2013.

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

required.

However, as a result of our evaluation, we noted certain areas where our processes and controls could be improved. The Audit Committee monitors the resolution of any identified significant process and control improvement opportunities through to a satisfactory conclusion. Like all financial institutions, we nevertheless believe there is room for further improvement. We are committed to continuing to implement and improve internal controls and our risk management processes, and this remains a key priority for us. We also have a process whereby business and financial officers throughout the Bank attest to the accuracy of reported financial information as well as the effectiveness of disclosure controls, procedures and processes.

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

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

Management's Report on Internal Control Over Financial Reporting

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

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

Our internal controls include policies and procedures that:

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

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

Management assessed the effectiveness of internal control over financial reporting as of March 31, 2013 based on criteria set by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework. Based on the assessment, management concluded that our internal control over financial reporting was effective as of March 31, 2013. Effectiveness of our internal control over financial reporting as of March 31, 2013 has been audited by KPMG, an independent registered public accounting firm, as stated in their attestation report, which is included herein.

Change in Internal Control Over Financial Reporting

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

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Loan Portfolio

Our gross loan portfolio was Rs. 3,385.6 billion at year-end fiscal 2013, an increase of 12.5% over the gross loan portfolio of Rs. 3,008.2 billion at year-end fiscal 2012. The gross loan portfolio increased by 13.8% to Rs. 3,008.2 billion at year-end fiscal 2012 from Rs. 2,643.6 billion at year-end fiscal 2011. At year-end fiscal 2013, approximately 66.8% of our gross loans were rupee loans.

Loan Portfolio by Categories

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

	At March 31,					
	2009	2010	2011	2012	2013	2013
	(in millions)					
Consumer loans and credit card receivables(1)	Rs. 1,228,337	Rs. 954,245	Rs. 910,952	Rs. 1,040,975	Rs. 1,181,588	US$ 21,673
Rupee	1,181,368	923,831	888,953	946,778	1,068,305	19,595
Foreign currency	46,969	30,414	21,999	94,197	113,283	2,078
Commercial(2)	1,486,380	1,367,175	1,732,675	1,967,210	2,204,054	40,427
Rupee	587,644	565,990	853,920	1,006,863	1,193,433	21,890
Foreign currency	898,736	801,185	878,755	960,347	1,010,621	18,537
Leasing and related activities(3)	175	17	7	—	—	—
Rupee	175	17	7	—	—	—
Foreign currency	—	—		—	—	—
Gross loans	2,714,892	2,321,437	2,643,634	3,008,185	3,385,642	62,099
Rupee	1,769,187	1,489,838	1,742,880	1,953,641	2,261,738	41,485
Foreign currency	945,705	831,599	900,754	1,054,544	1,123,904	20,614
Total gross loans	2,714,892	2,321,437	2,643,634	3,008,185	3,385,642	62,099
Allowance for loan losses	(53,587)	(63,656)	(83,441)	(86,931)	(85,901)	(1,576)
Net loans	Rs. 2,661,305	Rs. 2,257,781	Rs. 2,560,193	Rs. 2,921,254	Rs. 3,299,741	US$ 60,523

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

(2) Includes builder financing and dealer financing.

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

Our gross rupee currency loans increased from Rs. 1,953.6 billion constituting 64.9% of our total gross loans at year-end fiscal 2012 to Rs. 2,261.7 billion constituting 66.8% of our total gross loans at year-end fiscal 2013 primarily due to an increase in rupee commercial loans.

Our gross foreign currency loans increased from Rs. 1,054.5 billion, constituting 35.1% of our total gross loans at year-end fiscal 2012 to Rs. 1,123.9 billion, constituting 33.2% of our total gross loans at year-end fiscal 2013 primarily due to rupee depreciation and an increase in insured mortgage loans of ICICI Bank Canada. See also

"—Operating and Financial Review and Prospects—Financial Condition—Advances".

At year-end fiscal 2013, we did not have outstanding cross-border loans (defined as loans made to borrowers outside of India) exceeding 1.0% of our assets in any country except Canada, which were between approximately 2.0% and 2.5% of our assets. We had outstanding cross-border loans to U.S. borrowers amounting to about 0.5% of our assets.

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. 2.5 million and at 80% for home loans above Rs. 2.5 million. 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.

Secured consumer loan portfolio

Secured consumer 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 consumer 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 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 with the Registrar of Companies pursuant to the provisions of the Companies Act 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 - 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 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.

Loan Concentration

We follow a policy of portfolio diversification and evaluate our total financing exposure in a particular industry in light of our forecasts of growth and profitability for that industry. 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. ICICI Bank's policy is to limit its loan portfolio to any particular industry (other than retail loans) to 15.0% of its total exposure.

Pursuant to the guidelines of the Reserve Bank of India, credit exposure of banks to an individual borrower generally must not exceed 15.0% of our capital funds, unless the exposure is in respect of an infrastructure project. Capital funds comprise Tier 1 and Tier 2 capital calculated pursuant to the guidelines of the Reserve Bank of India, under Indian GAAP. Credit exposure to individual borrowers may exceed the exposure norm of 15.0% of our capital funds by an additional 5.0% (i.e. the aggregate exposure can be 20.0%) provided the additional credit exposure is on account of infrastructure financing. Our exposure to a group of companies under the same management control generally must not exceed 40.0% of our capital funds unless the exposure is in respect of an infrastructure project. The exposure to a group of companies under the same management control, including exposure to infrastructure projects, may be up to 50.0% of our capital funds. Banks may, in exceptional circumstances, with the approval of

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their boards, enhance the exposure by 5.0% of capital funds (i.e., the aggregate exposure can be 20.0% of capital funds for an individual borrower and the aggregate exposure can be 45.0% of capital funds for a group of companies under the same management), making appropriate disclosures in their annual reports. Exposure for funded and non-funded credit facilities is calculated as the total committed amount or the outstanding amount whichever is higher (for term loans, as the sum of undisbursed commitments and the outstanding amount). Investment exposure is considered at book value. At year-end fiscal 2013, we were in compliance with these guidelines.

At year-end fiscal 2013, our largest non-bank borrower accounted for approximately 12.6% of our capital funds. The largest group of companies under the same management control accounted for approximately 30.1% of our capital funds.

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

	At March 31,								
	2009		2010		2011		2012		
	Amount	As a %	Amount	As a %	Amount	As a %	Amount	As a %	A
	(in millions, except percentages)								
Retail finance(1)	Rs. 1,333,969	49.1 %	Rs. 1,048,931	45.2 %	Rs. 1,004,970	38.0 %	Rs. 1,183,925	39.4 %	Rs. 1
Services —non finance	242,335	8.9	221,955	9.6	232,627	8.8	233,325	7.8	2
Road, port, telecom, urban development & other infrastructure	115,931	4.3	112,116	4.8	151,499	5.7	196,855	6.5	2
Power	58,656	2.2	82,158	3.5	109,745	4.2	153,841	5.1	2
Iron/steel and iron/steel products	113,882	4.2	89,627	3.9	109,092	4.1	132,311	4.4	1
Services —finance	79,202	2.9	64,243	2.8	160,163	6.1	152,184	5.1	1
Crude petroleum/refining & petrochemicals	162,652	6.0	150,164	6.5	157,500	6.0	77,804	2.6	9
Food & beverages	66,208	2.4	79,348	3.4	83,376	3.2	86,473	2.9	9
Mining	13,594	0.5	10,050	0.4	56,253	2.1	86,802	2.9	8
Electronics & engineering	51,202	1.9	45,054	1.9	60,635	2.3	65,576	2.2	7
Construction	35,700	1.3	23,152	1.0	51,423	1.9	60,408	2.0	7
Cement	24,397	0.9	22,391	1.0	24,921	0.9	48,149	1.6	7
Wholesale/retail trade	26,305	1.0	48,770	2.1	53,367	2.0	54,985	1.8	7
Metal & products (excluding iron & steel)	23,561	0.9	35,970	1.5	46,171	1.7	68,587	2.3	6
Shipping	17,889	0.7	18,755	0.8	23,035	0.9	42,894	1.4	4
Chemicals & fertilizers	61,326	2.2	55,542	2.4	31,275	1.2	42,924	1.4	4
Drugs & pharmaceuticals	37,267	1.4	30,918	1.3	31,776	1.2	37,412	1.2	4
Others(2)	250,816	9.2	182,293	7.9	255,806	9.7	283,730	9.4	3

Gross loans	2,714,892	100.0	2,321,437	100.0	2,643,634	100.0	3,008,185	100.0	3	
Allowance for loan losses	(53,587)		(63,656)		(83,441)		(86,931)		(8	
Net loans	Rs. 2,661,305		Rs. 2,257,781		Rs. 2,560,193		Rs. 2,921,254		Rs. 3	

(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) Primarily includes developer financing portfolio, automobiles, manufacturing products (excluding metal), textile, gems and jewellery and FMCG.

(3) 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 for earlier years presented have also been reclassified.

Our gross loan portfolio at year-end fiscal 2013 increased by 12.5% compared to the gross loan portfolio at year-end fiscal 2012. Retail finance was 38.1% of gross loans at year-end fiscal 2013 compared to 39.4% at year-end fiscal 2012 and 38.0% at year-end fiscal 2011. Our gross loans to the services – non-finance sector as a percentage of gross loans were 7.2% at year-end fiscal 2013 compared to 7.8% at year-end fiscal 2012. Our gross loans to the road, port, telecom, urban development & other infrastructure sector as a percentage of gross loans were 6.7% at year-end fiscal 2013 compared to 6.5% at year-end fiscal 2012. Our gross loans to the power sector as a percentage of gross loans was 5.9% at year-end fiscal 2013 compared to 5.1% at year-end fiscal 2012.

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At year-end fiscal 2013, our 20 largest borrowers accounted for approximately 13.5% of our gross loan portfolio, with the largest borrower accounting for approximately 1.5% of our gross loan portfolio. The largest group of companies under the same management control accounted for approximately 5.2% of our gross loan portfolio.

Geographic Diversity

Our portfolios are geographically diversified. The state of Maharashtra accounted for the largest proportion of our domestic gross loans outstanding at year-end fiscal 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 like pass through certificates and is computed with reference to the outstanding amount at March 31 of the previous year. The priority sector includes the agricultural sector, food and agri-based industries, small enterprises/businesses, housing finance up to certain limits and borrowers belonging to weaker sections of society. 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 the weaker sections of society as defined by Reserve Bank of India guidelines.

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 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 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 year-end fiscal 2013, our total investment in such bonds was Rs. 202.0 billion. At year-end fiscal 2013, ICICI Bank's priority sector lending was Rs. 674.88 billion, constituting about 87.5% of the target. At that date, the qualifying agriculture loans were Rs. 191.86 billion, constituting about 55.3% of the target. ICICI Bank's loans to weaker sections were Rs. 48.63 billion, constituting about 25.2% 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 day of fiscal 2013.

	At March 31, 2013			
	Amount		% of total priority sector lending	% of adjusted net bank credit
	(in billion, except percentages)			
Agricultural sector(1)	Rs. 191.9	US$ 3.5	28.4 %	9.9 %
Small enterprises(2)	279.8	5.2	41.5	14.5
Others including residential mortgage less than Rs. 2 million	203.2	3.7	30.1	10.6
Total	Rs. 674.9	US$ 12.4	100.0 %	35.0 %

(1) Includes direct agriculture lending of Rs. 134.0 billion constituting 6.9% 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.

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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 rupees in line with the current 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 29, 2013 (the last Friday of March 2013), ICICI Bank's export credit was Rs. 36.8 billion, which amounted to 1.9% of the Bank's 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 9.75% per annum payable monthly, effective April 23, 2012. 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

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 except in the case of ICICI Home Finance Company and our overseas banking subsidiaries. ICICI Home Finance Company classifies its loans and other credit facilities as per the guidelines of its regulator, the National Housing Bank. A loan made by any of our overseas banking subsidiaries is classified as impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition on the loan (a loss event) and that loss event has an impact on the estimated future cash flows of the loan that can be reliably estimated. Under the Reserve Bank of India guidelines, an asset is classified as non-performing if any amount of interest or principal remains overdue for more than 90 days in respect of term loans. In respect of overdraft or cash credit, an asset is classified as non-performing if the account remains out of order for a period of 90 days and, in respect of bills, if the account remains overdue for more than 90 days. Further, non-performing assets are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India. The Reserve Bank of India has separate guidelines for restructured loans. See below "—Restructured Loans".

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

Standard assets:	Assets that do not disclose any problems or which do not carry more than normal risk attached to the business are classified as standard assets.

Sub-standard assets:	Sub-standard assets comprise assets that are non-performing for a period not exceeding 12 months.
Doubtful assets:	Doubtful assets comprise assets that are non-performing for more than 12 months.
Loss assets:	Loss assets comprise assets (i) the losses on which are identified or (ii) that are considered uncollectible.

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

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

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 atleast 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.

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

In May 2013, the Reserve Bank of India issued final guidelines on restructuring of loans. As per the guidelines, loans that are restructured (other than due to delay upto 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 would be increased to 3.5% from March 31, 2014, and further to 4.25% from March 31, 2015 and 5.0% from March 31, 2016. General provisions on standard accounts restructured after June 1, 2013 would be at 5.0%. Further, 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.

Up to March 31, 2012, the Reserve Bank of India required banks to separately disclose in their annual reports the aggregate value of all loans that were restructured during the year. The Reserve Bank of India through a notification issued on January 31, 2013 has mandated banks 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. See "Supervision and Regulation—Reserve Bank of India Regulations—Loan Loss Provisions and Non-Performing Assets."

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—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. Until November 2008, a general provision ranging

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from 0.25% to 2.0% was required across various portfolios of standard loans. In November 2008, the Reserve Bank of India changed the provisioning requirement for standard assets to a uniform rate of 0.4% for all standard assets except direct advances to agricultural and the small and medium enterprise sectors, which continued to attract a provisioning requirement of 0.25%. The revised standards were effective prospectively, but the existing provisions held by banks could not be reversed. In November 2009, the Reserve Bank of India increased the provisioning requirement for standard assets in the commercial real estate sector to 1.0%. In March 2010, the Reserve Bank of India increased the standard asset provisioning requirement to 1.0% on (i) loans for infrastructure projects where the date of commencement of commercial operation has been extended beyond two years, for the extended period beyond the two years; and (ii) for non-infrastructure loans where the date of commencement of commercial operations has been extended beyond six months from the original date of commencement of commercial operation, for the extended period beyond the six months. In July 2010, the Reserve Bank of India clarified that standard advances to medium-sized enterprises would attract a provisioning requirement of 0.40%. From December 2010, the Reserve Bank of India increased the standard asset provisioning requirement to 2.0% on 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.

In May 2011, the Reserve Bank of India increased the provisioning requirement for restructured accounts classified as standard advances from 0.4% to 2.0% in the first two years from the date of restructuring. In accounts where there is a moratorium on payment of interest/principal after restructuring, the provisioning requirement for standard assets has been increased to 2.0% for the period covering the moratorium and two years thereafter. Similarly, restructured accounts classified as non-performing advances when upgraded to the standard category have a provisioning requirement of 2.0% in the first year from the date of upgradation. In November 2012, Reserve Bank of India increased the standard assets provisioning requirement on restructured loans from 2.00% to 2.75%.

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:	

Until August 27, 2008, a provision equal to the difference between the present value of the future interest as per the original loan agreement and the present value of future interest on the basis of rescheduled terms at the time of restructuring was required to be made.

For loans restructured after August 27, 2008, a provision equal to the difference between the fair value of the loan before and after restructuring is required to be made. The fair value of the loan before restructuring is computed as the present

value of cash flows representing the interest at the existing rate charged on the loan before restructuring and the principal. The fair value of the loan after restructuring is computed as the present value of cash flows representing the interest at the rate charged on the loan on restructuring and the principal. Both sets of cash flows are discounted by the bank's Benchmark Prime Lending Rate as on the date of restructuring plus the appropriate term premium (for the pre-restructuring tenor and the post-restructuring tenor) and credit risk premium for the borrower category on the date of restructuring. From June 30, 2010 the discount rate is computed as the sum of the ICICI Base Rate, the appropriate term premium and the credit risk premium for the borrower category on the date of restructuring.

In its mid-term review of policy statement for fiscal 2009, the Reserve Bank of India required banks to increase the total provisioning coverage ratio, including floating provisions, to 70.0% in a phased manner. In its clarification on the same, the Reserve Bank of India allowed banks' prudential/technical write-off to be added to both the gross non-performing assets and the provisions held in the calculation of provisioning coverage ratio. 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 as of September 30, 2010 and not on an ongoing basis with reference to their gross non-performing assets at subsequent dates.

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 year-end fiscal 2013 computed as per the Reserve Bank of India guidelines mentioned above was 76.8%.

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.

From fiscal 2002, we rapidly grew our consumer loans and credit card receivables portfolio based on the untapped potential in residential mortgages and other retail credit products in the Indian market. These included credit cards and unsecured personal loans. The Indian retail credit market expanded rapidly from fiscal 2002 to fiscal 2007 driven by

growth in household incomes, decline in interest rates and increased availability of retail credit. Since fiscal 2007, the retail credit market has slowed down significantly following increases in systemic interest rates and home prices, which reduced affordability for borrowers. During fiscal 2008 and fiscal 2009, we experienced an increase in non-performing loans in our consumer loans and credit card receivables portfolio. The primary reasons for this increase 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

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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 include strengthening loan eligibility requirements for retail loans, reducing emphasis on unsecured lending and realigning credit limits for certain credit card holders. The Bank improved its collection practices by integrating collections across products and using technology more efficiently. In addition, the Bank increased its customer-facing call center operations, its interactions through local dialects and regional languages and its use of early reminders of the amounts due by the borrowers. The Bank resolved disputed claims of certain delinquent borrowers through alternative dispute resolution techniques such as mediation and through centralization of certain legal processes.

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 central bank effected some reductions in policy rates, interest rates in general continue to be relatively high. 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. Further, corporate investment activity has been 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 have found it difficult to access equity capital markets and several companies and sectors have relatively high leverage. 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 "Business—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 "Business—Strategy".

Restructured Loans

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

	At March 31,					
	2009	2010	2011	2012	2013	
	Amount	Amount	Amount	Amount	Amount	Amount
	(in millions, except percentages)					
Consumer loans & credit card receivables	Rs. 1,933	Rs. 3,704	Rs. 1,847	Rs. 164	Rs. 388	US$ 7
Rupee	1,933	3,704	1,623	13	152	3
Foreign currency	-	-	224	151	236	4
Commercial(1)	77,666	65,534	27,256	52,553	66,919	1,228
Rupee	55,212	42,798	17,934	40,319	47,314	868
Foreign currency	22,454	22,736	9,322	12,234	19,605	360
Total restructured loans	79,599	69,238	29,104	52,717	67,307	1,235

Rupee	57,145	46,502	19,558	40,333	47,466	871
Foreign currency	22,454	22,736	9,546	12,385	19,841	364
Gross restructured loans(2)	79,599	69,238	29,104	52,717	67,307	1,235
Provision for loan losses	(1,736)	(2,758)	(940)	(4,642)	(5,294)	(97)
Net restructured loans	Rs. 77,863	Rs. 66,480	Rs. 28,164	Rs. 48, 075	Rs. 62,013	US$ 1,138
Gross customer assets(2)	Rs. 2,892,808	Rs. 2,601,135	Rs. 3,108,740	R$ 3,531,625	R$ 4,001,517	US$ 73,395
Net customer assets	Rs. 2,836,439	Rs. 2,536,941	Rs. 3,024,694	R$ 3,443,817	R$ 3,914,869	US$ 71,806
Gross restructured loans as a percentage of gross customer assets	2.8 %	2.7 %	0.9 %	1.5 %	1.7 %	
Net restructured loans as a percentage of net customer assets	2.7 %	2.6 %	0.9 %	1.4 %	1.6 %	

(1) Includes working capital finance.

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

(3) Based on the Reserve bank of India guidelines effective fiscal 2013, entire borrower level outstanding of the restructured accounts are included. Accordingly, numbers for earlier years presented have also been re-classified.

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

	At March 31,									
	2009		2010		2011		2012		2013	
	Amount	As a percentage of restructured loans	Amount	As a percentage of restructured loans	Amount	As a percentage of restructured loans	Amount	As a percentage of restructured loans	Amount	Amou
	(in millions, except percentages)									
Services-non finance	Rs.–	– %	Rs. 12,256	17.7 %	Rs. 8,954	30.8 %	Rs. 9,832	18.7 %	Rs. 7,573	US$ 13
Drugs and pharmaceuticals	–	–	2,668	3.9	2,373	8.2	7,200	13.7	6,993	12
Road, port, telecom, urban development & other infrastructure	10,544	13.2	8,696	12.6	3,851	13.2	6,695	12.7	16,282	29
Chemicals & fertilizers	174	0.2	212	0.3	2,664	9.2	5,676	10.8	6,261	11
Services-finance	913	1.1	313	0.5	-	0.0	6,137	11.6	5,595	10
Power	16,059	20.2	16,993	24.5	554	1.9	2,648	5.0	3,828	70
Manufacturing products (excluding metals)	–	–	19	–	–	–	2,484	4.7	2,900	53
Wholesale/retail trade	–	–	–	–	–	–	2,177	4.1	1,588	29
Textiles	1,046	1.3	5,162	7.5	887	3.1	1,432	2.7	1,510	28
Food & beverages	916	1.2	2,998	4.3	1,929	6.6	2,069	3.9	720	13
Iron/steel & products	–	0.0	2,791	4.0	1,555	5.3	2,268	4.3	1,913	35
Electronics & engineering	1,417	1.8	1,216	1.8	393	1.4	457	0.9	3,642	67
Shipping	46	0.1	47	0.1	1,612	5.5	500	1.0	881	16
Cement	349	0.4	537	0.8	101	0.4	341	0.6	320	6
Automobile (including trucks)	5,870	7.4	5,271	7.6	37	0.1	19	–	–	–
Paper & paper products	–	–	367	0.5	–	–	–	–	–	–
Crude petroleum/ refining & petrochemicals	37,297	46.9	–	–	18	-	–	–	–	–
	–	–	293	0.4	–	–	–	–	548	10

Metal & products (excluding iron & steel)										
Retail finance	1,933	2.4	3,704	5.3	1,847	6.3	164	0.3	388	7
Others(1)	3,035	3.8	5,695	8.2	2,329	8.0	2,618	5.0	6,365	11
Gross restructured loans	Rs. 79,599	100.0	Rs. 69,238	100.0	Rs. 29,104	100.0	Rs. 52,717	100.0	Rs. 67,307	US$ 1,2
Aggregate provision for loan losses	(1,736)		(2,758)		(940)		(4,642)		(5,294)	(97
Net restructured loans	Rs. 77,863		Rs. 66,480		Rs. 28,164		Rs. 48,075		Rs. 62,013	US$ 1,1

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(1) Others primarily include construction and real estate.

(2) Based on the Reserve bank of India guidelines effective fiscal 2013, entire borrower level outstanding of the restructured accounts are included. Accordingly, numbers for earlier years presented have also been re-classified.

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During fiscal 2013, loans amounting to Rs. 24.9 billion were restructured as compared to Rs. 38.8 billion in fiscal 2012. 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 central bank effected some reductions in policy rates, interest rates in general continue to be relatively high. 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. Further, corporate investment activity has been 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 have found it difficult to access equity capital markets and several companies and sectors have relatively high leverage. Due to these and other factors, there has been an increase in the non-performing and restructured loans of Indian banks, including us. Restructured loans to the roads, port, telecom, urban development & other infrastructure sector increased from Rs. 6.7 billion at year-end fiscal 2012 to Rs. 16.3 billion at year-end fiscal 2013 and to electronics & engineering sector increased from Rs. 0.5 billion at year-end fiscal 2012 to Rs. 3.6 billion at year-end fiscal 2013. After restructuring, based on the satisfactory performance of the borrower over a period of at least one year and after it reverts to the normal level of general provision for standard loans/risk weights for capital adequacy computations, the restructured account may be upgraded and removed from this category. During fiscal 2013, based on payment performance, the Bank upgraded certain borrower accounts with outstanding loans totaling Rs. 2.6 billion as compared to Rs. 9.0 billion during fiscal 2012. The gross restructured loans increased by 27.7% from Rs. 52.7 billion at year-end fiscal 2012 to Rs. 67.3 billion at year-end fiscal 2013, while the net restructured loans increased by 29.0% from Rs. 48.1 billion at year-end fiscal 2012 to Rs. 62.0 billion at year-end fiscal 2013. The net restructured loans were 1.6% of net customer assets at year-end fiscal 2013, compared to 1.4% at year-end fiscal 2012. At year-end fiscal 2013, the outstanding provision for diminution in fair value of restructured loans (including the provision for funded interest) was Rs. 5.3 billion compared to Rs. 4.6 billion at year-end fiscal 2012. See also "Risk Factors—Risks Relating to Our Business—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". See also "Operating and Financial Review and Prospects—Provisions for Restructured Loans and Non-performing Assets".

Non-Performing Assets

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

	At March 31,					
	2009	2010	2011	2012	2013	
	Amount	Amount	Amount	Amount	Amount	Amount
	(in millions, except percentages)					
Consumer loans & credit card receivables(1)	Rs. 72,201	Rs. 69,462	Rs. 71,778	Rs. 67,356	Rs. 49,156	Rs. 902
Rupee	72,105	69,111	71,296	66,915	48,891	897
Foreign currency	96	351	482	441	265	5
Commercial(2)	27,188	35,923	39,641	39,673	57,914	1,062
Rupee	23,892	25,337	29,058	27,616	42,939	787
Foreign currency	3,296	10,586	10,583	12,057	14,975	275
Leasing and related activities	532	436	156	95	95	2
Rupee	532	436	156	95	95	2
Foreign currency	–	–	–	–	–	–

Total non-performing assets	99,921	105,821	111,575	107,124	107,165	1,966
Rupee	96,529	94,884	100,510	94,626	91,925	1,686
Foreign currency	3,392	10,937	11,065	12,498	15,240	280
Gross non-performing assets(3)(4)	99,921	105,821	111,575	107,124	107,165	1,966
Provision for loan losses	(52,580)	(59,083)	(79,501)	(79,875)	(78,016)	(1,431)
Net non-performing assets	Rs. 47,341	Rs. 46,738	Rs. 32,074	Rs. 27,249	Rs. 29,149	Rs. 535
Gross customer assets(3)	Rs. 2,892,808	Rs. 2,601,135	Rs. 3,108,740	Rs. 3,531,625	Rs. 4,001,517	Rs. 73,395
Net customer assets	Rs. 2,836,439	Rs. 2,536,941	Rs. 3,024,694	Rs. 3,443,817	Rs. 3,914,869	Rs. 71,806
Gross non-performing assets as a percentage of gross customer assets	3.5%	4.1%	3.6%	3.0%	2.7%	

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	At March 31,					
	2009	2010	2011	2012	2013	
	Amount	Amount	Amount	Amount	Amount	Amount
	(in millions, except percentages)					
Net non-performing assets as a percentage of net customer assets	1.7 %	1.8 %	1.1 %	0.8 %	0.7 %	

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

(2) Includes working capital finance.

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

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

The following table sets forth, for the periods indicated, our gross non-performing asset portfolio.(1)

Particulars	2009	2010	2011	2012	2013
			Rs. in million		
A. Consumer loans & credit card receivables(2),(3)					
Non-performing assets at the beginning of the fiscal year	Rs. 54,954	Rs. 72,201	Rs. 69,462	Rs. 71,778	Rs. 67,356
Addition: New non-performing assets during the year	35,481	55,834	18,535	18,604	9,927
Less:					
Upgradations(4)	–	(4,176)	(5,817)	(4,927)	(3,995)
Recoveries (excluding recoveries made from upgraded accounts)	–	(20,371)	(9,785)	(11,461)	(8,793)
Write-offs	(18,234)	(34,026)	(617)	(6,638)	(15,339)
Non-performing assets at the end of the fiscal year	Rs. 72,201	Rs. 69,462	Rs. 71,778	Rs. 67,356	Rs. 49,156
B. Commercial(5)					
Non-performing assets at the beginning of the fiscal year	Rs. 22,483	Rs. 27,188	Rs. 35,923	Rs. 39,641	Rs. 39,673
Addition: New non-performing assets during the year	16,451	18,717	14,561	17,183	28,992
Less:					
Upgradations(4)	(2,967)	(2,480)	(1,765)	(3,485)	(4,083)
Recoveries (excluding recoveries made from upgraded accounts)	(6,822)	(6,511)	(7,806)	(7,995)	(3,947)
Write-offs	(1,957)	(991)	(1,272)	(5,671)	(2,721)
Non-performing assets at the end of the fiscal year	Rs. 27,188	Rs. 35,923	Rs. 39,641	Rs. 39,673	Rs. 57,914
C. Leasing and related activities					
Non-performing assets at the beginning of the fiscal year	Rs. 526	Rs. 532	Rs. 436	Rs. 156	Rs. 95
	14	–	–	–	–

Addition: New non-performing assets during the year					
Less:					
Upgradations(4)	–	(96)	–	–	–
Recoveries (excluding recoveries made from upgraded accounts)	(8)	–	(280)	(61)	–
Write-offs	–	–	–	–	–
Non-performing assets at the end of the fiscal year	Rs. 532	Rs. 436	Rs. 156	Rs. 95	Rs. 95
D. Total non-performing assets (A+B+C)					
Non-performing assets at the beginning of the fiscal year	Rs. 77,963	Rs. 99,921	Rs. 105,821	Rs. 111,575	Rs. 107,124
Addition: New non-performing assets during the year	51,946	74,551	33,096	35,787	38,919
Less:					
Upgradations(4)	(2,967)	(6,752)	(7,582)	(8,412)	(8,078)
Recoveries (excluding recoveries made from upgraded accounts)	(6,830)	(26,882)	(17,871)	(19,517)	(12,740)
Write-offs	(20,191)	(35,017)	(1,889)	(12,309)	(18,060)

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Particulars	2009	2010	2011	2012	2013
			Rs. in million		
Non-performing assets at the end of the fiscal year(5)	Rs. 99,921	Rs. 105,821	Rs. 111,575	Rs. 107,124	Rs. 107,165

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

(2) For "Consumer loans" in fiscal 2009, the difference between the opening and closing balances of non-performing assets is included in addition to gross non-performing assets on a net basis, except with respect to accounts written-off during the year, which are included in the "Write-offs" row. From fiscal year-end 2010 onwards, for "Consumer loans", the difference between the opening and closing balances has been further bifurcated into additions, upgradations and recoveries made during the year. For "Credit card receivables" in all years displayed, the difference between the opening and closing balances of non-performing assets is included in additions to gross non-performing assets on a net basis, except with respect to accounts written-off during the year, which are included in the "Write-offs" row.

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

(4) Represents accounts that were previously classified as non-performing but have been upgraded to performing.

(5) Includes working capital finance.

Gross additions to non-performing assets in fiscal 2013 were higher at Rs. 38.9 billion as compared to Rs. 35.8 billion in fiscal 2012. During fiscal 2013, we upgraded non-performing assets amounting to Rs. 8.1 billion and made recoveries against non-performing assets amounting to Rs. 12.6 billion. During fiscal 2013, loans amounting to Rs. 18.1 billion were written-off as compared to Rs. 12.3 billion in fiscal 2012. As a result, gross non-performing assets increased marginally from Rs. 107.1 billion at year-end fiscal 2012 to Rs. 107.2 billion at year-end fiscal 2013.

We experienced an increase in non-performing assets in our consumer loans portfolio in fiscal 2009 due to the seasoning of the portfolio and a higher level of defaults in unsecured personal loans and credit card receivables due to challenges in collections and the impact of the adverse macroeconomic environments. While additions to gross non-performing assets in our consumer loans remained high in fiscal 2010, we experienced a sharp decline in additions to gross non-performing consumer loans since fiscal 2011, due to the measures initiated by the Bank to curb delinquencies and improved collection practices. See also "Business—Classification of Loans—Impact of Economic Environment on Commercial and Consumer Loan Borrowers—Non-performing Assets". Gross additions to non-performing consumer loans, which were Rs. 55.8 billion in fiscal 2010, declined sharply to Rs. 18.5 billion during fiscal 2011, Rs. 18.6 billion in fiscal 2012 and Rs. 9.9 billion during fiscal 2013. Gross additions to non-performing commercial loans increased from Rs. 17.2 billion in fiscal 2012 to Rs. 29.0 billion in fiscal 2013. Non-performing loans in the banking system in India increased during fiscal 2012 and fiscal 2013. 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 central bank effected some reductions in policy rates, interest rates in general continue to be relatively high. 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. Further, corporate investment activity has been 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 have found it difficult to access equity capital markets and several

companies and sectors have relatively high leverage. Due to these and other factors, there has been an increase in the non-performing and restructured loans of Indian banks, including us. The increase in gross non-performing assets for services – non finance is mainly on account of recognition of loans to a media company as non-performing during fiscal 2013.

As a percentage of net customer assets, net non-performing assets were 0.7% at year-end fiscal 2013 compared to 0.8% at year-end fiscal 2012.

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

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	At March 31,								
	2009		2010		2011		2012		
	Amount	As a percentage of non-performing assets	Amount	As a percentage of non-performing assets	Amount	As a percentage of non-performing assets	Amount	As a percentage of non-performing assets	Amount
	(in millions, except percentages)								
Retail finance(1)	Rs. 85,752	85.8 %	Rs. 81,363	76.9 %	Rs. 83,691	75.0 %	Rs. 78,790	73.6 %	Rs. 59,786
Road, ports, telecom, urban development & other infrastructure	–	–	77	0.1	73	0.1	146	0.1	142
Services—non finance	684	0.7	575	0.5	804	0.7	398	0.4	9,144
Power	108	0.1	2	–	18	–	92	0.1	91
Iron/steel and products	351	0.4	1,563	1.5	102	0.1	913	0.9	1,993
Services—finance	199	0.2	2,735	2.6	1,213	1.1	1,265	1.2	1
Crude petroleum/refining and petrochemicals	213	0.2	233	0.2	18	–	2,819	2.6	2,467
Mining	21	–	581	0.5	–	–	611	0.6	804
Construction	80	0.1	297	0.3	703	0.6	893	0.8	2,237
Food and beverages	826	0.8	3,929	3.7	4,240	3.8	4,045	3.8	4,595
Cement	–	–	–	–	359	0.3	–	–	–
Electronics and engineering	527	0.5	430	0.4	334	0.3	1,805	1.7	3,025
Wholesale/retail trade	2,338	2.3	2,503	2.4	2,697	2.4	1,152	1.1	4,165
Shipping	1,010	1.0	13	–	1,173	1.1	448	0.4	376
Metal & products (excluding iron & steel)	301	0.3	736	0.7	1,334	1.2	1,366	1.3	1,336
Chemicals & fertilizers	1,832	1.8	2,042	1.9	1,830	1.6	1,515	1.4	1,772
Other Industries(2)	5,679	5.8	8,742	8.3	12,986	11.7	10,866	10.0	15,231
Gross non-performing assets	Rs. 99,921	100.0%	Rs. 105,821	100.0%	Rs. 111,575	100.0%	Rs. 107,124	100.0%	Rs. 107,165
Aggregate provision for loan losses	(52,580)		(59,083)		(79,501)		(79,875)		(78,016)
Net non-performing assets	Rs. 47,341		Rs. 46,738		Rs. 32,074		Rs. 27,249		Rs. 29,149

(1)

Includes home loans, commercial business loans, rural loans, automobile loans, business banking, credit cards, personal 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.

(3) 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 for earlier years presented is also reclassified.

Non-Performing Asset Strategy

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

Our strategy for resolution of non-performing assets includes sales of financial assets to asset reconstruction companies in exchange for receipt of securities in the form of pass-through instruments issued by asset reconstruction companies, wherein payments to holders of the securities are based on the actual realized cash flows from the transferred assets. Under Indian GAAP, these instruments are valued at the net asset values as declared by

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the asset reconstruction companies in accordance with the Reserve Bank of India guidelines. Under U.S. GAAP, the assets we sell in exchange for security receipts are not accounted for as sales either because transfers do not qualify for sale accounting under FASB ASC Topic 860, “Transfers and servicing”, or transfers qualify for sale accounting but were impacted by FASB ASC Subtopic 810-10, “Consolidation – overall”, whereby, because the Bank is the ‘primary beneficiary’ of certain of these funds/trusts, it is required under U.S. GAAP to consolidate these entities. These assets are considered restructured assets under U.S. GAAP. See also “Supervision and Regulation—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 2012, we sold Rs. 0.04 billion of our net non-performing assets to asset reconstruction companies. During fiscal 2013, we sold Rs. 0.08 billion of our net non-performing assets to asset reconstruction companies. At year-end fiscal 2013, we had an outstanding net investment of Rs. 11.5 billion in security receipts issued by asset reconstruction companies in relation to sales of our non-performing assets.

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

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 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 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—Collateral—Completion, Perfection and Enforcement”.

Provision for Loan Losses

The following table sets forth, at the periods indicated, the provisions for our non-performing asset portfolio.(1)

	At March 31, 2009	2010	2011	2012	2013
	Rs. in millions				
A. Consumer loans & credit card receivables (2),(3)					
Aggregate provision for loan losses at the beginning of the year	Rs. 31,003	Rs. 40,674	Rs. 42,087	Rs. 56,507	Rs. 56,928
Add: Provision made during the year	30,924	36,028	19,696	13,839	7,630
	(21,253)	(33,470)	(617)	(6,638)	(15,339)

Less: Provision utilized for write-off										
Less: Write-back of excess provision		–		(1,145)		(4,659)		(6,780)		(6,577)
Aggregate provision for loan losses at the end of the year	Rs.	40,674	Rs.	42,087	Rs.	56,507	Rs.	56,928	Rs.	42,642
B. Commercial (4)										
Aggregate provision for loan losses at the beginning of the year	Rs.	9,373	Rs.	11,654	Rs.	16,834	Rs.	22,838	Rs.	22,852
Add: Provision made during the year		5,155		8,617		9,466		8,548		16,658
Less: Provision utilized for write-off		(1,965)		(636)		(759)		(4,930)		(1,996)
Less: Write-back of excess provision		(909)		(2,801)		(2,703)		(3,604)		(2,235)
Aggregate provision for loan losses at the end of the year	Rs.	11,654	Rs.	16,834	Rs.	22,838	Rs.	22,852	Rs.	35,279
C. Leasing and related activities										
Aggregate provision for loan losses at the beginning of the year	Rs.	198	Rs.	252	Rs.	162	Rs.	156	Rs.	95
Add: Provision made during the year		54		–		80		–		–
Less: Provision utilized for write-off		–		–		–				