ICICI BANK LTD
Form 20-F
September 29, 2009

As filed with the Securities and Exchange Commission on September 29, 2009

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

FORM 20-F

(Mark One)

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

OR

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended March 31, 2009

OR

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

Commission file number 001-15002

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

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

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

(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, 2009 was 1,113,250,642.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes x No o
If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
Yes o No x
Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.
Large accelerated filer x Accelerated filer o Non-accelerated filer o
Indicate by check mark which financial statement item the registrant has elected to follow.
Item 17 o Item 18 x
If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

TABLE OF CONTENTS

	Page
Cross Reference Sheet	ii
Certain Definitions	1
Forward-Looking Statements	2
Exchange Rates	3
Market Price Information	4
Risk Factors	6
Business	24
Overview	24
History	25
Shareholding Structure and Relationship with the government of India	25
Strategy	27
Overview of our Products and Services	27
Funding	40
Risk Management	43
Loan Portfolio	59
Classification of Loans	65
Subsidiaries and Joint Ventures	73
Technology	75
Competition	77
Employees	79
Properties	80
Legal and Regulatory Proceedings	81
Selected Consolidated Financial and Operating Data	84
Operating and Financial Review and Prospects	89
Management	140
Overview of the Indian Financial Sector	157
Supervision and Regulation	171
Exchange Controls	200
Restriction on Foreign Ownership of Indian Securities	203
Dividends	206
Taxation	207
Presentation of Financial Information	212
Additional Information	213
Index to Consolidated Financial Statements	F-1
Exhibit Index	Exh-1

Table of Contents

CROSS REFERENCE SHEET

Form 20-F	Item Number and Caption	Location	Page
Part – I			
1	Identity of Directors, Senior Management and Advisers	Not applicable	
2	Offer Statistics and Expected Timetable	Not applicable	
3	Key Information	Selected Consolidated Financial and Operating Data	84
		Exchange Rates	3
		Risk Factors	6
4	Information on the Company	Business	24
		Operating and Financial Review and Prospects—Capital Expenditure	120
		Operating and Financial Review and Prospects—Effect of Other Acquisitions	92
		Operating and Financial Review and Prospects—Segment Revenues and Assets	121
		Overview of the Indian Financial Sector	157
		Supervision and Regulation	171
		Business – Properties	80
4A	Unresolved Staff Comments	None	
5	Operating and Financial Review and Prospects	Operating and Financial Review and Prospects	89
		Business—Risk Management	43
		Business—Funding	40
6	Directors, Senior Management and Employees	Management	140
		Business—Employees	79
7	Major Shareholders and Related Party Transactions	Business—Shareholding Structure and Relationship with the government of India	25
		Operating and Financial Review and Prospects—Related Party Transactions	127
		Management—Compensation and Benefits to Directors and Officers—Interest of Management in Certain Transactions	156
			151

	Management—Compensation and Benefits to Directors and Officers—Loans	
	Schedule 19A. Note 4 in Notes to Consolidated Financial Statements	F-37

Table of Contents

Form 20-F	Item Number and Caption	Location	Page
8	Financial Information	Report of Independent Registered Public Accounting Firm	F-2
		Consolidated Financial Statements and the notes thereto	
		Operating and Financial Review and Prospects— Introduction	89
		Business—Legal and Regulatory Proceedings	81
		Dividends	206
9	The Offer and Listing	Market Price Information	4
10	Additional Information		
		Additional Information	213
		Exchange Controls	200
		Taxation	207
		Restriction on Foreign Ownership of Indian Securities	203
		Dividends	206
		Business—Subsidiaries and Joint Ventures	73
11	Quantitative and Qualitative Disclosures About Market Risk	Business—Risk Management—Quantitative and Qualitative Disclosures About Market Risk	48
12	Description of Securities Other than Equity Securities	Not applicable	
Part – II			
13	Defaults, Dividend Arrearages and Delinquencies	Not applicable	
14	Material Modifications to the Rights of Security Holders and Use of Proceeds	Not applicable	
15	Controls and Procedures	Business—Risk Management—Controls and Procedures	58
16	[Reserved]	Not applicable	
16A	Audit Committee Financial Expert	Management—Corporate Governance—Audit Committee	148
16B	Code of Ethics	Management—Corporate Governance—Code of Ethics	150
16C	Principal Accountant Fees and Services	Management—Corporate Governance—Principal Accountant Fees and Services	150

16D	Exemptions from the Listing Standards for Audit Committees	Not applicable	
16E	Purchases of Equity Securities by the Issuer and Affiliated Purchasers	Business—Shareholding Structure and Relationship with the Government of India	25

Table of Contents

Form 20-F	Item Number and Caption	Location	Page
Part – III			
17	Financial Statements	See Item 18	
18	Financial Statements	Report of Independent Registered Public Accounting Firm	F-2
		Consolidated Financial Statements and the notes thereto	
19	Exhibits		
		Exhibit index and attached exhibits	Exh-1

Table of Contents

CERTAIN DEFINITIONS

ICICI Limited, ICICI Personal Financial Services Limited and ICICI Capital Services Limited amalgamated with and into ICICI Bank Limited, effective March 30, 2002 for accounting purposes under generally accepted accounting principles in India ("Indian GAAP"). 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 Indian GAAP, subsequent to the amalgamation. 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 "ICICI Bank" and "the Bank" are, as the context requires, to ICICI Bank Limited on an unconsolidated basis subsequent to the amalgamation, to ICICI Bank Limited on an unconsolidated basis prior to the amalgamation, or to both. References to "ICICI" are to ICICI Limited and its consolidated subsidiaries and other consolidated entities under Indian GAAP prior to the amalgamation. References to the "amalgamation" are to the amalgamation of ICICI, ICICI Personal Financial Services and ICICI Capital Services with and into ICICI Bank. References to "the Scheme of Amalgamation" are to the Scheme of Amalgamation of ICICI, ICICI Personal Financial Services and ICICI Capital Services with ICICI Bank sanctioned by the High Court of Gujarat at Ahmedabad on March 7, 2002 and by the High Court of Judicature at Bombay on April 11, 2002 and approved by the Reserve Bank of India on April 26, 2002. References to "Sangli Bank" are to "The Sangli Bank Limited" prior to its merger with ICICI Bank. 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", "Board of Directors" and "Board" are to the board of directors of ICICI Bank.

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.

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

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

Table of Contents

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 that we operate in 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 we face following our rapid international growth, future levels of non-performing and restructured loans, our growth and expansion in domestic and overseas markets, the adequacy of our allowance for credit and investment losses, technological changes, investment income, our ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to implement our dividend policy, the impact of changes in banking regulations and other regulatory changes in India and other jurisdictions on us, including on the assets and liabilities of ICICI, a former financial institution not subject to Indian banking regulations, the state of the global financial system and systemic risks, the bond and loan market conditions and availability of liquidity amongst the investor community in these markets, the nature of credit spreads and interest spreads from time to time, including the possibility of increasing credit spreads or interest rates, our ability to roll over our short-term funding sources and our exposure to credit, market and liquidity risks. We undertake no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this annual report include, but are not limited to, the monetary and interest rate policies of India and the other markets in which we operate, natural calamities, 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 world-wide, any anti-terrorist or other attacks by the United States, a United States-led coalition or any other country, the monetary and interest rate policies of India, 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 on the factors that could cause actual results to differ, see the discussion under "Risk Factors" contained in this annual report.

Table of Contents

EXCHANGE RATES

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

In early July 1991, the government adjusted the Indian rupee downward by an aggregate of approximately 20.0% against the US dollar. The adjustment was effected as part of an economic package designed to overcome economic and foreign exchange problems. After the Indian rupee was made convertible on the current account in March 1993, it depreciated on an average annual basis at a rate of approximately 5-6% until fiscal 2002. The rupee depreciated against the US dollar by 0.5% during fiscal 2005 and by 2.0% during fiscal 2006. During fiscal 2007, the rupee appreciated against the US dollar by 3.1%, moving from Rs. 44.48 per US$ 1.00 at March 31, 2006 to Rs. 43.10 per US$ 1.00 at March 30, 2007. During fiscal 2008 the rupee appreciated against the US dollar by 7.1%, moving from Rs. 43.10 per US$ 1.00 at March 30, 2007 to Rs. 40.02 per US$ 1.00 at March 31, 2008. During fiscal 2009 the rupee depreciated against the US dollar by 27.1%, moving from Rs. 40.02 per US$ 1.00 at March 31, 2008 to Rs. 50.87 per US$ 1.00 at March 31, 2009. During fiscal 2010 (through September 18, 2009), the rupee appreciated against the US dollar by 5.6% moving from Rs. 50.87 per US$ 1.00 at March 31, 2009 to Rs. 48.02 at September 18, 2009. The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Indian rupees and US dollars. For periods prior to January 1, 2009, the exchange rates reflect the noon buying rates as reported by the Federal Reserve Bank of New York. For periods after January 1, 2009, the exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Federal Reserve Board.

Fiscal Year	Period End(1)	Average(1) (2)
2005	43.62	44.87
2006	44.48	44.20
2007	43.10	45.06
2008	40.02	40.13
2009	50.87	46.32
2010 (through September 18, 2009)	48.02	48.22

Month	High	Low
October 2008	49.96	46.47
November 2008	50.12	47.25
December 2008	50.05	46.74
January 2009	49.07	48.25
February 2009	50.88	48.37
March 2009	51.96	50.21
April 2009	50.48	49.55
May 2009	49.75	46.95
June 2009	48.50	46.78
July 2009	49.16	47.75
August 2009	48.90	47.27
September 2009 (through September 18, 2009)	49.05	48.02

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

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

Although certain rupee amounts in this annual report have been translated into US dollars for convenience, this does not mean that the rupee amounts referred to could have been, or could be, converted into US dollars at any particular rate, the rates stated below, or at all. Except in the section on “Market Price Information”, all translations from rupees to US dollars are based on exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board at March 31, 2009. The Federal Reserve Bank of New York certifies this rate for customs purposes in a weekly version of the H.10 release. The exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board at March 31, 2009 was Rs. 50.87 per US$ 1.00 and at September 18, 2009 was Rs. 48.02 per US$ 1.00.

Table of Contents

MARKET PRICE INFORMATION

Equity Shares

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

At September 18, 2009 1,113,501,059 equity shares were outstanding. The prices for equity shares as quoted in the official list of each of the Indian stock exchanges are in Indian rupees.

The following table shows:

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

	Price per equity share(1)			
	High	Low	High	Low
Annual prices:				
Fiscal 2005	Rs. 413.05	Rs. 230.40	US$ 9.47	US$ 5.28
Fiscal 2006	628.75	359.95	14.14	8.09
Fiscal 2007	999.70	451.20	23.19	10.47
Fiscal 2008	1,435.00	759.95	35.86	18.99
Fiscal 2009	942.85	262.95	18.53	5.17
Quarterly prices:				
Fiscal 2008:				
First Quarter	Rs. 962.90	Rs. 803.95	US$ 23.73	US$ 19.81
Second Quarter	1,062.40	824.70	26.73	20.75
Third Quarter	1,333.40	1,021.20	33.83	25.91
Fourth Quarter	1,435.00	759.95	35.86	18.99
Fiscal 2009:				
First Quarter	Rs. 942.85	Rs. 630.20	US$ 21.96	US$ 14.68
Second Quarter	771.15	493.30	16.60	10.62
Third Quarter	550.90	308.50	11.34	6.35
Fourth Quarter	523.45	262.95	10.29	5.17
Fiscal 2010 (through September 18, 2009):	872.30	349.35	18.17	7.28
Monthly prices:				
November 2008	Rs. 471.85	Rs. 319.50	US$ 9.52	US$ 6.45
December 2008	472.80	323.40	9.73	6.66
January 2009	523.45	363.85	10.72	7.45
February 2009	435.20	324.85	8.55	6.38
March 2009	385.20	262.95	7.57	5.17
April 2009	479.20	349.35	9.64	7.03
May 2009	756.15	520.75	16.05	11.05
June 2009	756.15	689.40	15.84	14.44

July 2009	784.75	628.85	16.38	13.13
August 2009	773.75	704.95	15.85	14.44
September 2009 (through September 18, 2009)	872.30	735.95	18.17	15.33

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

At September 18, 2009 the closing price of equity shares on the NSE was Rs. 841.20 equivalent to US$ 17.52 per equity share (US$ 35.04 per ADS on an imputed basis) translated at the exchange rate of Rs. 48.02 per US$ 1.00 as set forth in the H.10 statistical release of the Federal Reserve Board on September 18, 2009.

At March 31, 2009, there were approximately 871,161 holders of record of our equity shares, of which 240 had registered addresses in the United States and held an aggregate of approximately 63,850 equity shares.

Table of Contents

ADSs

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

At March 31, 2009, ICICI Bank had approximately 151 million ADSs, equivalent to 302 million equity shares, outstanding. At this date, there were 68,629 record holders of ICICI Bank's ADSs, out of which 141 had 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 2005		22.65		11.25
Fiscal 2006		32.26		18.08
Fiscal 2007		46.74		21.25
Fiscal 2008		72.88		35.16
Fiscal 2009		47.20		9.96
Quarterly prices:				
Fiscal 2008:				
First Quarter	US$	49.69	US$	36.53
Second Quarter		53.23		38.03
Third Quarter		69.44		52.43
Fourth Quarter		72.88		35.16
Fiscal 2009:				
First Quarter	US$	47.20	US$	28.76
Second Quarter		36.82		21.83
Third Quarter		24.50		11.33
Fourth Quarter		22.00		9.96
Fiscal 2010 (through September 18, 2009):		36.85		14.36
Monthly prices:				
November 2008	US$	19.46	US$	11.33
December 2008		19.45		12.32
January 2009		22.00		14.65
February 2009		18.16		12.46
March 2009		14.79		9.96
April 2009		20.75		14.36
May 2009		31.14		20.55
June 2009		32.62		28.01
July 2009		33.32		26.04
August 2009		33.20		28.67
September 2009 (through September 18, 2009)		36.85		29.35

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."

5

Table of Contents

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.

The current slowdown in the Indian economy could adversely affect our business and our borrowers and contractual counterparties, especially if such a slowdown were to be continued and prolonged. The growth rate of India's GDP, which was 9.0% or higher in each of fiscal years 2006, 2007 and 2008, moderated to 6.7% during fiscal 2009 and to 6.1% during the quarter ended June 30, 2009. From 2005, interest rates in the Indian economy increased significantly following monetary measures to control rising inflation, and we experienced a slowdown in disbursements of housing, automobile and other retail loans in fiscal years 2007, 2008 and 2009. Even though the Reserve Bank of India has significantly reduced policy rates since October 2008, the course of market interest rates continues to be uncertain due to the increase in the fiscal deficit and the government borrowing program. Any increase in inflation in the future, due to increases in prices of commodities such as crude oil or otherwise, may result in a tightening of monetary policy. The uncertainty regarding liquidity and interest rates and any increase in interest rates or reduction in liquidity could adversely impact our business. The Indian economy in general and the agriculture sector in particular may be impacted by the level and timing of monsoon rainfall, which is currently below average.

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

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

Since August 2007, the global financial system experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency on inter-bank lending rates. These adverse trends accelerated sharply following the bankruptcy filing by Lehman Brothers in September 2008, leading to a global financial and economic crisis. In the US (where this particular crisis originated), the government has been forced to bail out leading financial institutions and inject additional capital in other banks. Likewise, in several European countries, the governments have injected capital into banks and have guaranteed deposits or increased the level of deposit guarantees. Although the proximate cause of this particular financial crisis, which is deeper than other recent financial crises, was the US residential mortgage market, investors should be aware that there is a recent history of financial crises and boom-bust cycles in multiple markets in both the emerging and developed economies which leads to risks for all financial institutions, including us. A loss of investor confidence in the financial systems of India or other markets and countries or any financial instability in India or any 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. The recent financial crisis has had a limited direct impact on us and we have not experienced the same degree of write-downs as banks that were exposed to, or invested in, the US residential mortgage market. However, the widening of credit spreads has resulted

in mark-to-market and realized losses on our investment and derivative portfolios, constrained our international debt capital market borrowings and adversely impacted our profitability. We remain subject, moreover, to the risks posed by the indirect impact of the global credit crisis on the economy, some of which cannot be anticipated and the vast majority of which are not in our control. We also remain subject to counterparty risk to financial institutions that fail or are otherwise unable to meet their obligations to us.

Table of Contents

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

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

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

India imports over 75.0% of its requirements of crude oil, which were over 30% of total imports in fiscal 2009. While oil prices have declined sharply from their peak levels, any sharp increases or volatility in oil prices and the pass-through of such increases to Indian consumers could have a material negative impact on the Indian economy and the Indian banking and financial system in particular, including through a rise in inflation and market interest rates and a higher trade deficit. 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.

Trade deficits could adversely affect our business and the price of our equity shares and ADSs.

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

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

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

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 like earthquakes, floods and drought 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 level and timing of monsoon rainfall, impact the agricultural sector which constitutes approximately 17% of India's GDP. For example, in fiscal 2003, many parts of India received significantly less than normal rainfall. As a result, the agricultural sector recorded a decline of 7.2%. While the growth rate of the agricultural sector was 10.0% in fiscal 2004, it was negligible in fiscal 2005 due to the erratic progress of the monsoon which adversely affected sowing operations for certain crops. During the third quarter of fiscal 2009, the agricultural

sector recorded a decline of 0.8%. In the current year the rainfall has been below the trend level in several parts of India. 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.

Table of Contents

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

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

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

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

Our business and customers are predominantly located in India or are related to and influenced by the Indian economy. The Indian government has traditionally exercised, and continues to exercise, a dominant influence over many aspects of the economy. Government policies could adversely affect business and economic conditions in India, our ability to implement our strategy, and our future financial performance. Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector and encouraging the development of the Indian financial sector. India has been governed by coalition governments for the past several years. The leadership of India and the composition of the coalition in power are subject to change, and election results are sometimes not along expected lines. It is therefore difficult to predict the economic policies that will be pursued by governments in the future. The pace of economic liberalization could change, and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. For instance, the government of India has proposed a new direct tax code that could impact our taxation in the future, as well as investment decisions of individuals, thereby impacting our business. Any significant change in India's economic policies or any market volatility as a result of uncertainty surrounding India's macroeconomic policies or the future elections of its government could adversely affect business and economic conditions in India generally and our business in particular.

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

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

---

adversely affect our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

Risks Relating to Our Business

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

As a result of certain reserve requirements of the Reserve Bank of India, we are more structurally exposed to interest rate risk than banks in many other countries. See "Supervision and Regulation—Legal Reserve Requirements". These requirements result in us 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. These requirements also have a negative impact on our net interest income and net interest margin because we earn interest on a portion of our assets at rates that are generally less favorable than those typically received on our other interest-earning assets. If the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or if our cost of funds does not decline at the same time or to the same extent as the decrease in yield on our interest-earning assets, our net interest income and net interest margin may be adversely impacted. During the fiscal years 2006, 2007, 2008 and the first nine months of fiscal 2009, we experienced an increase in our term deposit costs. The tightening of liquidity and volatility in international markets following the concerns over sub-prime debt in the United States limited our access to international bond markets since the second half of fiscal 2008 and resulted in an increase in our cost of funding for our international business. Continued volatility in international markets could further constrain our international market borrowings and our ability to replace maturing borrowings and fund new assets. Our subsidiaries in the United Kingdom and Canada are also exposed to similar risks. For instance, the net interest income of these subsidiaries has been negatively impacted by the faster decline in the yields on their loan portfolios, which are linked to LIBOR, relative to the cost of their funding, which comprises mainly fixed rate deposits and borrowings. Limitations on our ability to borrow from international markets affect our funding costs and our ability to grow our business. We are also exposed to interest rate risk through our treasury operations and our subsidiary, ICICI Securities Primary Dealership, which is a primary dealer in government of India securities. Profit on sale of investments in fixed income securities, including government of India securities, is an important element of our profitability and is impacted by movements in market yields. A rise in yields on government securities, as has taken place since the beginning of 2009, reduces our profits from this activity and the value of our fixed income portfolio. High and increasing interest rates or greater interest rate volatility would adversely affect our ability to grow, our net interest margins, our net interest income, our income from treasury operations and the value of our fixed income securities portfolio.

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

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

our urban micro-banking loan product during fiscal 2008.

Under the directed lending norms of the Reserve Bank of India, we are required to extend 50.0% of our residual adjusted net bank credit to certain eligible sectors, which are categorized as “priority sectors”. See also “Business-Loan Portfolio-Directed Lending”. In addition to the regulations requiring us to lend a portion of our advances to the priority sectors, the Reserve Bank of India has regulations requiring us to lend a portion of our advances to weaker sections of society. See “Business—Loan Portfolio—Directed Lending”. We may experience a significant increase

in non-performing assets in our directed lending portfolio, particularly loans to the agricultural sector and small enterprises, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. The government in its budget for fiscal 2009 announced a debt waiver for small and marginal farmers. While the government has borne the cost of the scheme, such schemes may have an adverse impact on future debt servicing on farm loans and may lead to an increase in non-performing loans in the agricultural sector. Any change by the Reserve Bank of India in the directed lending norms may result in our inability to meet the priority sector lending requirements as well as require us to increase our lending to relatively riskier segments and may result in an increase in non-performing assets in the directed lending portfolio. See also "—Our rapid retail expansion in India and our rural initiative expose us to increased risks that may adversely affect our business" and "Business-Loan Portfolio-Directed Lending".

Following the current global and Indian economic slowdown, we have seen an increase in applications for restructuring of loans from corporate borrowers and our restructured loans are expected to increase. Further economic challenges could result in some of our borrowers not being able to meet their restructured debt obligations, resulting in loans to such borrowers being classified as non-performing. See also "–The level of restructured loans in our portfolio is expected to increase and the failure of our restructured loans to perform as expected could affect our business". The loan portfolio of our international branches and subsidiaries includes foreign currency loans to Indian companies for their Indian operations (as permitted by regulation) as well as for their overseas ventures, including cross-border acquisitions. This exposes us to specific additional risks including the failure of the acquired entities to perform as expected, and our inexperience in various aspects of the economic and legal framework in overseas markets. See also "—We experienced rapid international growth in previous years which has increased the complexity of the risks that we face". We may not be able to control or reduce the level of non-performing assets in our project and corporate finance portfolio. We also have investments in security receipts arising out of the sale of non-performing assets by us to Asset Reconstruction Company (India) Limited, a reconstruction company registered with the Reserve Bank of India. See "Business—Classification of Loans". There can be no assurance that Asset Reconstruction Company (India) Limited 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.

We also securitize our loan receivables through independent special purpose vehicles from time to time. The loan pools securitized by us are generally rated by independent credit rating agencies. In respect of these transactions, we provide credit enhancements generally in the form of cash collaterals/guarantees/interest spreads. There is no guarantee that these pools will perform as per expectations. In the event that the ratings on these pools are downgraded and/or we are required to increase the credit enhancement, our profitability, reputation, our business and the price of our equity shares and ADSs could be adversely affected.

If we are not able to control or reduce the level of non-performing assets, the overall quality of our loan portfolio may deteriorate and our business may be adversely affected.

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

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

Further deterioration of our non-performing asset portfolio and an inability to improve our provisioning coverage as a percentage of gross non-performing assets could adversely affect our business.

There can be no assurance that there will be no deterioration in the provisioning coverage as a percentage of gross non-performing assets or otherwise or that the percentage of non-performing assets that we will be able to recover will be similar to our and ICICI's past experience of recoveries of non-performing assets. Our retail loan portfolio experienced rapid growth between fiscal 2002 and fiscal 2007 and there is limited data on historical loss

---

Table of Contents

ratios in retail loans, especially in the event of an economic downturn. During the last two years we have seen an increase in non-performing assets mainly in our non-collateralized retail loan portfolio. Further, the economic slowdown and the impact of global and Indian economic conditions on equity and debt markets may also lead to an increase in the level of non-performing assets in our corporate loan portfolio. In the event of any further deterioration in our non-performing asset portfolio, there could be an adverse impact on our business, our future financial performance and the price of our equity shares and ADSs.

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 are secured by collateral. See "Business—Classification of Loans—Non-Performing Asset Strategy". Changes in asset prices may cause the value of our collateral to decline and we may not be able to realize the full value of our collateral as a result of delays in bankruptcy and foreclosure proceedings, 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 value of the collateral and illiquid market for disposal of and volatility in the market prices for the collateral, current legislative provisions or changes thereto and past or future judicial pronouncements. Failure to recover the expected value of collateral could expose us to potential losses, which could adversely affect our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

A large proportion of ICICI's loans consisted of project finance assistance, which continues to be a part of our loan portfolio and is particularly vulnerable to completion and other risks.

Long-term project finance assistance was a significant proportion of ICICI's asset portfolio and continues to be a part of our loan portfolio. We expect significant opportunities in project finance in India and it is our strategy to grow this portfolio. The viability of these projects that we may finance in future depends upon a number of factors, including market demand, government policies and the overall economic environment in India and the international markets. These projects are particularly vulnerable to a variety of risks, including completion risk and counterparty risk, which could adversely impact their ability to generate revenues. We cannot be sure that these projects will perform as anticipated. In the past, we experienced a high level of default and restructuring in our project finance loan portfolio as a result of the downturn in certain global commodity markets and increased competition in India. The current slowdown of 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.

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

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

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

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform with 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 nation-wide credit bureau has become operational in India only recently. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. As a result, our ability to effectively manage our credit risk may be adversely affected.

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

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

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

Beginning in fiscal 2004, we began a rapid international expansion opening banking subsidiaries in the United Kingdom, Canada and Russia and branches and representative offices in several countries. We offer retail banking products and services including remittance services across these markets primarily to non-resident Indians. We deliver products and services, including foreign currency financing and cross-border acquisition financing, to our corporate clients through our international subsidiaries and branches. We also invest in fixed income securities and derivative products with underlying Indian and international credit exposures. In Canada and the United Kingdom, we have also launched direct banking offerings using the Internet as the access channel. This rapid international expansion into banking in multiple jurisdictions exposes us to a new 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. 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 are subject to legal and regulatory risk which may adversely affect our business and the price of our equity shares and ADSs". Our overseas branches and banking subsidiaries have made investments in bonds, certificates of deposits, mortgage backed securities, treasury bills, credit derivatives and asset backed commercial paper. Adverse market conditions due to the global financial and economic crisis have resulted in mark-to-market and realized losses on our overseas and other subsidiaries' investment and derivative portfolios, constrained our international debt capital market borrowings and increased our cost of funding. If we are unable to manage these risks, our business could be adversely affected.

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

Most of our incremental funding requirements are met through short-term funding sources, primarily in the form of deposits including deposits from corporate customers and inter-bank deposits. Our customer deposits generally have a maturity of less than one year. However, a large portion of our assets have medium or long-term maturities, creating the potential for funding mismatches. Our ability to raise fresh deposits and grow our deposit base depends in part on our ability to expand our network of branches, which requires the approval of the Reserve

Table of Contents

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. High volumes of deposit withdrawals or failure of a substantial number of our depositors to roll over deposited funds upon maturity or to replace deposited funds with fresh deposits as well as our inability to grow our deposit base, could have an adverse effect on our liquidity position, our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

Furthermore, a part of our loan and investment portfolio, comprising primarily the loan and investment portfolios of our international branches and subsidiaries, is denominated in foreign currencies, including the US dollar. Our international branches are primarily funded by debt capital market issuances and syndicated/bilateral loans, while our international subsidiaries generally raise deposits in their local markets. Certain deposits in our Singapore and Hong Kong branches are guaranteed by the Government of Singapore and Hong Kong SAR Government's Exchange Fund respectively until the end of 2010. There can be no assurance that the deposits will be rolled over after this period. Volatility in international debt markets following the concerns over sub-prime debt in the United States has constrained our international capital market borrowings. There can be no assurance that the deposit bases of our international subsidiaries will continue to grow at the current rates or that our international branches and subsidiaries will be able to obtain alternative funding from the international debt markets or other sources in a timely manner on terms acceptable to them or at all. This may adversely impact our ability to replace maturing borrowings and fund new assets. See also "Risks Relating to India and Other Economic and Market Risks—Financial instability in other countries, particularly emerging market countries and countries where we have established operations, could adversely affect our business and the price of our equity shares and ADSs", "Risks Relating to India and Other Economic and Market Risks—Financial difficulty and other problems in certain financial institutions in India could adversely affect our business and the price of our equity shares and ADSs" and "—We have experienced rapid international growth in the previous years which has increased the complexity of the risks that we face".

Regulatory changes in India or other jurisdictions in which we operate could adversely affect our business.

The laws and regulations or the regulatory or enforcement environment in any of the jurisdictions in which we operate may change at any time and may have an adverse effect on the products or services we offer, the value of our assets or of the collateral available for our loans or our business in general. Since 2005, the Reserve Bank of India has made several changes in regulations applicable to banking companies, including change in risk-weights on certain categories of loans for computation of capital adequacy, change in general provisioning requirements for various categories of assets, change in capital requirements and accounting norms for securitization, changes in policy interest rates, cash reserve ratio, cessation of payment of interest on cash reserve balances, changes in limits on investments in financial sector enterprises and venture capital funds and changes in directed lending requirements. Regulations and laws governing our insurance, asset management, private equity and broking subsidiaries as well as our international banking subsidiaries may also change. For example, the Insurance Regulatory and Development Authority and the Securities and Exchange Board of India have introduced guidelines modifying the charge structures for unit linked life insurance products and mutual fund products respectively, which could impact the growth and profitability of our life insurance and asset management subsidiaries, and our fee income from distribution of life insurance and mutual fund products. The present global financial crisis is expected to lead to significant regulatory changes in various countries. These may include changes with respect to capital and liquidity ratios, cross-border capital flows, management compensation and consumer protection. The extent and impact of such changes is difficult to anticipate and estimate. Such changes could have an adverse impact on our growth, capital adequacy and profitability. Any change by the Reserve Bank of India in the directed lending norms may result in our inability to meet the priority sector lending

requirements as well as require us to increase our lending to relatively riskier segments and may result in an increase in non-performing assets in the directed lending portfolio.

Table of Contents

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

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

To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. See also "—Further deterioration of our non-performing asset portfolio and an inability to improve our 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. Recently, Moody's Investors Service, an international rating agency has placed the ratings of 13 Indian banks, including ICICI Bank, on review for a possible downgrade following their new methodology for assessing the local currency ratings of banks. CRISIL, a domestic rating agency, while reaffirming its AAA ratings on our Upper Tier II and Tier I perpetual bonds has revised its outlook on these ratings from stable to negative. See also "Risks Relating to India and Other Economic and Market Risks —Any downgrading of India's debt rating by an international rating agency could adversely affect our business, our liquidity and the price of our equity shares and ADSs". The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in our ratings. Any reduction in our ratings (or withdrawal of ratings) may increase our borrowing costs, limit our access to capital markets and adversely affect our ability to sell or market our products, engage in business transactions particularly longer-term, and derivatives transactions, or retain our customers. Conditions in the international and Indian debt markets may adversely impact our access to financing and liquidity. This, in turn, could reduce our liquidity and negatively impact our operating results and financial condition. For more information relating to our ratings, see "Business—Risk Management—Quantitative and Qualitative Disclosures about Market Risk—Liquidity Risk".

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

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

and seeking India-linked business opportunities, we may in the future examine and seek opportunities for acquisitions in countries where we currently operate and in other countries.

Any future acquisitions or mergers, both Indian or international, may involve a number of risks, including deterioration of asset quality, 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, some or all of which could have an adverse effect on our business.

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

As a financial intermediary, we are exposed to exchange rate risk. See "Business — Risk Management — Quantitative and Qualitative Disclosures about Market Risk — Exchange Rate Risk". Several of our borrowers enter into derivative contracts to manage their foreign exchange risk exposures. Some of our clients have incurred marked to market or crystallized losses on their foreign exchange contracts. Further, in some cases, customers have initiated legal proceedings challenging the validity of these contracts and their obligations to us. Any increase in such instances and any decision against us in these proceedings may have an adverse impact on our profitability and business. The failure of our borrowers to manage their exposures to foreign exchange, derivative risk, adverse movements and volatility in foreign exchange rates may adversely affect our borrowers and the quality of our exposure to our borrowers and our business volumes and profitability. In October 2008, the Reserve Bank of India issued guidelines requiring banks to classify receivables representing crystallized positive mark-to-market value of a derivative contract overdue for 90 days or more as a non-performing asset. Defaults by our clients on their derivative contracts and their subsequent classification as non-performing assets may have an adverse impact on our profitability, business and the price of our equity shares and ADSs.

Our rapid retail expansion in India and our rural initiative expose us to increased risks that may adversely affect our business.

We experienced rapid growth in our retail loan portfolio between fiscal 2002 and fiscal 2007. See "Business—Loan Portfolio". In addition, our rural initiative is designed to bring our products and services into many rural areas. This rapid growth of the retail loan business and the rural initiative exposes us to increased risks within India including the risk that our impaired loans may grow faster than anticipated, increased operational risk, increased fraud risk and increased regulatory and legal risk. For example, during fiscal 2007, we made a provision of Rs. 0.93 billion (US$ 18 million) for losses from frauds pertaining to the warehouse receipt-based financing product for agricultural credit. See also "—We are subject to legal and regulatory risk which may adversely affect our business and the price of our equity shares and ADSs".

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

Within the Indian market, we face intense competition from other commercial banks, investment banks, insurance companies and non-bank finance companies. Some Indian public and private sector banks have recently experienced higher growth, achieved better profitability and increased their market shares relative to us. Further liberalization of the Indian financial sector could lead to a greater presence or new entries of Indian and foreign banks offering a wider range of products and services, which could adversely impact our competitive environment. In addition, the Indian financial sector may experience further consolidation, resulting in fewer banks and financial institutions, some of which may have greater resources than us. See "Business—Competition" and "Overview of the Indian Financial Sector—Commercial Banks—Foreign Banks". Due to competitive pressures, we may be unable to successfully execute our growth strategy and offer products and services at reasonable returns and this may adversely impact our business.

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

Table of Contents

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

The Indian financial markets has in recent years experienced, and continues 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 India introduced the Real Time Gross Settlement System, an inter-bank settlement system which facilitates real time settlements primarily between banks. Recent examples of such changes include free access for a customer of any bank to ATMs of all other banks with restrictions on amount and number of transactions. Such developments impact the profitability of banks, by reduction in float balances and fee incomes, and an increase in costs. See also "- Regulatory changes in India or other jurisdictions in which we operate could adversely affect our business".

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

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

While our insurance businesses are becoming an increasingly important part of our business, there can be no assurance that they will continue to experience high rates of growth.

Our life insurance and general insurance joint ventures are becoming an increasingly important part of our business. See "Business—Insurance". These businesses have seen sharp moderation in growth since fiscal 2009. There can be no assurance that these businesses will continue to experience high rates of growth. Our life insurance business primarily comprises unit-linked life insurance and pension products. Reduction in capital market valuations and volatility in capital markets have had an adverse impact on the demand for these products. The growth of our general insurance business has been adversely impacted by the deregulation of pricing on certain products, which has resulted in a reduction in premiums for those products. See also "Supervision and Regulation-Regulations Governing Insurance Companies". A slowdown in the Indian economy could adversely impact the future growth of these businesses. See also "—Regulatory changes in India or other jurisdictions in which we operate could adversely affect our business". Any slowdown in these businesses and in particular in the life insurance business could have an adverse impact on our business and the price of our equity shares and ADSs.

Our life insurance business is in a loss position and is expected to continue to generate losses for some years.

We and our joint venture partner have made significant investments in our life insurance joint venture, ICICI Prudential Life Insurance Company. See "Business—Insurance". As is normal in the start-up phase of any life insurance business, we are currently experiencing losses from this business. We expect these losses to continue for the near term, particularly in light of the current economic slowdown and declines in the market value of investments underlying the life insurance products. There can be no assurance that the ultimate actual profitability of the life insurance business will be in line with current assumptions and expectations.

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

The assumptions our life insurance subsidiary makes in assessing its life insurance reserves may differ from what it experiences in the future. Our life insurance subsidiary derives its life insurance reserves using "best estimate" actuarial policies and assumptions. These assumptions include the assessment of the long-term development of interest rates, investment returns, the allocation of investments between equity, fixed income and

16

Table of Contents

other categories, mortality and morbidity rates, policyholder lapses and future expense levels. Our life insurance subsidiary monitors its actual experience of these assumptions and to the extent that it considers that this experience will continue in the longer term, it refines its long-term assumptions. Changes in any such assumptions may lead to changes in the estimates of life and health insurance reserves.

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

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

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

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

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

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

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

We are subject to legal and regulatory risk which may adversely affect our business and the price of our equity shares and ADSs.

We are subject to a wide variety of banking, insurance and financial services laws and regulations and a large number of regulatory and enforcement authorities in each of the jurisdictions in which we operate. The laws and regulations governing the banking and financial services industry have become increasingly complex governing a

17

Table of Contents

wide variety of issues, including interest rates, liquidity, capital adequacy, securitization, investments, ethical issues, money laundering, privacy, record keeping, and marketing and selling practices, with sometimes overlapping jurisdictional or enforcement authorities. In addition to regulations applicable to all banks, the Reserve Bank of India may impose additional requirements on us which may impact our financial performance. Our insurance subsidiaries are also subject to extensive regulation and supervision and the Insurance Regulatory and Development Authority has the authority to impact and alter laws and regulations regarding the insurance industry, including regulations governing products, selling commissions, solvency margins and reserving, which can also lead to additional costs or restrictions on the insurance subsidiaries' activities. Similarly our asset management subsidiary is subject to supervision and regulation by the Securities and Exchange Board of India.

Failure to comply with applicable regulations in various jurisdictions, including unauthorized actions by employees, representatives, agents and third parties, suspected or perceived failures and media reports, and ensuing inquiries or investigations by regulatory and enforcement authorities, has resulted, and may result in regulatory action including financial penalties and restrictions on or suspension of the related business operations.

In addition, a failure to comply with the applicable regulations in various jurisdictions by our employees, representatives, agents and third party service providers either in or outside the course of their services, or suspected or perceived failures by them, may result in inquiries or investigations by regulatory and enforcement authorities, in regulatory or enforcement action against either us, or such employees, representatives, agents and third party service providers. Such actions may impact our reputation, result in adverse media reports, lead to increased or enhanced regulatory or supervisory concerns, additional costs, penalties, claims and expenses being incurred by us or impact adversely our ability to conduct business.

In fiscal 2006, the Reserve Bank India imposed a penalty of Rs. 0.5 million (US$ 9,829) on us in connection with our role as collecting bankers in certain public offerings of equity by companies in India. The Securities and Futures Commission, Hong Kong charged us with carrying on the business of dealing in securities in Hong Kong between June 15, 2004 and March 8, 2006, without having the requisite license. The Eastern Magistrate's Court, Hong Kong, on April 10, 2007 fined us a sum of HK$ 40,000 and further ordered us to reimburse investigation costs to the Securities and Futures Commission. We have paid these amounts. See also Schedule 19A, Note 12 to the Consolidated Financial Statements – Penalties/fines by Reserve Bank of India and other banking regulatory authorities.

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

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

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

We face greater credit risks than banks in developed economies.

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

18

Table of Contents

addition, the credit risk of our borrowers, particularly small and middle market companies, is higher than borrowers in more developed economies due to the greater uncertainty in the Indian regulatory, political, economic and industrial environment and the difficulties of many of our corporate borrowers to adapt to global technological advances. The directed lending norms of the Reserve Bank of India require us to lend a certain proportion of our loans to "priority sectors," including agriculture and small enterprises, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. Any shortfall may be required to be allocated to investments yielding sub-market returns. See "Business—Loan Portfolio—Directed Lending." Also, several of our corporate borrowers in the past suffered from low profitability because of increased competition from economic liberalization, a sharp decline in commodity prices, a high debt burden and high interest rates in the Indian economy at the time of their financing, and other factors. The current economic slowdown and the 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.

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

We, like all financial institutions, are exposed to many types of operational risk, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing our business activities), misreporting or non-reporting with respect to statutory, legal or regulatory reporting and disclosure obligations, or operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. Our growth, particularly in the rural initiative, international arena and insurance businesses exposes us to additional operational and control risks. The increasing size of our treasury operations, which use automated control and recording systems as well as manual checks and record keeping, exposes us to the risk of errors in control and record keeping. 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. For a discussion of how operational risk is managed, see "Business—Risk Management—Operational Risk".

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

Our business operations are based on a high volume of transactions. Although we take adequate measures to safeguard against system-related and other fraud, there can be no assurance that we would be able to prevent fraud. Our reputation could be adversely affected by fraud committed by employees, customers or outsiders. Our rural initiative,

our international growth and our expansion to new product lines such as insurance may create additional challenges with respect to managing the risk of frauds due to the increased geographical dispersion and use of intermediaries. For example, during fiscal 2007, we made a provision of Rs. 0.9 billion (US$ 18 million) for losses from frauds pertaining to the warehouse receipt-based financing product for agricultural credit. See "Operating and Financial Review and Prospects—Provisions for Non-performing Assets and Restructured Loans" and "Business—Risk Management—Operational Risk". Physical or electronic break-ins, security breaches, other disruptive

Table of Contents

problems caused by our increased use of the internet or power disruptions could also affect the security of information stored in and transmitted through our computer systems and network infrastructure. Although we have implemented security technology and operational procedures to prevent such occurrences, there can be no assurance that these security measures will be successful. A significant failure in security measures could have a material adverse effect on our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

System failures could adversely impact our business.

Given the large share of retail products and services and transaction banking services in our total business, the importance of systems technology to our business has increased significantly. We have recently launched delivery of banking services through mobile telephones. Our principal delivery channels include ATMs, call centers and the Internet. 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 business and financial losses and adversely affect the price of our equity shares and ADSs.

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

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

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

We and our group companies, or our or their directors or officers, are often involved in litigations (including civil or criminal) 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 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. Where we assess that there is a probable risk of loss, it is our policy to make provisions for the loss. However, we do not make provisions or disclosures in our financial statements where our assessment is that the risk is insignificant. See "Business—Legal and Regulatory Proceedings". We cannot guarantee that the judgments in any of the litigation in which we are involved would be favorable to us and if our assessment of the risk changes, our view on provisions will also change.

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

Our business is growing more complex with both product line expansion into the insurance area and geographic expansion internationally and via the rural initiatives. Our continued success depends in part on the continued service of key members of our management team and our ability to continue to attract, train, motivate and retain highly qualified professionals is a key element of our strategy and we believe it to be a significant source of competitive advantage. The successful implementation of our strategy depends on the availability of skilled management, both at our head office and at each of our business units and international locations and on our ability to attract and train young professionals. In fiscal 2009, our compensation levels reduced as we did not award performance bonuses to employees. While a substantial portion of our compensation structure for middle and senior management has for several years been in the form of employee stock options, the market price of our equity shares declined significantly during the year. The combination of these factors could adversely affect our ability to hire and retain qualified

employees. If we or one of our business units or other functions fail to staff their operations appropriately, or lose one or more of our key senior executives or qualified young professionals and fail to replace them in a satisfactory and timely manner, our business, financial condition and results of operations, including our

control and operational risks, may be adversely affected. Likewise, if we fail to attract and appropriately train, motivate and retain young professionals or other talent, our business may likewise be affected. See "Business—Employees".

Risks Relating to the ADSs and Equity Shares

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

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

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

In fiscal 2008, we concluded a capital raising exercise comprising a public offering in India and an ADS offering aggregating Rs. 199.7 billion (US$ 3.9 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 5.0% of our issued equity shares from time to time, may be granted in accordance with our Employee Stock Option Scheme. Any future issuance of equity shares or ADSs or exercise of employee stock options would dilute the positions of investors in equity shares and ADSs and could adversely affect the market price of our equity shares and ADSs.

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

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

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

ADS holders seeking to sell in India any equity shares withdrawn upon surrender of ADSs, convert the rupee proceeds from such sale into a foreign currency or repatriate such foreign currency may need the Reserve Bank of India's

approval for each such transaction. See “Restriction on Foreign Ownership of Indian Securities”. We cannot guarantee that any such approval will be obtained in a timely manner or at terms favorable to the investor. Because of possible delays in obtaining the requisite approvals, investors in equity shares may be prevented from realizing gains during periods of price increases or limiting losses during periods of price declines.

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

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

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

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

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

The Indian securities markets are smaller and more volatile than securities markets in developed economies. In the past, the Indian stock exchanges have experienced high volatility and other problems that have affected the market price and liquidity of the listed securities, including temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In April 2003, the decline in the price of the equity shares of a leading Indian software company created volatility in the Indian stock markets and created temporary concerns regarding our exposure to the equity markets. On May 17, 2004, the Bombay Stock Exchange Sensex fell by 565 points from 5,070 to 4,505, creating temporary concerns regarding our exposure to the equity markets. Both the BSE and the National Stock Exchange (the "NSE") halted trading on the exchanges on May 17, 2004 in view of the sharp fall in prices of securities. The Indian securities markets experienced rapid appreciation during fiscal 2006 but underwent a sharp correction in May 2006. The markets experienced a recovery thereafter and the BSE Sensex reached an all time high of 20,873 on January 8, 2008 but have subsequently experienced a sharp correction since January 2008, with the BSE Sensex declining to 8,160 on March 9, 2009. In the six months since then, the equity markets have recovered with the BSE Sensex at 16,741 at September 18, 2009. In recent years, there have been changes in laws and regulations for the taxation of dividend income, which have impacted the Indian equity capital markets. See "Dividends". Similar problems or changes in the future could adversely affect the market price and liquidity of our equity shares and ADSs.

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

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

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

ADSs issued by companies in certain emerging markets, including India, may trade at a discount or a premium to the underlying equity shares, in part because of the restrictions on foreign ownership of the underlying equity shares. See "Restriction on Foreign Ownership of Indian Securities". Historically, our ADSs have generally traded at a small premium to the trading price of our underlying equity shares on the Indian stock exchanges. See "Market Price Information". We believe that this price premium resulted from the limited portion of our market capitalization represented by ADSs, restrictions imposed by Indian law on the conversion of equity shares into ADSs and an

apparent preference among some investors to trade dollar-denominated securities. In fiscal 2006 and fiscal 2008, we conducted offerings of ADSs which increased the number of outstanding ADSs and we may conduct similar offerings in the future. Also, over time, some of the restrictions on the issuance of ADSs imposed by Indian law have been relaxed. As a result, any premium enjoyed by the ADSs as compared to the equity shares may be reduced or eliminated as a result of offerings made or sponsored by us, changes in Indian law permitting further conversion of equity shares into ADSs or a change in investor preferences.

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

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

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

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

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.

BUSINESS

Overview

We offer a wide range of banking products and services to corporate and retail customers through a variety of delivery channels. In fiscal 2009, we made a net profit of Rs. 35.8 billion (US$ 704 million) compared to a net profit of Rs. 34.0 billion (US$ 668 million) in fiscal 2008. At year-end fiscal 2009, we had assets of Rs. 4,826.9 billion (US$ 94.9 billion) and net worth of Rs. 467.8 billion (US$ 9.2 billion). At year-end fiscal 2009, we were the largest private sector bank in India and the second largest bank in India in terms of assets.

Our commercial banking operations for retail customers consist of retail lending and deposits, private banking, distribution of third party investment products and other fee-based products and services, as well as issuance of unsecured redeemable bonds. We provide a range of commercial banking and project finance products and services, including loan products, fee and commission-based products and services, deposits and foreign exchange and derivatives products to India's leading corporations, middle market companies and small and medium enterprises. We also offer agricultural and rural banking products. Our treasury operations include maintenance and management of regulatory reserves, proprietary trading in equity and fixed income, a range of products and services for corporate customers, such as forward contracts and interest rate and currency swaps, and foreign exchange products and services.

In our international banking operations our primary focus is on persons of Indian origin and India businesses. We currently have subsidiaries in the United Kingdom, Canada and Russia, branches in Singapore, Dubai, Sri Lanka, Hong Kong, Qatar, United States and Bahrain and representative offices in China, United Arab Emirates, Bangladesh, South Africa, Malaysia, Thailand and Indonesia. Our subsidiary in the United Kingdom has established a branch in Antwerp, Belgium and a branch in Frankfurt, Germany.

Our subsidiaries, ICICI Securities Limited and ICICI Securities Primary Dealership Limited are engaged in equity underwriting and brokerage and primary dealership in government securities respectively. ICICI Securities owns icicidirect.com, a leading online brokerage platform. ICICI Securities Limited has a subsidiary in the US, ICICI Securities Holdings Inc., providing wealth management services to NRI customers. ICICI Securities Holdings Inc., has a subsidiary in the US, ICICI Securities Inc., which is engaged in brokerage services. Our private equity fund management subsidiary ICICI Venture Funds Management Company manages funds that undertake private equity investments. 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 with a market share of about 11% in new business written (on retail weighted received premium basis) in fiscal 2009. ICICI Lombard General Insurance Company was the largest private sector general insurance company with a market share of about 11% in gross written premium in fiscal 2009. ICICI Prudential Asset Management Company manages the ICICI Prudential Mutual Fund Limited, which was among the top three mutual funds in India in terms of average funds under management in March 2009 with a market share of about 10%. We cross-sell the products of our insurance and asset management subsidiaries to our corporate and retail customers.

The Pension Fund Regulatory and Development Authority had selected ICICI Prudential Life Insurance Company as one of the six entities to manage the pension assets of citizens of India (other than mandated pension funds of government employees) under the New Pension System. The Pension Fund Regulatory and Development Authority required the sponsor, ICICI Prudential Life Insurance Company, to set up a separate entity for managing such pension funds and maintain a minimum net worth of Rs. 100 million (US$ 2 million). ICICI Prudential Pension Funds

Management Company Limited was thus incorporated on April 22, 2009 as a 100% subsidiary of ICICI Prudential Life Insurance Company, which in turn is a subsidiary of ICICI Bank.

We deliver our products and services through a variety of channels, ranging from bank branches and ATMs to call centers and the Internet. At year-end fiscal 2009, we had a network of 1,419 branches and 4,713 ATMs across several Indian states. This includes over 190 branches and extension counters of Sangli Bank, an unlisted private sector bank that merged with us effective April 19, 2007.

Table of Contents

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

History

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

ICICI Bank was incorporated in 1994 as a part of the ICICI group. ICICI Bank's initial equity capital was contributed 75.0% by ICICI and 25.0% by SCICI Limited, a diversified finance and shipping finance lender of which ICICI owned 19.9% at December 1996. Pursuant to the merger of SCICI into ICICI, ICICI Bank became a wholly-owned subsidiary of ICICI. Effective March 10, 2001, ICICI Bank acquired Bank of Madura, an old 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 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 sanctioned by the High Court of Gujarat at Ahmedabad on March 7, 2002 and by the High Court of Judicature at Bombay on April 11, 2002. The amalgamation was approved by 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.

The Sangli Bank Limited, an unlisted private sector bank merged with ICICI Bank with effect from April 19, 2007. On the date of acquisition, Sangli Bank had over 190 branches and extension counters, total assets of Rs. 17.6 billion (US$ 346 million), total deposits of Rs. 13.2 billion (US$ 259 million) and total loans of Rs. 2.0 billion (US$ 39 million).

Shareholding Structure and Relationship with the government of India

The following table sets forth, at September 18, 2009, certain information regarding the ownership of our equity shares.

Table of Contents

	Percentage of total equity shares outstanding	Number of equity shares held
Government-controlled shareholders:		
Life Insurance Corporation of India	10.3	114,641,610
General Insurance Corporation of India and government-owned general insurance companies	2.8	31,561,785
UTI and UTI Mutual Fund	0.9	10,556,499
Other government-controlled institutions, mutual funds, corporations and banks	0.3	3,650,992
Total government-controlled shareholders	14.4	160,410,886
Other Indian investors:		
Individual domestic investors (1) (2)	6.5	72,220,674
Mutual funds and banks (other than government-controlled mutual funds and banks)	6.2	69,452,604
Bajaj Holdings and Investment Ltd	2.1	22,868,497
Indian corporates (excluding Bajaj Holdings and Investment Ltd) and others	5.2	57,468,557
Total other Indian investors	19.9	222,010,332
Total Indian investors	34.3	382,421,218
Foreign investors:		
Deutsche Bank Trust Company Americas, as depositary for American Depositary Share holders	29.9	332,741,702
Allamanda Investments Pvt. Limited (3)	5.8	64,113,201
Other foreign institutional investors, foreign banks, overseas corporate bodies, foreign companies, foreign nationals, foreign institutional investors and non-resident Indians (1) (2)	30.0	334,224,938
Total foreign investors	65.7	731,079,841
Total	100.0	1,113,501,059

(1) Executive officers and directors as a group held around 0.4% of the equity shares as of this date.
(2) No single shareholder in this group owned 5.0% or more of ICICI Bank's equity shares as of this date.
(3) A subsidiary of Temasek Holdings Private Limited, Singapore.

In fiscal 2006, we concluded a capital raising exercise issuing 148,204,556 equity shares, raising a total of Rs. 80.0 billion (US$ 1.6 billion) through a simultaneous public offering in India and ADS offering in the United States, with a Public Offering Without Listing of ADSs in Japan. The offering was priced at Rs. 498.75 (US$ 9.80) per share for retail investors in India, Rs. 525 (US$ 10.32) per share for other investors in the Indian offering and US$ 26.75 per ADS. In June 2007, we undertook a capital raising exercise through a simultaneous public offering in India and ADS offering in the United States resulting in aggregate the issuance of 208,497,102 equity shares (including partly paid equity shares), raising a total of Rs. 199.7 billion (US$ 3.9 billion). The offering was priced at Rs. 890 (US$ 17.50) per share for retail investors in India, Rs. 940 (US$ 18.48) per share for other investors in the Indian offering and US$ 49.25 per ADS.

The holding of government-controlled shareholders was 14.4% at September 18, 2009 against 12.3% at September 19, 2008 and 11.5% at September 21, 2007. The holding of Life Insurance Corporation of India was 10.3% at September 18, 2009 against 8.4% at September 19, 2008, and 7.3% at September 21, 2007.

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

Table of Contents

of India Limited and General Insurance Corporation of India Limited to join our board. Mr. T. S. Vijayan, Chairman of Life Insurance Corporation of India was appointed as a director effective April 30, 2005. There is currently no representative of General Insurance Corporation of India on our board. See "Management—Directors and Executive Officers" for a discussion of the composition of our board of directors.

The holding of other Indian investors was 19.9% at September 18, 2009 against 21.6% at September 19, 2008 and 18.4% at September 21, 2007. The total holding of Indian investors was 34.3% at September 18, 2009 against 34.0% at September 19, 2008 and 29.8% at September 21, 2007. The holding of foreign investors was 65.7% at September 18, 2009 against 66.0% at September 19, 2008 and 70.2% at September 21, 2007. See "Supervision and Regulation—Reserve Bank of India Regulations—Ownership Restrictions".

Deutsche Bank Trust Company Americas holds the equity shares represented by 166 million ADSs outstanding as depositary on behalf of the holders of the ADSs. The ADSs 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 29.9% of our equity shares at September 18, 2009 against 28.2% at September 19, 2008 and 29.0% at September 21, 2007 could only vote 10.0% of our equity shares, in accordance with the directions of our board of directors. See "Overview of the Indian Financial Sector—Recent Structural Reforms—Proposed Amendments to the Banking Regulation Act". Except as stated above, no shareholder has differential voting rights.

Strategy

The key elements of our business strategy are to:

- focus on quality growth opportunities by:
- maintaining our retail and corporate franchise in both domestic and international markets;
- increasing the proportion of current and savings account and retail term deposits in our domestic deposit base;
- building a rural banking franchise; and
- strengthening our insurance, asset management and securities businesses
- emphasize conservative risk management practices and enhance asset quality;
- use technology for competitive advantage; and
- attract and retain talented professionals.

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

In fiscal 2010, our strategy is to focus on re-balancing our rupee funding profile to increase the proportion of current and savings account deposits; capitalize on selected credit segments including home loans, other secured retail loans and project finance; and grow our commercial banking activities. We do not expect our international branches and

subsidiaries to experience significant growth. We expect our non-banking subsidiaries engaged in asset management, securities broking and life insurance to benefit from the recent stabilization and improvement in economic conditions and revival in equity markets in India.

Overview of Our Products and Services

We offer products and services in 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

Table of Contents

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 issuance of unsecured redeemable bonds.

Retail Lending Activities

Given the favorable demographics of the country and the under penetration of retail credit, we identified retail credit as a key opportunity in early 2000. We capitalized on the retail opportunity offering home loans, automobile loans, commercial business loans (including primarily commercial vehicle loans), personal loans, credit cards, loans against time deposits and loans against securities. We also funded dealers who sell automobiles, consumer durables and commercial vehicles. Our retail portfolio increased to Rs. 1,457.6 billion (US$ 28.7 billion) constituting 57.0% of gross loans at year-end fiscal 2008. Due to the increase in interest rates, the tightening of liquidity, the increase in asset prices and challenges in collections, we reduced our disbursements of retail loans, especially unsecured loans, from fiscal 2008 and, as a result, the retail portfolio declined to Rs. 1,259.9 billion (US$ 24.8 billion) constituting 46.4% of gross loans at year-end fiscal 2009. However, we continue to believe that retail credit has a robust long-term potential due to rising income levels and expansion of the middle class. We will continue to focus on secured retail products like home loans, car loans and commercial vehicle loans. We will selectively offer unsecured products such as personal loans and credit cards to our existing customers.

Our retail asset products are generally fixed rate products repayable in equated monthly instalments 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 effected by an acceleration of the repayment schedule, keeping the monthly instalment 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 instalment amount unchanged, and based on certain criteria, by changing the monthly instalment amount. See also "Risk Factors — Risks Relating to Our Business — Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance".

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

	At year-end fiscal	At year-end fiscal	
	2008	2009	2009
	(in billions)	(in billions)	(in millions)
Home loans(1)	Rs. 773.7	Rs. 733.1	US$ 14,411
Automobile loans	174.8	133.2	2,618
Commercial business	203.9	164.4	3,232
Personal loans	144.3	108.8	2,139
Credit card receivables	96.5	90.2	1,773
Two wheeler loans	29.8	16.9	332

Others(2)		34.6		13.3		262
Total retail finance portfolio	Rs.	1,457.6	Rs.	1,259.9	US$	24,767

(1) Includes developer financing.
(2) Includes dealer financing.

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

Table of Contents

Rs. 13.3 billion (US$ 261 million) of micro banking loans. These loans are in the nature of small ticket advances primarily to low income urban customers. We discontinued this product in fiscal 2008.

We offer retail lending products primarily in India through ICICI Bank and its wholly owned subsidiary, ICICI Home Finance Company Limited. Our home loan portfolio includes both loan for purchase and construction of homes as well as loan against property. We generally make loans following the policies stipulating the maximum loan-to-value ratios, with a term of 15-20 years with payments in the form of equated monthly instalments. We also undertake retail lending activities to a limited extent in certain of our international branches and subsidiaries.

Lending to Small and Medium Enterprises

We have segmented offerings for the small and medium enterprises sector. We have adopted 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 pro-actively reaching out to small and medium enterprises through various initiatives such as the small and medium enterprises CEO Knowledge Series—a platform to mentor and assist entrepreneurs, small and medium enterprises toolkit—an online business and advisory resource for small and medium enterprises, and "Emerging India Awards" –a small and medium enterprises recognition platform. We will continue to focus on lending to small and medium enterprises.

Retail Deposits

Our retail deposit products include time deposits and savings accounts. We also offer targeted products to specific customer segments such as high networth individuals, defense personnel, trusts and businessmen, and have corporate salary account products. We offer current account (i.e. checking accounts for businesses) products to our small enterprises customers, who maintain balances with us. Further, we offer an international debit card in association with VISA International. At year-end fiscal 2009, we had a debit card base in excess of 14.5 million cards.

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

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

Bond Issues

We offer retail liability products in the form of a variety of unsecured bonds. Reserve Bank of India has prescribed limits for issuance of bonds by banks. During fiscal 2009 we did not raise any funds through public issue of bonds. While we expect that deposits will continue to be our primary source of funding, we may conduct bond issues in the future.

Fee-Based Products and Services

Through our distribution network, we offer government of India savings bonds, insurance policies from ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company and distribute public offerings

of equity shares by Indian companies. We also offer a variety of mutual fund products from ICICI Prudential Asset Management Company and other select mutual funds. We sell gold coins through our branches. We also levy services charges on deposit accounts.

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

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

Commercial Banking for Corporate Customers

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

Corporate Loan Portfolio

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

Our project finance business consists principally of extending medium-term and long-term rupee and foreign currency loans to the manufacturing and infrastructure sectors. We also provide financing by way of investment in marketable instruments such as fixed rate and floating rate debentures. We generally have a security interest and first charge on the fixed assets of the borrower.

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

Fee and Commission-Based Activities

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

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

We also offer 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 2009, 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. 665.3 billion (US$ 13.1 billion). As a registered depositary participant of National Securities Depository Limited and Central Depository Services (India) Limited, the two securities depositaries operating in India, we also provide electronic depositary facilities to investors.

Table of Contents

Corporate Deposits

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

Foreign Exchange and Derivatives

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

Foreign Exchange Products

Products include cash, spot and forwards transactions. We offer customized hedging and trading solutions to clients, on the basis of their business needs.

These products are offered in India and across our international locations covering a number of time zones.

Retail Foreign Exchange Products

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

Derivatives

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

Structured Products

ICICI Bank offers structured products to corporates, institutions and private banking clients. Such structured products may be customized to a specific client requirement and in any one or more of the following asset classes: interest rates, currency, equity and credit.

Precious Metals

We are one of the largest importers of gold in India. We deal in precious metals and offer various products to wholesale and retail customers such as sale of physical metals on spot basis, gold forwards for price risk hedging, gold loans to jewellers and gold coins through retail branches.

We also hedge our own exchange rate and commodity risk related to these products with banking counterparties.

Commercial Banking for Rural and Agricultural Customers

We believe that rural India is key to sustaining India's current growth momentum and our rural banking strategy seeks to match the growing demand for financial services in rural areas. Reserve Bank of India's directed lending norms also require us to lend a portion of advances to the rural and agricultural sector. See "—Loan Portfolio—Directed Lending". We provide corporate banking products and services to corporate clients engaged in agriculture-linked businesses. We

finance suppliers and vendors of corporates and medium enterprises engaged in agriculture linked businesses. We have also strengthened our relationships with co-operatives that are constituted by farmers. We offer financial solutions to farmers, commodity traders and processors and to micro-finance institutions. Rural banking presents significant challenges in terms of geographical coverage and high unit transaction costs. See also “Risk Factors—Risks Relating to Our Business—Our rapid retail expansion in India and our rural initiative expose us to increased risk that may adversely affect our business”.

Commercial Banking for International Customers

Our strategy for growth in international markets is based on leveraging home country links, technology and infrastructure for international expansion by capturing market share in select international markets. Our international strategy is focused on building a retail deposit franchise, meeting the foreign currency needs of our Indian corporate clients and achieving the status of the preferred non-resident Indian community bank in key markets. We also seek to build stable wholesale funding sources and strong syndication capabilities to support our corporate and investment banking business, and to expand private banking operations for India-centric asset classes.

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

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

- Money2India remittance services: Remittances into India increased during this decade, from US$ 13 billion in fiscal 2001 to US$ 43 billion in fiscal 2008 and an estimated US$ 46 billion in fiscal 2009. We recognized the remittance opportunity early on in the decade and started offering a host of remittance services tailored to meet the needs of diverse customer segments. Over the years we have garnered a market share of over a fifth of the migrant remittances into India. To facilitate easy transfer of funds to India, we offer a suite of online as well as offline money transfer products as featured on our website www.money2India.com. These innovative, cost effective and convenient products enable non-resident Indians to send money to any beneficiary in India with a wide choice of delivery channels like electronic transfers to accounts with over 50,000 bank branches.

- 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 query on the status of its payment instructions and also to get various information reports online.

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

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

- Non-resident external fixed deposits: deposits maintained in Indian rupees.

- Non-resident external savings account: savings accounts maintained in Indian rupees.

- Non-resident ordinary savings accounts and non-resident ordinary fixed deposits.

During fiscal 2009, the global financial system experienced difficult credit and liquidity conditions and disruptions leading to decreased liquidity, greater volatility and widening of credit spreads. Our overseas branches and banking

subsidiaries have made investments in bonds, certificate of deposits, mortgage backed securities, treasury bills, credit derivatives and asset backed commercial paper. The assets underlying the credit derivative investments are Indian corporate exposures as we sold our entire investment in non-India linked credit derivatives in fiscal 2009. The widening of credit spreads has resulted in mark-to-market and realized losses on these investments. See “—Treasury”

Our international branches are primarily funded by debt capital market borrowings and syndicated/ bilateral loans and the volatility in the international debt capital markets has constrained our debt capital market borrowings and increased our cost of funding. Given the higher cost of borrowings in the debt capital markets, we have relied on bank/multilateral lines, deposits from high networth customers and money market borrowings to meet our re-financing requirements.

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

At year-end fiscal 2009, ICICI Bank UK PLC had total assets of US$ 7.3 billion consisting of cash and liquid securities (15%), loans and advances (45%), bonds and notes of financial institutions (28%), India-linked investments (4%), asset backed securities (4%) and other assets and investments (4%). Total liabilities consisted of demand deposits (25%), term deposits (38%), long-term debt (16%), syndicated loans (11%), and stockholders' equity (6%) and other liabilities (4%).

At year-end fiscal 2009, ICICI Bank Canada had total assets of 6.4 billion Canadian dollars consisting of cash and liquid securities (14%), loans and advances (64%), federally insured mortgages (14%), India-linked investments (3%), asset backed securities (2%) and other assets and investments (3%). Total liabilities consisted of demand deposits (10%), term deposits (70%), borrowings (1%), and stockholders' equity (15%) and other liabilities (4%).

At year-end fiscal 2009, ICICI Bank Eurasia had total assets of US$ 441 million consisting of cash and liquid securities (20%), loans to corporates and banks (51%), retail loans (18%), corporate bonds (8%) and other assets (3%). Total liabilities consisted of borrowings (81%), deposits (8%) and stockholders' equity (11%).

Our international branches are primarily funded by debt capital market issuances, syndicated loans, bilateral loans and bank lines, while our international subsidiaries raise deposits in their local markets. Volatility in international debt markets following the concerns over sub-prime debt in the United States have constrained our international market borrowings. There are higher liability maturities than asset maturities in the near term in our international branches and volatility and liquidity constraints in the international markets may adversely impact our liquidity position.

See "Risk Factors — Risks Relating to India and Other Economic and Market Risks —Financial instability in other countries, particularly emerging market countries and countries where we have established operations, could adversely affect our business and the price of the ADSs" and "Risk Factors — Risks Relating to Our Business — We have experienced rapid international growth in the previous 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 2009, we had a network of 1,419 branches across several Indian states.

As a part of its branch licensing conditions, Reserve Bank of India has stipulated that at least 25.0% of our branches must be located in semi-urban and rural areas. The following table sets forth the number of branches broken down by area at year-end fiscal 2009.

	At year-end fiscal 2009	
	Number of branches and extension	% of total

	counters	
Metropolitan/urban	810	57%
Semi-urban/rural	609	43%
Total branches and extension counters	1,419	100.0%

33

Table of Contents

We are in the process of implementing 580 branch licenses received from the Reserve Bank of India which would expand our branch network to about 2,000 branches.

At year-end fiscal 2009, we had 4,713 ATMs, of which 1,863 were located at our branches. Through our website www.icicibank.com, we offer our customers online access to account information, payment and fund transfer facilities and internet banking business for our corporate clients. We provide telephone banking services through our call center. At year-end fiscal 2009, our call centers in India had over 4,100 workstations. We offer mobile phone banking services to our customers using any cellular telephone service operator in India.

Treasury

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

Our treasury undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the cash reserve ratio requirement and ensuring the smooth functioning of all our branches. We maintain a balance between interest-earning liquid assets and cash to optimize earnings and undertake reserve management by maintaining statutory reserves, including the cash reserve ratio and the statutory liquidity ratio. Under Reserve Bank of India's statutory liquidity ratio requirement, ICICI Bank is required to maintain a minimum of 24.0% of its net demand and time liabilities by way of approved securities such as government of India securities and state government securities. ICICI Bank maintains the statutory liquidity ratio through a portfolio of government of India securities that it actively manages to optimize the yield and benefit from price movements. Further, as a prudent liquidity management strategy, ICICI Bank generally maintains excess investments in securities eligible for classification under the statutory liquidity ratio requirement. See "Supervision and Regulation—Legal Reserve Requirements".

Further, we engage in domestic investments and foreign exchange operations from a centralised 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 extant regulation issued by the Reserve Bank of India. Investments acquired by us with the intention to trade by taking advantage of the short-term price/interest rate movements are classified as held for trading. The investments which do not fall in the above two categories are classified as available for sale. Investments under the held for trading category should be sold within 90 days; in the event of inability to sell due to adverse factors including tight liquidity, extreme volatility or a unidirectional movement in the market, the unsold securities should be shifted to the available for sale category. Under each category the investments are classified under (a) government securities (b) other approved securities (c) shares (d) bonds and debentures (e) subsidiaries and joint ventures and (f) others. Investments classified under the held to maturity category are not marked to market and are carried at acquisition cost, unless the acquisition cost is more than the face value, in which case the premium is amortized over the period until maturity of such securities. At year-end fiscal 2009, 80.4% 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 marked to market as in the case of those in the available for sale category.

Table of Contents

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

	At March 31(1)							
	2007		2008		2009		2009	
	(in millions)							
Government securities	Rs.	30,070	Rs.	Rs. 77,382	Rs.	Rs. 67,895	US$	1,335
Securities purchased under agreement to resell		1,057		-		1,348		27
Bonds and debentures(2)		60,149		76,095		45,339		891
Equity shares		5,688		6,541		2,424		48
Mutual funds		34,447		29,067		33,032		649
Total	Rs.	131,411	Rs.	189,085	Rs.	150,038	US$	US$ 2,949

(1) Excludes assets held to cover linked liabilities of our life insurance business amounting to Rs. 286.6 billion (US$ 5.6 billion) at year-end fiscal 2009, Rs. 250.2 billion (US$ 4.9 billion) at year-end fiscal 2008 and Rs. 130.1 billion (US$ 2.6 billion) for fiscal 2007.

(2) Includes mortgage backed securities.

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

	Year ended March 31,							
	2007		2008		2009		2009	
	(in millions)							
Interest and dividends on trading portfolio	Rs.	7,402	Rs.	Rs. 12,115	Rs.	Rs. 14,881	US$	293
Gain on sale of trading portfolio		676		2,522		7,799		153
Unrealized gain/(loss) on trading portfolio		(86)		(5,357)		(1,053)		(21)
Total	Rs.	Rs. 7,992	Rs.	Rs. 9,280	Rs.	Rs. 21,627	US$	425

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

	At March 31, 2007							
	Amortized cost		Gross unrealized gain		Gross unrealized loss		Fair value	
	(in millions)							
Corporate debt securities	Rs.	87,166	Rs.	305	Rs.	(1,012)	Rs.	86,459
Government securities		167,670		4		(48)		167,626
Other securities(1)		77,650		596		(463)		77,783
Total debt securities		332,486		905		(1,523)		331,868
Equity shares		24,604		12,659		(2,147)		35,116
Other investments(2)		42,346		2,854		(945)		44,255
Total	Rs.	399,436	Rs.	16,418	Rs.	(4,615)	Rs.	411,239

(1) Includes credit linked notes.
(2) Includes preference shares, mutual fund units, venture fund units, security receipts and pass through certificates.

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

(1) Includes credit linked notes.
(2) Includes preference shares, mutual fund units, venture fund units, security receipts and pass through certificates.

Table of Contents

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

(1) Includes credit linked notes.
(2) Includes preference shares, mutual fund units, venture fund units, security receipts and pass through certificates.

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

	Year ended March 31,			
	2007	2008	2009	2009
	(in millions)			
Interest	Rs. 14,976	Rs. 14,073	Rs. 24,057	US$ 473
Dividend	2,749	4,500	2,893	57
Total	Rs. 17,725	Rs. 18,573	Rs. 26,950	US$ 530
Gross realized gain	Rs. 14,045	Rs. 27,816	Rs. 10,779	211
Gross realized loss	(4,634)	(1,773)	(10,790)	(212)
Total	Rs. 9,411	Rs. 26,043	Rs. (11)	US$ (1)

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, 2009							
	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. 38,319	2.0%	Rs. 113,955	5.9%	Rs. 25,485	8.4%	Rs. 18,545	7.8%
Government securities	32,353	7.1%	30,980	6.8%	23,878	6.4%	11,487	6.9%
Other securities	22,750	3.7%	52,491	8.2%	7,151	5.4%	947	10.7%
Total amortized cost of interest-earning securities(1)	Rs. 93,422	4.2%	Rs. 197,426	6.7%	Rs. 56,514	7.2%	Rs. 30,979	7.6%
Total fair value	Rs. 91,691		Rs. 185,308		Rs. 53,500		Rs. 27,000	

(1) Includes securities denominated in different currencies.

The amortized cost of our held to maturity portfolio amounted to Rs. 605.7 billion (US$ 11.9 billion) at year-end fiscal 2009, Rs. 679.0 billion (US$ 13.3 billion) at year-end fiscal 2008 and Rs. 544.3 billion (US$ 10.7 billion) at year-end fiscal 2007. The gross unrealized gain on this portfolio was Rs. 11.5 billion (US$ 227 million) at year-end fiscal 2009, Rs. 4.2 billion (US$ 83 million) at year-end fiscal 2008 and Rs. 6.8 billion (US$ 134 million) at year-end fiscal 2007. The gross unrealized loss on this portfolio was Rs. 8.5 billion (US$ 166 million) at year-end

Table of Contents

fiscal 2009, Rs. 10.6 billion (US$ 208 million) at year-end fiscal 2008 and Rs. 12.8 billion (US$ 252 million) at year-end fiscal 2007.

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. These investments are included in our trading and available for sale portfolios.

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.

	At March 31, 2009										
	Asset backed securities and funded credit derivatives (1)		Bonds		Others		Total			Realized gain/(loss)/ Imapirment (loss) in income statement for fiscal 2009	
	Trading	Available for sale	Trading	Available for sale	Trading	Available for sale	Trading	Available for sale	Mark-to-market loss in fiscal 2009		Mark-to-market loss at March 31, 2009
US	-	1,511	-	26,711	-	760	-	28,982	(2,754)	(3,397)	(5,822)
Canada	2,492	2,293	389	608	-	-	2,881	2,901	(213)	-	(1,545)
Europe	-	19,402	-	54,252	-	18,647	-	92,301	(5,093)	(1,584)	(10,828)
India	6,038	24,675	521	24,235	-	-	6,559	48,910	(1,769)	(110)	(2,971)
Rest of Asia	-	-	-	12,759	-	-	-	12,759	(1,636)	(369)	(1,730)
Others	-	-	-	10,643	-	-	-	10,643	(325)	36	(375)
Total portfolio	8,530	47,881	910	129,208	-	19,407	9,440	196,496	(11,790)	(5,424)	(23,271)

(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. 38.7 billion (US$ 761 million).

The following table sets forth, a summary of the investment portfolio based on the category of investments.

Category		At March 31, 2009 Amount (in millions)
Banks and financial institutions	Rs.	109,612
Corporate		20,506
Asset backed securities and funded credit derivatives		56,411
Others(1)		19,407
Total	Rs.	205,936

(1) Includes investments in certificates of deposits.

Our exposure to banks and financial institutions is spread over a number of banks and of this the exposure to the top 10 banks accounts for approximately 30.0% of the total exposure to banks and financial institutions. Approximately 95.0% of our exposure to corporate entities is India linked.

Our total investments in asset backed securities represent 0.5% of our total assets at year-end fiscal 2009. The residential mortgage backed securities portfolio at that date consisted primarily of UK residential mortgage backed securities portfolio backed by prime and buy-to-let mortgages. The asset backed commercial paper portfolio consisted at that date of investments made in securities issued by trusts. These trusts have in turn invested in various Canadian and US assets. Other asset backed securities include investments in small and medium enterprises collateralized loan obligations, agency debt and commercial mortgage backed securities. The assets underlying the credit derivative investments are Indian corporate exposures.

Table of Contents

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 appropriate sanctioning forums. ICICI Bank has not bought credit protection against any of its international investments.

The impairment loss on investments during the year was mainly due to our investment of €57 million in senior bonds of Lehman Brothers through our UK subsidiary which we have fully provided for. The mark-to-market impact was mainly due to the mark-to-market impact on our credit derivative portfolio and our investments in bonds of banks and financial institutions. The mark-to-market impact of Rs. 10.6 billion (US$ 208 million) in fiscal 2009 on investments classified as available for sale in our UK subsidiary is directly reflected in the shareholders' equity.

We have a limited equity portfolio because the Reserve Bank of India restricts investments by a bank in equity securities. See also "Supervision and Regulation — Reserve Bank of India Regulations — Regulations relating to Investments and Capital Market Exposure Limits".

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

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

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

ICICI Securities Limited

ICICI Securities Limited is engaged in equity underwriting and brokerage. ICICI Securities Limited has an online share trading portal called icicidirect.com. The primary objective of icicidirect.com is to enable individuals to make investments and offer a wide range of investment options by providing a seamless structure that integrates a customer's bank account, demat account and trading account. The portal offers seamless access to the United States markets by tying up with a leading United States based broker. ICICI Securities Limited has a subsidiary in the US, ICICI Securities Holdings Inc., providing wealth management services to non-resident Indian customers. ICICI Securities Holdings Inc., has a subsidiary in the US, ICICI Securities Inc., which is engaged in brokerage services. During fiscal 2009, ICICI Securities Holdings Inc. completed the purchase of assets (by way of merger) of Global Investment Management, Inc. a registered investment adviser and a New Jersey corporation with offices in Princeton, New Jersey, engaged in investment advisory activities.

ICICI Securities Primary Dealership

ICICI Securities Primary Dealership is engaged in the primary dealership of Indian government securities. It also deals in other fixed income securities. In addition to this, it has underwriting, portfolio management services, placement of debt and money market operations.

Table of Contents

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 2009, ICICI Venture managed or advised funds of approximately Rs. 97.0 billion (US$ 1.9 billion).

Asset management

We provide asset management services through our subsidiary, ICICI Prudential Asset Management. ICICI Prudential Asset Management is a joint venture with Prudential PLC of UK. We have approximately 51.0% interest in the entity. ICICI Prudential Asset Management also provides portfolio management services and advisory services to clients. ICICI Prudential Asset Management has also been selected for offering investment management services to the Employee Provident Fund Organization. ICICI Prudential Asset Management had average mutual fund assets under management of Rs. 514.3 billion (US$ 10.1 billion) for the month of March 2009 and Rs. 779.7 billion (US$ 15.3 billion) for the month of August 2009.

Insurance

We provide a wide range of insurance products and services through our subsidiaries ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company. ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company are joint ventures with Prudential PLC of UK and Fairfax Financial Holdings Limited of Canada, respectively. We have approximately 74.0% interest in both these entities. Subject to the amendment of foreign ownership regulations, Prudential PLC has the right to increase its shareholding in ICICI Prudential Life Insurance Company to 49% at the market value of the shares to be determined as mutually agreed. Laws and regulations governing insurance companies currently provide that each promoter should eventually reduce its stake to 26% following the completion of 10 years from the commencement of business by the concerned insurance company. We and Prudential PLC have agreed that if a higher level of promoter shareholding is permitted, then this would be in the proportion of 51% being held by us and 49% being held by Prudential PLC. See “Supervision and Regulation—Regulations Governing Insurance Companies”. Further, we and each of our joint venture partners have a right of first refusal in case the other partner proposes to sell their shareholding in the joint venture (other than transfer to a permitted affiliate of the transferor).

ICICI Prudential Life Insurance Company incurred a net loss of Rs. 7.8 billion (US$ 153 million) during fiscal 2009 due to business set-up and customer acquisition costs and reserving for actuarial liability. After rapid growth in previous years, the life insurance market in India saw a slowdown in new business in fiscal 2009 due to volatile market conditions. New business annualized premium equivalent of ICICI Prudential Life Insurance Company decreased by 18.7% to Rs. 53.0 billion (US$ 1.0 billion) in fiscal 2009 while total premium increased by 13.2% to Rs. 153.6 billion (US$ 3.0 billion). Renewal premium increased by 60.6% to Rs. 88.7 billion (US$ 1.7 billion) in fiscal 2009 reflecting the long-term sustainability of the business. ICICI Prudential Life Insurance Company maintained its market leadership in the private sector with an overall market share of 11% based on retail new business weighted received premium in fiscal 2009 and about 8% in the four months ended July 31, 2009.

Table of Contents

ICICI Lombard General Insurance Company made a net profit of Rs. 0.2 billion (US$ 4 million) in fiscal 2009. The general insurance industry continued to witness a slowdown in growth on account of de-tariffication of the general insurance industry whereby insurance premiums were freed from price controls, resulting in a significant decline in premium rates. ICICI Lombard General Insurance Company recorded a total gross written premium of Rs. 34.2 billion (US$ 672 million) in fiscal 2009 compared to Rs. 33.4 billion (US$ 658 million) in fiscal 2008. ICICI Lombard General Insurance Company was the largest private general insurer with a market share of about 11% in gross written premiums among all general insurance companies in fiscal 2009 and about 10% in the four months ended July 30, 2009. We earn commissions and fees from these subsidiaries as their distributor for sales of life and general insurance products.

Funding

Our funding operations are designed to ensure stability of funding, minimize funding costs and effectively manage liquidity. Since the amalgamation of ICICI with ICICI Bank, the primary source of domestic funding has been deposits raised from both retail and corporate customers. We also raise funds through short-term rupee borrowings and domestic or overseas bond offerings pursuant to specific regulatory approvals. Because ICICI was not allowed to raise banking deposits as a financial institution, its primary sources of funding prior to the amalgamation were retail bonds and rupee borrowings from a wide range of institutional investors. ICICI also raised funds through foreign currency borrowings from commercial banks and other multilateral institutions like the Asian Development Bank and the World Bank, which were guaranteed by the government of India. With regard to these guarantees by the government of India for purposes of obtaining foreign currency borrowings, the government of India has, in its letter dated May 31, 2007, instructed us to take steps to either repay or prepay such foreign currency borrowings for which a guarantee has been provided by the government of India or to substitute the guarantees provided by the government of India with other acceptable guarantees. At year-end fiscal 2009, the total outstanding loans/bonds of ICICI Bank that are guaranteed by the government of India were Rs. 32.3 billion (US$ 635 million), constituting approximately 3.5% of the total borrowings (including subordinated debt) of ICICI Bank at that date. We are evaluating various options in this regard.

Our international branches fund themselves primarily from wholesale funding sources including bonds, syndicated loans, bilateral loans and inter-bank borrowings. In fiscal 2009, we bought back some of our bonds in the secondary market to capitalize on the increase in credit spreads and diminution in value of these bonds. Our subsidiaries in the United Kingdom and Canada take retail deposits.

Our deposits were 54.2% of our total liabilities at year-end fiscal 2009 compared to 57.0% of our total liabilities at year-end fiscal 2008. Our borrowings were 18.3% of our total liabilities at year-end fiscal 2009 compared to 17.4% of our total liabilities at year-end fiscal 2008. Our deposits decreased 5.5% to Rs. 2,618.6 billion (US$ 51.5 billion) at year-end fiscal 2009 from Rs. 2,769.9 billion (US$ 54.5 billion) at year-end fiscal 2008. The decrease in deposits is primarily due to ICICI Bank's conscious strategy of reducing its wholesale deposits. Our borrowings increased to Rs. 883.9 billion (US$ 17.4 billion) at year-end fiscal 2009 compared to Rs. 845.7 billion (US$ 16.6 billion) at year-end fiscal 2008, primarily due to the increase in the rupee equivalent of foreign currency borrowings as a result of the depreciation in the value of the rupee against the US dollar during fiscal 2009.

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

	At March 31,					
	2007		2008		2009	
	Amount	% to total	Amount	% to total	Amount	% to total

	(in billions, except percentages)								
Current account deposits	Rs.	214.5	8.6%	Rs.	249.8	9.0%	Rs.	222.6	8.5%
Savings deposits		375.3	15.1		537.6	19.4		515.2	19.7
Time deposits		1,896.3	76.3		1,982.5	71.6		1,880.8	71.8
Total deposits	Rs.	2,486.1	100.0%	Rs.	2,769.9	100.0%	Rs.	2,618.6	100%

Table of Contents

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)						
	2007		2008		2009		
	Amount	Cost(2)	Amount	Cost(2)	Amount	Amount	Cost(2)
	(in billions, except percentages)						
Interest-bearing deposits:							
Savings deposits	Rs. 327.7	3.1%	Rs. 462.7	3.4%	Rs. 532.7	$ US 10.5	3.8%
Time deposits	1,512.9	7.6	1,846.3	9.3	1,854.5	36.5	8.7
Non-interest-bearing deposits:							
Other demand deposits	174.4	-	229.2	-	190.5	3.7	-
Total deposits	Rs. 2,015.0	6.2%	Rs. 2,538.2	7.4%	Rs. 2,577.7	$ US 50.7	7.1%

(1) For fiscal years 2007 and 2008, the average balances are the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that fiscal year. For fiscal 2009, the average balances are the sum of daily average balances outstanding for ICICI Bank, and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March that fiscal year for subsidiaries

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

Our average deposits in fiscal 2009 were Rs. 2,577.7 billion (US$ 50.7 billion) at an average cost of 7.1% compared to average deposits of Rs. 2,538.2 billion (US$ 49.9 billion) at an average cost of 7.4% in fiscal 2008. Our average time deposits in fiscal 2009 were Rs. 1,854.5 billion (US$ 36.5 billion) at an average cost of 8.7% compared to average time deposits of Rs. 1,846.3 billion (US$ 36.3 billion) at an average cost of 9.3% in fiscal 2008.

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

	At March 31, 2009			
	Up to one year	After one year and within three years	After three years	Total
	(in millions)			
Interest-bearing deposits:				
Savings deposits	Rs. 515,147	Rs. -	Rs. -	Rs. 515,147
Time deposits	1,639,359	172,804	68,614	1,880,777
Non-interest-bearing deposits:				
Other demand deposits	222,634	-	-	222,634
Total deposits	Rs. 2,377,140	Rs. 172,804	Rs. 68,614	Rs 2,618,558

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

	At March 31,(1)						
	2007		2008		2009		
	Amount	% to total	Amount	% to total	Amount	Amount	% to total
	(in millions, except percentages)						
Statutory liquidity ratio bonds(2)	Rs. 14,815	4.1%	Rs. 14,815	4.0%	Rs. 13,426	US$ 264	2.6%
Borrowings from Indian government(3)	2,568	0.7	1,889	0.5	1,360	27	0.3
Other borrowings(4)(5)	345,203	95.2	357,420	95.5	500,554	9,840	97.1
Total	Rs. 362,586	100.0%	Rs. 374,124	100.0%	Rs. 515,340	US$ 10,131	100.0%

(1) For fiscal years 2007 and 2008, the average balances are the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that fiscal year. For fiscal 2009, the average balances are the sum of daily average balances outstanding for ICICI Bank, and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March that fiscal year for subsidiaries.

(2) With an average cost of 11.6% in fiscal 2007, 11.6% in fiscal 2008 and 11.6% in fiscal 2009.

(3) With an average cost of 11.8% in fiscal 2007, 12.2% in fiscal 2008 and 12.3% in fiscal 2009.

(4) With an average cost of 9.4% in fiscal 2007, 9.9% in fiscal 2008 and 9.2% in fiscal 2009.

(5) Includes publicly and privately placed bonds, borrowings from institutions and wholesale deposits such as inter-corporate deposits and call borrowings.

Table of Contents

The following table sets forth, at the date indicated, the maturity profile of our rupee term deposits of Rs. 10 million (US$ 196,580) or more.

	At March 31,		
	2009		% of total deposits
	(in millions, except percentages)		
Less than three months	Rs. 452,245	US$ 8,890	17.3%
Above three months and less than six months	299,490	5,887	11.4
Above six months and less than 12 months	411,984	8,099	15.7
More than 12 months	43,101	847	1.6
Total deposits of Rs. 10 million and more	Rs. 1,206,820	US$ 23,723	46.0%

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

	At March 31,(1)		
	2007	2008	2009
	(in millions, except percentages)		
Year-end balance	Rs. 121,567	Rs. 123,614	Rs. 186,501
Average balance during the year (2)	101,652	142,270	158,519
Maximum quarter-end balance	123,495	195,366	211,919
Average interest rate during the year (3)	7.8%	10.5%	10.6%
Average interest rate at year-end (4)	8.8%	9.3%	7.9%

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

(2) Average of quarterly balances at the end of March of the previous fiscal year, June, September, December and March of that fiscal year for each of fiscal 2007, 2008 and 2009.

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

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

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

	For year ended March 31, (1)						
	2007		2008		2009		
	Amount	% to total	Amount	% to total	Amount	Amount	% to total
	(in millions, except percentages)						
Commercial borrowings (2)	Rs. 306,136	92.8%	Rs. 569,624	96.4%	Rs. 763,701	US$ 15,013	97.2%
	23,740	7.2	21,110	3.6	22,152	435	2.8

Multilateral borrowings (3)									
								US$	
Total	Rs.	329,876	100.0%	Rs.	590,734	100.0%	Rs.	785,853	15,448	100.0%

(1) For fiscal years 2007 and 2008, the average balances are the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that fiscal year. For fiscal 2009, the average balances are the sum of daily average balances outstanding for ICICI Bank, and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March that fiscal year for subsidiaries.

(2) With an average cost of 5.4% in fiscal 2007, 5.7% in fiscal 2008 and 4.4% in fiscal 2009.

(3) With an average cost of 5.1% in fiscal 2007, 5.2% in fiscal 2008 and 4.2% in fiscal 2009.

Table of Contents

At year-end fiscal 2009, our outstanding subordinated debt was Rs. 273.2 billion (US$ 5.4 billion). This debt is classified either as Tier I or Tier II capital in calculating the capital adequacy ratio in accordance with Reserve Bank of India's regulations on capital adequacy. See "Supervision and Regulation — Reserve Bank of India Regulations".

Risk Management

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

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

- The board of directors has oversight on all the risks assumed by the Bank. Specific committees of the board have been constituted to facilitate focused oversight of various risks.

- 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.

Committees of the board of directors have been constituted to oversee the various risk management activities. The Audit Committee provides direction to and also monitors the quality of the internal audit function. The Risk Committee reviews our risk management policies in relation to various risks and regulatory compliance issues. The Risk Committee reviews key risk indicators covering areas such as credit risk, interest rate risk, liquidity risk, and foreign exchange risk and the limits framework, including stress test limits, for various risks. The Risk Committee also carries out an assessment of the capital adequacy based on the risk profile of our balance sheet and reviews the status with respect to implementation of Basel II norms. The Credit Committee reviews developments in key industrial sectors and our exposure to these sectors as well as to large borrower accounts, in addition to approving certain exposures as per the credit approval authorization approved by the Bank. The Asset Liability Management Committee is responsible for managing the balance sheet and reviewing the asset-liability position to manage our liquidity and market risk exposure. For a discussion of these and other committees, see "—Management".

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

Table of Contents

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

All credit risk related aspects are governed by a credit and recovery policy which outlines the type of products that can be offered, customer categories, targeted customer profile and the credit approval process and limits. The credit and recovery policy is approved by our board of directors. In its lending operations, ICICI Bank is principally exposed to 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 with ICICI Bank, principally the failure to make required payments on loans and interest due to us. ICICI Bank measures, monitors and manages credit risk for each borrower and at the portfolio level. ICICI Bank has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal.

Credit Risk Assessment Procedures for Corporate Loans

In order to assess the credit risk associated with any financing proposal, we assess a variety of risks relating to the borrower and the relevant industry.

Borrower risk is evaluated by considering:

- the risks and prospects associated with the industry in which the borrower is operating (industry risk).
- the financial position of the borrower by analyzing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy (financial risk);
- the borrower's relative market position and operating efficiency (business risk); and
- the quality of management by analyzing their track record, payment record and financial conservatism (management risk).

After conducting an analysis of a specific borrower's risk, the Global Credit Risk Management Group assigns a credit rating to the borrower. ICICI Bank has a scale of 10 ratings ranging from AAA to B, an additional default rating of D and short-term ratings from S1 to S8. Credit rating is a critical input for the credit approval process. ICICI Bank determines the desired credit risk spread over our cost of funds by considering the borrower's credit rating and the default pattern corresponding to the credit rating. Every proposal for a financing facility is prepared by the relevant business unit and reviewed by the Global Credit Risk Management Group before being submitted for approval to the appropriate approval authority. The approval process for non-fund facilities is similar to that for fund-based facilities. The credit rating for every borrower is reviewed at least annually. ICICI Bank also reviews the ratings of all borrowers in a particular industry upon the occurrence of any significant event impacting that industry.

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

Project Finance Procedures

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

risk.

The project finance approval process begins with a detailed evaluation of technical, commercial, financial, marketing and management factors and the sponsor's financial strength and experience. Once this review is completed, an appraisal memorandum is prepared for credit approval purposes. As part of the appraisal process, a risk matrix is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. The appraisal memorandum analyzes the risk matrix and establishes the viability of the project.

Table of Contents

Typical risk mitigating factors include the commitment of stand-by funds from the sponsors to meet any cost over-runs and a conservative collateral position. After credit approval, a letter of intent is issued to the borrower, which outlines the principal financial terms of the proposed facility, sponsor obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower. After completion of all formalities by the borrower, a loan agreement is entered into with the borrower.

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

ICICI Bank's project finance credits are generally fully secured and have full recourse to the borrower. In most cases, ICICI Bank has a security interest and first lien on all the fixed assets. Security interests typically include property, plant and equipment as well as other tangible assets of the borrower, both present and future. ICICI Bank's borrowers are required to maintain comprehensive insurance on their assets where we are recognized as payee in the event of loss. In some cases, ICICI Bank also takes additional collateral in the form of corporate or personal guarantees from one or more sponsors of the project and 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. In limited cases, loans are also guaranteed by commercial banks.

It is ICICI Bank's current practice to normally disburse 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.

Corporate Finance Procedures

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

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

- carrying out a detailed analysis of cash flows to forecast the amounts that will be paid and the timing of the payments based on an exhaustive analysis of historical data;

- conducting due diligence on the underlying business systems, including a detailed evaluation of the servicing and collection procedures and the underlying contractual arrangements; and
- paying particular attention to the legal, accounting and tax issues that may impact the structure.

ICICI Bank's analysis enables it to identify risks in these transactions. To mitigate risks, ICICI Bank uses various credit enhancement techniques, such as over-collateralization, cash collateralization, creation of escrow accounts

Table of Contents

and debt service reserves. ICICI Bank also has a monitoring framework to enable continuous review of the performance of such transactions.

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

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

Working Capital Finance Procedures

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

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

Credit Monitoring Procedures for Corporate Loans

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. All borrower accounts are reviewed at least once a year.

Retail Loan Procedures

ICICI Bank's customers for retail loans are typically middle and high-income, salaried or self-employed individuals, and, in some cases, partnerships and corporations. Except for personal loans and credit cards, ICICI Bank requires a

contribution from the borrower and its loans are secured by the asset financed. ICICI Bank's portfolio of personal loans includes micro-banking loans, which are relatively small value loans to lower income customers in urban areas. ICICI Bank has discontinued this product.

Sourcing and approval of retail credit exposures are segregated to achieve independence. Three different groups, the Global Credit Risk Management Group, Risk, Policy and Business Intelligence Unit and Credit Administration Unit are assigned complementing roles for effective credit risk management. The Global Credit Risk Management

Table of Contents

Group has oversight on the credit risk issues for retail assets including vetting of all credit policies/operating notes proposed for approval by the board of directors or forums authorised by the board of directors. The Global Credit Risk Management Group is also involved in portfolio monitoring for all retail assets and suggesting/implementing policy changes. The Risk, Policy and Business Intelligence Unit is an independent unit which focuses on policy formulation, portfolio tracking and monitoring, analytics, score card development and database management. There is a Credit Administration Team servicing various retail business units.

ICICI Bank's credit officers evaluate credit proposals on the basis of the product policy approved by the Retail Credit Forum and the risk assessment criteria defined by the Global Credit Risk Management Group. These criteria vary across product segments but typically include factors such as the borrower's income, the loan-to-value ratio, demographic parameters. The technical valuations in case of residential mortgages are carried out by empanelled valuers or in-house technical team. On a quarterly basis, ICICI Bank assigns risk weights on its residential mortgage portfolio based on loan-to-value ratio arrived at using property price indices which are updated at periodic intervals. When the collateral is repossessed from any defaulted customer, the valuation is carried out by empanelled valuers and provision is made for any shortfall between the loan outstanding and valuation. In case of credit cards, in order to limit the scope of individual discretion, ICICI Bank has implemented a credit-scoring program that is an automated credit approval system that assigns a credit score to each applicant based on certain demographic attributes like income, educational background and age. The credit score then forms the basis of loan evaluation. External agencies such as field investigation agencies and credit processing agencies are used to facilitate a comprehensive due diligence process including visits to offices and homes in the case of loans to individual borrowers. Before disbursements are made, the credit officer checks a centralized delinquent database and reviews the borrower's profile. In making its credit decisions, ICICI Bank draws upon reports from the Credit Information Bureau (India) Limited (CIBIL). However, CIBIL has become operational recently and does not yet provide a credit score. ICICI Bank also avails the services of certain fraud control agencies operating in India to check applications before disbursement. A centralized retail credit policy and risk team undertakes review and audit of credit quality and processes across different products.

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.

ICICI Bank 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 standardised recovery process.

A fraud prevention and control department has been set up to manage levels of fraud, primarily through fraud prevention in the form of forensic audits and also through recovery of fraud losses. The fraud control department is aided by specialized agencies involved in verification of income documents. The fraud control department also evaluates the various external agencies involved in the retail finance operations, including direct marketing associates, external verification associates and collection agencies.

Small Enterprises Loan Procedures

The Small Enterprises Group finances small enterprises, which are defined generally as enterprises with tangible net worth less than Rs. 500 million (US$ 10 million). It includes financing dealers and vendors of companies by implementing structures to enhance the base credit quality of the vendor / dealer. The process involves an analysis of the base credit quality of the vendor / dealer pool and an analysis of the linkages that exist between the vendor / dealer and the company.

The group is also involved in financing based on a cluster-based approach that is, financing of small enterprises that have a homogeneous profile such as apparel manufacturers and manufacturers of pharmaceuticals. The risk assessment of such cluster involves identification of appropriate credit norms for target market, 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. There is a detailed appraisal done based on the financial as well as non-financial parameters to identify the funding needs of the enterprise. There are appropriate credit structures built in based on the assessment of each case. The group also finances small businesses based on analysis

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

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

Rural and Agricultural Loan Procedures

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

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

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

Credit Approval Authorities

ICICI Bank's credit approval authorization framework is laid down by its board of directors. ICICI Bank has established several levels of credit approval authorities for its corporate banking activities—the Credit Committee of the board of directors, the Committee of Directors, the Committee of Executives (Credit) and the Regional Committee (Credit). Retail Credit Forums, Small Enterprise Group Forums and Agri Credit Forums have been created for approval of retail loans and credit facilities to small enterprises and agri based enterprises respectively.

Individual executives are delegated powers in the case of policy based retail products to approve financial assistance within the exposure limits set by our board of directors.

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 and other asset prices. The prime source of market risk for us is the interest rate risk we are exposed to as a financial intermediary. In addition to interest rate risk, we are exposed to other elements of market risk such as liquidity or funding risk, price risk on trading portfolios, exchange rate risk on foreign currency positions and credit spread risk.

Market Risk Management Procedures

Our board of directors reviews and approves the policies for the management of market risk. The board has delegated the responsibility for market risk management on the banking book to the Asset Liability Management Committee and for the trading book to the Committee of Directors, within the broad parameters laid down by policies approved by the board. The Asset Liability Management Committee is responsible for managing interest

rate risk on the banking book and liquidity risks reflected in the balance sheet. The Committee of Directors is responsible for formulating policies and risk controls for the trading book.

The Asset Liability Management Committee comprises whole time directors and executives. The Committee generally meets on a monthly basis and reviews the interest rate and liquidity gap positions on the banking book, formulates a view on interest rates, sets benchmark lending rates, reviews the business profile and its impact on asset liability management and determines the asset liability management strategy in light of the current and expected business environment. The Global Asset Liability Management Group is responsible for managing interest rate risk and liquidity risk, under the supervision of the Asset Liability Management Committee, on a day to day basis.

The Global Market Risk Management Group recommends changes in risk policies and controls and the processes and methodologies for quantifying and assessing market risks. Risk limits including position limits and stop loss limits for the trading book are monitored on a daily basis by the Treasury Middle Office Group and reviewed periodically.

Interest Rate Risk

For a discussion on 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 our cost of funds".

Our core business is deposit taking and borrowing, and lending in both rupees and foreign currencies, as permitted by Reserve Bank of India. These activities expose us to interest rate risk. As the rupee market is significantly different from the international currency markets, gap positions in these markets differ significantly.

Our balance sheet consists rupee and foreign currency assets and liabilities with rupee assets and liabilities being the major constituent. Thus, movements in domestic interest rates constitute the 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 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, would then give 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.

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 generally are repaid more gradually, with principal repayments being made over the life of the loan. Our housing loans at year-end fiscal 2009 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. Until December 31, 2003, we followed a four-tier prime rate structure, namely, a short-term prime rate for one-year loans or loans that re-price at the end of one year, a medium-term prime rate for one

to three year loans, a long-term prime rate for loans with maturities greater than three years, and a prime rate for cash credit products. Effective January 1, 2004, we have moved to a single benchmark prime rate structure for all loans other than specific categories of loans advised by the Indian Banks' Association (which include, among others, loans to individuals for acquiring residential properties, loans for purchase of consumer durables, non-priority sector personal loans and loans to individuals against shares, debentures, bonds and other securities), with lending rates comprising the benchmark prime rate, term premia and transaction-specific credit and other charges. Interest rates on loans outstanding at December 31, 2003 continue to be based on the four-tier prime

Table of Contents

rate structure. 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 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.

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

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

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

	At March 31, 2009(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. 2,150,119	Rs. 387,763	Rs. 123,423	Rs. 2,661,305
Investments	436,035	288,102	756,933	1,481,070
Fixed assets	3,431	820	40,724	44,975
Other assets(2)	148,409	1,549	489,602	639,560
Total assets	2,737,994	678,234	1,410,682	4,826,910
Stockholders’ equity and preference share capital	-	-	471,275	471,275
Borrowings	569,140	301,252	13,527	883,919
Deposits	2,057,512	238,668	322,378	2,618,558
Other liabilities(2)	42,148	36,893	774,117	853,158
Total liabilities	2,668,800	576,813	1,581,297	4,826,910
Total gap before risk management positions	69,194	101,421	(170,615)	0
Risk management positions(3)	(259,403)	185,175	46,979	(27,249)
Total gap after risk management positions	Rs. (190,209)	Rs. 286,596	Rs. (123,636)	Rs. (27,249)

(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 issued by the Reserve Bank of India, effective April 1, 1999 and as revised time to time and pre-payment assumptions applied, based on behavioral studies done. Items that neither mature nor re-price are included in the “greater than five years” category. This includes equity share capital and a substantial part of fixed assets. Impaired loans of residual maturity less than three years are classified in the “greater than one year and up to five years” category and impaired loans of residual maturity between three to five years are classified in the “greater than five years” category.

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

(3) The risk management positions comprise foreign currency and rupee swaps

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

	At March 31, 2009		
	Fixed rate loans	Variable rate loans	Total
		(in millions)	
Loans	Rs. 459,148	Rs. 1,393,947	Rs. 1,853,095

Table of Contents

The following table sets forth, using the balance sheet at year-end fiscal 2009 as the base, one possible prediction of the impact of adverse changes in interest rates on net interest income for fiscal 2010, assuming a parallel shift in the yield curve at year-end fiscal 2009.

	At March 31, 2009 Change in interest rates (in basis points)			
	(100)	(50)	50	100
	(in millions, except percentages)			
Rupee portfolio	Rs. (550)	Rs. (275)	Rs. 275	Rs. 550
Foreign currency portfolio	(1,334)	(667)	667	1,334
Total	Rs. (1,884)	Rs. (942)	Rs. 942	Rs. 1,884

Based on our asset and liability position at year-end fiscal 2009, the sensitivity model shows that net interest income from the banking book for fiscal 2010 would rise by Rs. 1.9 billion (US$ 37 million) if interest rates increased by 100 basis points during fiscal 2010. Conversely, the sensitivity model shows that if interest rates decreased by 100 basis points during fiscal 2009, net interest income for fiscal 2010 would fall by an equivalent amount of Rs. 1.9 billion (US$ 37 million). Based on our asset and liability position at year-end fiscal 2008, the sensitivity model showed that net interest income from the banking book for fiscal 2009 would have risen by Rs. 1.6 billion (US$ 31 million) if interest rates increased by 100 basis points during fiscal 2009. Conversely, the sensitivity model showed that if interest rates decreased by 100 basis points during fiscal 2009, net interest income for fiscal 2009 would have fallen by an equivalent amount of Rs. 1.6 billion (US$ 31 million).

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

Price Risk (Trading book)

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

The following table sets forth, using the fixed income portfolio at year-end fiscal 2009 as the base, one possible prediction of the impact of changes in interest rates on the value of our rupee fixed income trading portfolio for fiscal 2010, assuming a parallel shift in yield curve.

		At March 31, 2009 Change in interest rates (in basis points)			
	Portfolio Size	(100)	(50)	50	100
	(in millions)				
Government of India securities	Rs. 44,380	Rs. 2,946	Rs. 1,473	Rs. (1,473)	Rs. (2,946)
Corporate debt securities	25,149	385	193	(193)	(385)
Total	Rs. 69,529	Rs. 3,331	Rs. 1,666	Rs. (1,666)	Rs. (3,331)

Table of Contents

At year-end fiscal 2009, the total value of our rupee fixed income trading portfolio was Rs. 69.5 billion (US$ 1.4 billion). The sensitivity model shows that if interest rates increase by 100 basis points during fiscal 2010, the value of this portfolio would fall by Rs. 3.3 billion (US$ 65 million). Conversely, if interest rates fell by 100 basis points during fiscal 2010, the value of this portfolio would rise by Rs. 3.3 billion (US$ 65 million). At year-end fiscal 2008, the total value of our rupee fixed income trading portfolio was Rs. 43.9 billion (US$ 863 million). If interest rates had increased by 100 basis points during fiscal 2008, the value of this portfolio would have fallen by Rs. 3.5 billion (US$ 68 million). Conversely, if interest rates had fallen by 100 basis points during fiscal 2008, the value of this portfolio would have risen by Rs. 3.5 billion (US$ 68 million).

At year-end fiscal 2009, the total outstanding notional principal amount of our trading interest rate derivatives portfolio was Rs. 3,731.8 billion (US$ 73.4 billion) compared to Rs. 6,442.8 billion (US$ 126.7 billion) at year-end fiscal 2008. The sensitivity model shows that if interest rates increase by 100 basis points, the value of this portfolio would rise by Rs. 2.9 billion (US$ 57 million). At year-end fiscal 2009, the total outstanding notional principal amount of our trading currency derivatives (options and cross currency interest rate swaps) portfolio was Rs. 1,188.1 billion (US$ 23.4 billion) compared to Rs. 1,051.9 billion (US$ 20.7 billion) at year-end fiscal 2008. The sensitivity model shows that if interest rates increase by 100 basis points, the value of this cross currency interest rate swaps portfolio would rise by Rs. 2.7 billion (US$ 53 million).

Equity Risk

We assume equity risk both as part of our investment book and our trading book. At year-end fiscal 2009, we had a total equity investment portfolio of Rs. 30.0 billion (US$ 590 million). In the investment book, investments in equity shares and preference shares are essentially long-term in nature. The decision to invest in equity shares during project financing activities has been a conscious decision to participate in the equity of the company with the intention of realizing capital gains arising from the expected increases in market prices, and is separate from the lending decision. For further information on our trading and available for sale investments, see "— Overview of ICICI Bank's Products and Services —Investment Banking — Treasury."

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

Exchange Rate Risk

We offer foreign currency hedge instruments like swaps, forwards, and currency options to clients, which are primarily banks and corporate customers. We actively use cross currency swaps, forwards, and options to economically hedge against exchange risks arising out of these transactions. Trading activities in the foreign currency markets expose us to exchange rate risks. This risk is mitigated by setting counterparty limits, stipulating daily and cumulative stop-loss limits, and engaging in exception reporting.

Reserve Bank of India has authorized the dealing of foreign currency-rupee options by banks for hedging foreign currency exposures including hedging of balance sheet exposures. We have been offering such products to corporate clients and other inter-bank counterparties and are one of the largest participants in the currency options market accounting for a significant share of daily trading volume. All the options are maintained within the specified limits.

In addition, foreign currency loans are made on terms that are similar to foreign currency borrowings, thereby transferring the foreign exchange risk to the borrower. In addition, there is an open foreign exchange position limit to

minimize exchange rate risk.

Derivative Instruments Risk

We enter into interest rate and currency derivative transactions primarily for the purpose of hedging interest rate and foreign exchange mismatches and also engage in trading of derivative instruments on our own account. We offer derivative products to selected major corporate customers and other domestic and international financial

institutions, including foreign currency forward transactions and foreign currency and interest rate swaps. We do not carry market risk on these client derivative positions as we cover ourselves in the inter-bank market. Profits and losses on these transactions on account of currency movement are borne by the client. In some cases clients have filed suits against us disputing the transactions and amounts due, see "— Legal and regulatory proceedings". We also invest in credit derivatives through our overseas branches and banking subsidiaries. Our derivative transactions are subject to counterparty risk to the extent particular obligors are unable to make payment on contracts when due.

Credit Spread Risk

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

During fiscal 2009, the global financial system experienced difficult credit and liquidity conditions and disruptions leading to decease in liquidity, greater volatility and widening of credit spreads. In fiscal 2009, we made provisions in our income statement, aggregating Rs. 1,977 million (US$ 39 million), for mark-to-market losses on the trading portfolios of credit derivatives and fixed income investments in our international branches and subsidiaries. A mark-to-market impact of Rs. 9,813 million (US$ 193 million) on the available for sale portfolio of fixed income investments of our international subsidiaries was reduced from our stockholders' equity. We also realized losses of Rs. 5,424 million (US$ 107 million), including impairment losses on these portfolios.

Liquidity Risk

Liquidity risk arises in the funding of lending, trading and investment activities and in the management of trading positions. It includes both the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price. The goal of liquidity management is to be able, even under adverse conditions, to meet all liability repayments on time and fund all investment opportunities. For example, there was a sharp reduction in domestic liquidity in September-October 2008 following the impact of the bankruptcy of Lehman Brothers on global markets.

We maintain diverse sources of liquidity to facilitate flexibility in meeting funding requirements. Incremental operations in the domestic market are principally funded by accepting deposits from retail and corporate depositors. The deposits are augmented by borrowings in the short-term inter-bank market and through the issuance of bonds. Loan maturities and sale of investments also provide liquidity. Most of the funds raised are used to extend loans or purchase securities. Generally, deposits have a shorter average maturity than loans or investments.

Our international branches are primarily funded by debt capital market issuances, syndicated loans, bilateral loans and bank lines, while our international subsidiaries raise deposits in their local markets. Volatility in international debt markets following the concerns over sub-prime debt in the United States have constrained our international market borrowings. Volatility and liquidity constraints in the international markets may adversely impact our liquidity position.

Our subsidiary in the United Kingdom offers an Internet based online savings deposit product to depositors. The total amount of such deposits at year-end fiscal 2009 was US$ 1.7 billion. These deposits are payable on demand. At present, these deposits are classified as outflow in the less than eight days liquidity bucket as required by the Financial Services Authority of the United Kingdom. We deploy these funds in a portfolio of short-term deposits and marketable securities. We may face liquidity risk in case of high volumes of deposit withdrawals, failure of a substantial number of depositors to roll over deposited funds upon maturity or to replace deposited funds with fresh

deposits.

We closely monitor our domestic and international liquidity position, taking into account maturing assets and liabilities, the expected level of rollover of maturing liabilities and new financing commitments. We seek to maintain a portfolio of liquid assets in addition to our regulatory reserves. We also have access to refinancing facilities extended by regulators.

Table of Contents

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 our industry which, when realized, may have an adverse impact on our business".

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

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

Operational Controls and Procedures in Branches

We have operating manuals detailing the procedures for the processing of various banking transactions and the operation of the application software. Amendments to these manuals are implemented through circulars, which are available on the company Intranet. All the branches are supported by the Audit and Compliance, Service and Product and Marketing teams.

There is a process of delegation of financial powers approved by the Board that sets out the monetary limits for employees. Withdrawals from customer accounts are processed based on in-built system checks and authorization procedures. Cash transactions over a specified limit are subject to special scrutiny to avoid potential money laundering. The core banking application software has multiple security features to protect the integrity of applications and data.

Operational Controls and Procedures for Internet Banking

For Internet banking, state of the art control measures are in place including issuing the customer a unique user identification, login password for logging onto the Internet site and a unique transaction identification for effecting transactions. In addition to the transaction identification, we have introduced an additional security of using the grid values available on the debit card for effecting transactions on the internet.

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

There are centralized operations at regional processing centers located at various cities across the country. These regional processing centers process clearing of cheques and inter-branch transactions, make inter-city cheque

collections, and engage in back-office activities for account opening, standing instructions and auto-renewal of deposits. There are currency chests located at 32 locations pan India which cater to replenishments of ATMs and cash requirements of branches.

Centralized transaction processing is carried out in Mumbai on a nation-wide basis for transactions like the issue of ATM cards and personal identification number mailers, reconciliation of ATM transactions, issue of passwords to the internet banking customers, internet banking bill payments, depositing post-dated cheques received from retail loan customers and credit card transaction processing. Centralized processing has been extended to the issuance of

personalized cheque books, back-office activities of non-resident Indian accounts for deliverables issuance, activation of new account opening and recovery of service charges for accounts for holding shares in book-entry form.

Operational Controls and Procedures in Treasury

Key control measures in treasury operations include clear segregation of duties between treasury front-office, which reports to the Executive Director and Chief Financial Officer, and treasury middle office, which reports to another Executive Director, elaborate automated control procedures, continuous monitoring procedures through detailed management information statements, code of conduct, mandatory leave of dealers and periodic training. There are clear limits set up in respect of treasury operations like deal-wise limits and product-wise limits. In order to mitigate the potential mis-selling risks, elaborate labelling policy is implemented. Similarly in order to mitigate potential contractual risks, negotiations for deals are recorded on a voice recording system. All the key processes in treasury operations are documented and approved by New Product and Process Approval Committee. Some of the control measures adopted by middle office include deal validation, independent confirmation, documentation, limits monitoring, Treasury accounting, settlement, reconciliation and regulatory compliance. Middle office group reviews the unconfirmed, unsettled deals, 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 conducted in respect of treasury operations. The elaborate internal control structure in the treasury operations in the Bank are designed to minimize errors, prevent potential frauds and provide early-warning signals.

Operational Controls and Procedures in Retail Asset Operations

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

The central operations unit is located in Mumbai city and the regional operations units are located at Mumbai, Delhi and Chennai cities. 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, repayment management activities for all retail asset products.

All the processes are hosted and controlled through a central processing site. At the design stage of the process, operational and other risks are identified, mitigating measures are designed and measures of performance specified to ensure adherence. The elaborate control environment is further subject to a regular and independent audit.

Operational Controls and Procedures for Corporate Banking

ICICI Bank's Corporate Banking Group has been organized into different zones. The front office has relationship managers, credit analysts and transaction banking specialists with segregation of duties. The operations in respect of corporate banking products and services are supported by middle office and back office with process ownership. The front office, middle office and back offices are located at different locations including centralized operations at Mumbai. These centralized operations comprise separate operations teams for credit monitoring, trade finance, cash management and general banking operations. The centralized operations teams process transactions after verification of credit authorizations, as well as applicable regulations, particularly in respect of international trade finance

transactions. The middle office and back office also process transactions for small enterprise customers, rural finance and investment banking activities.

Operational Controls and Procedures in Rural Loan Operations

Operational controls and procedures for corporate customers in rural and agricultural banking are similar to those for our 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

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

These initiatives include formulation of a Group Anti Money Laundering Policy with the approval of the board of directors of the Bank which also covers our overseas branches / subsidiaries, oversight by the Audit Committee of the board of directors 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 categorisation for classifying the customers into high, medium and low risk segments. The Know Your Customer procedures are based on basic due diligence for low risk customers, enhanced due diligence for high risk customers and simplified due diligence for small deposits accounts in terms of Reserve Bank of India guidelines.

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

Audit

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

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

Reserve Bank of India requires banks to have a process of concurrent audits at branches handling large volumes, to cover a minimum of 50.0% of business volumes. We have a process of concurrent audits, using external accounting firms. Concurrent audits are also carried out at centralized and regional processing centers operations to ensure existence of and adherence to internal controls.

The Internal Audit Group has formed a separate International Banking Audit Group for audit of international branches, representative offices and subsidiaries.

Legal and Regulatory Risk

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

Factors—Risks Relating to Our Business—We are involved in various litigations. Any final judgment awarding material damages against us could have a material adverse impact on our future financial performance, our stockholders' equity and the price of the ADSs" and "Risk Factors—Risks relating to Our Business—Regulatory changes in India or other jurisdictions in which we operate could adversely affect our business".

Global Risk Management Framework

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

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

Risk Management in Key Subsidiaries

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

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

ICICI Prudential Life Insurance Company is exposed to business risks arising out of the nature of products and underwriting, and market risk arising out of the investments made out of the corpus of premiums collected and the returns guaranteed to policyholders. The Risk Management and Audit Committee of its board of directors is responsible for oversight of the risk management and internal control functions. For managing investment risk, the company has a prudent investment strategy to optimize risk-adjusted returns. Its asset-liability management framework is designed to cushion and mitigate the investment related risks of assets. The assets under management for the linked portfolio, in respect of which there is minimal asset-liability mismatch risk, amounts to over 85% of the policyholders' funds. As part of asset-liability management for the non-linked portfolio, ICICI Prudential Life Insurance Company has hedged the single premium non-participating portfolio by duration matching, rebalanced

monthly. On the participating portfolio, the asset allocation strategy, which includes investments in equities, is designed to achieve the twin objectives of managing base guarantees and maximizing returns. The equity portfolio is benchmarked against a market index. In addition, there are exposure limits to companies, groups and industries. For mitigating operational risks, the management assesses and rates the various operational risks and prepares a mitigation plan. The internal audit department performs risk-based audit and reports the findings to the Audit Committee of ICICI Prudential Life Insurance Company.

Table of Contents

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

Controls and Procedures

We carried out an evaluation under the supervision and with the participation of management, including the Managing Director & Chief Executive Officer and the Executive Director and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Exchange Act as of March 31, 2009.

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

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

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

We have experienced significant growth in a fast changing environment, and management is aware that this may pose significant challenges to the control framework. The increasing size of our treasury operations, which use automated control and recording systems as well as manual checks and record keeping, expose us to the risk of errors in control and record keeping. See “Risk Factors — Risks Relating to Our Business — There is operational risk associated with our industry which, when realized, may have an adverse impact on our business”.

Management’s Report on Internal Control Over Financial Reporting

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

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

are safeguarded and financial records are reliable.

Our internal controls include policies and procedures that:

Table of Contents

- 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 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 mis-statements. 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, 2009 based on criteria set for by the Committee of Sponsoring Organizations of 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, 2009. Effectiveness of our internal control over financial reporting as of March 31, 2009 has been audited by KPMG, an independent registered public accounting firm, as stated in their attestation report which is included herein.

Change in Internal Control Over Financial Reporting

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

Loan Portfolio

Our gross loan portfolio was Rs. 2,714.9 billion (US$ 53.4 billion) at year-end fiscal 2009, an increase of 6.2% over the gross loan portfolio of Rs. 2,555.9 billion (US$ 50.2 billion) at year-end fiscal 2008. At year-end fiscal 2008, the gross loan portfolio increased 19.6% to Rs. 2,555.9 billion (US$ 50.2 billion) from Rs. 2,137.1 billion (US$ 42.0 billion) at year-end fiscal 2007. At year-end fiscal 2009, approximately 65.2% 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,					
	2005	2006	2007	2008	2009	2009
	(in millions)					
Consumer loans and credit card receivables(1)	Rs. 532,138	Rs. 910,871	Rs. 1,276,977	Rs. 1,408,271	Rs. 1,228,337	US$ 24,147
Rupee	526,541	895,116	1,248,484	1,365,595	1,181,368	23,223
Foreign currency	5,597	15,755	28,493	42,676	46,969	923
	447,359	665,549	859,562	1,147,276	1,486,380	29,219

Commercial, financial, agricultural and others(2)						
Rupee	301,800	449,160	495,464	475,796	587,644	11,552
Foreign currency	145,559	216,389	364,098	671,480	898,736	17,667
Leasing and related activities(3)	885	736	569	329	175	3
Rupee	885	695	569	329	175	3
Foreign currency	-	41	-	-	-	
Gross loans	980,382	1,577,156	2,137,108	2,555,876	2,714,892	53,369
Rupee	829,226	1,344,971	1,744,517	1,841,719	1,769,187	34,779
Foreign currency	151,156	232,185	392,591	714,156	945,705	18,591
Total gross loans	980,382	1,577,156	2,137,108	2,555,876	2,714,892	53,369
Allowance for loan losses	(16,282)	(14,553)	(23,114)	(41,859)	(53,587)	(1,053)
Net loans	Rs. 964,100	Rs. 1,562,603	Rs. 2,113,994	Rs. 2,514,017	Rs. 2,661,305	US$ 52,316

Table of Contents

---

(1) Includes home loans, automobile loans, commercial business loans, two wheeler loans, personal loans, credit card receivables and farm equipment loans.
(2) Includes builder financing and dealer financing .
(3) Leasing and related activities includes leasing and hire purchase.

Our gross consumer loans and credit card receivables decreased to Rs. 1,228.3 billion (US$ 24.1 billion), constituting 45.2% of our gross loans at year-end fiscal 2009 from Rs. 1,408.3 billion (US$ 27.7 billion), constituting 55.1% of our gross loans at year-end fiscal 2008. We have tightened our credit norms, especially in the unsecured retail segment and slowed our credit growth. Our gross foreign currency loans increased from Rs. 714.2 billion (US$ 14.0 billion), constituting 27.9% of our total gross loans at year-end fiscal 2008 to Rs. 945.7 billion (US$ 18.6 billion), constituting 34.8% of our total gross loans at year-end fiscal 2009. The increase was primarily due to the increase in the rupee equivalent of gross foreign currency loans consequent to the depreciation in the value of the rupee against the US dollar during fiscal 2009.

At year-end fiscal 2009, we did not have outstanding cross-border loans (defined as loans made to borrowers outside of India) exceeding 1.0% of our assets in any country except Canada. We had outstanding cross-border loans to US borrowers amounting to between 0.75% and 1.00% of our assets.

Collateral — Completion, Perfection and Enforcement

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

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

Corporate finance and project finance loans are typically secured by a first charge on fixed assets, which normally consists of property, plant and equipment. These security interests are perfected by the registration of these interests within time limits stipulated under the Indian Companies Act with the Registrar of Companies pursuant to the provisions of the Indian Companies Act when our clients are constituted as 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. This registration amounts to a constructive public notice to other business entities of security interests created by such companies. 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 Indian Companies Act), and obtain corporate guarantees and personal guarantees wherever appropriate. In certain cases, the terms of financing include covenants relating to sponsor shareholding in the borrower and restrictions on the sponsors' ability to sell all or part of their shareholding. Covenants involving equity shares have top-up mechanism based on price triggers. For all immovable property and shares which are secured in favor of offshore lenders, approval from the Reserve Bank of India is obtained prior to creation.

Table of Contents

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

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

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

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

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

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

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

Loan Concentration

We follow a policy of portfolio diversification and evaluate our total financing exposure in a particular industry in light of our forecasts of growth and profitability for that industry. ICICI Bank's Global Credit Risk Management Group monitors all major sectors of the economy and specifically tracks industries in which ICICI Bank has credit exposures. We seek to respond to any economic weakness in an industrial segment by restricting new credits to that industry segment and any growth in an industrial segment by increasing new credits to that industry segment. 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. Between 2003 and 2006, the banking system as a whole saw significant expansion of retail credit, with retail loans accounting for a major part of overall systemic credit growth. Accordingly, during these years, we increased our financing to the retail segment. In view of high asset prices and the increase in interest rates since the second half of fiscal 2008, we followed a conscious strategy of moderation of retail disbursements, especially in the

Table of Contents

unsecured retail loans segment. Following this trend, our loans and advances to the retail segment constituted 46.4% of our gross loans and advances at year-end fiscal 2009 compared to 57.0% at year-end fiscal 2008.

Pursuant to the guidelines of the Reserve Bank of India, our credit exposure to individual borrowers must not exceed 15.0% of our capital funds, comprising Tier I and Tier II 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 capital funds by an additional 5.0% (i.e. up to 20.0%) provided the additional credit exposure is on account of infrastructure financing. Our exposure to a group of companies under the same management control must not exceed 40.0% of our capital funds unless the exposure is in respect of an infrastructure project. The exposure to a group of companies under the same management control, including exposure to infrastructure projects, may be up to 50.0% of our capital funds. Banks may, in exceptional circumstances, with the prior approval of their boards, enhance the exposure by 5.0% of capital funds (i.e., 20.0% of capital funds for an individual borrower and 45.0% of capital funds for a group of companies under same management), making appropriate disclosures in their annual reports. Exposure for funded facilities is calculated as the total committed credit and investment sanctions or the outstanding funded amount, whichever is higher (for term loans, as the sum of undisbursed commitments and the outstanding amount). Exposure for non-funded facilities is calculated as 100.0% of the committed amount or the outstanding non-funded amount whichever is higher. At year-end fiscal 2009, we were in compliance with these guidelines.

At year-end fiscal 2009, our largest borrower accounted for approximately 13.6% of our capital funds. The largest group of companies under the same management control accounted for approximately 33.5% of our capital funds.

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

	At March 31,								
	2005		2006		2007		2008		
	(in millions, except percentages)								
	Amount	As a %	Amount	As a %	Amount	As a %	Amount	As a %	Am
Retail finance(1)	Rs. 596,027	60.8%	Rs. 981,550	62.2%	Rs. 1,364,472	63.8%	Rs. 1,457,548	57.0%	Rs. 1,2
Services - non finance	18,648	1.9	47,289	3.0	64,342	3.0	168,139	6.6	2
Crude petroleum/refining & petrochemicals	44,422	4.5	46,185	2.9	49,656	2.3	65,136	2.6	1
Road, port, telecom, urban development & other infrastructure	35,519	3.6	30,114	1.9	29,873	1.4	57,708	2.3	1
Iron & steel and products	51,557	5.3	51,717	3.3	52,071	2.5	100,441	3.9	1
Services - finance–	27,508	2.8	74,356	4.7	111,500	5.2	65,373	2.6	
Food & beverages	16,956	1.7	41,491	2.6	50,863	2.4	76,802	3.0	
Chemicals & fertilizers	18,372	1.9	32,241	2.1	53,768	2.5	43,346	1.7	
Power	18,217	1.9	28,127	1.8	41,917	2.0	62,479	2.4	
Electronics & engineering	19,742	2.0	24,129	1.5	21,863	1.0	39,294	1.5	
Drugs & pharmaceuticals	3,582	0.4	4,968	0.3	10,014	0.5	26,568	1.0	

Construction	4,923	0.5	9,822	0.6	15,285	0.7	30,340	1.2	
Wholesale/retail trade	9,867	1.0	14,842	1.0	28,625	1.3	26,728	1.0	
Others(2)	115,277	11.7	190,551	12.1	243,366	11.4	337,442	13.2	3
Gross loans	980,617	100.0	1,577,382	100.0	2,137,615	100.0	2,557,344	100.0	2,7
Allowance for loan losses and interest suspense	(16,517)		(14,779)		(23,621)		(43,327)		(
Net loans	Rs. 964,100		Rs. 1,562,603		Rs. 2,113,994		Rs. 2,514,017		Rs. 2,6

62

Table of Contents

---

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

(2) Other industries primarily include automobiles, cement, agriculture & allied activities, fast moving consumer goods, gems & jewellery, manufacturing products excluding metal, metal & metal products (excluding iron & steel), mining, shipping, textiles etc.

Our gross loan portfolio at year-end fiscal 2009 increased by 6.2% compared to the gross loan portfolio at year-end fiscal 2008. Retail finance was 46.4% of gross loans at year-end fiscal 2009 compared to 57.0% of gross loans at year-end fiscal 2008. Our gross loans to the services – non finance sector as a percentage of gross loans increased to 9.0% at year-end fiscal 2009 compared to 6.6% at year-end fiscal 2008. Our gross loans to the crude petroleum/refining and petrochemicals sector as a percentage of gross loans increased to 6.0% at year-end fiscal 2009 compared to 2.6% at year-end fiscal 2008.

At year-end fiscal 2009, our 20 largest borrowers accounted for approximately 15.1% of our gross loan portfolio, with the largest borrower accounting for approximately 3.2% of our gross loan portfolio. The largest group of companies under the same management control accounted for approximately 4.0% 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 2009.

Directed Lending

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

Priority Sector Lending

The Reserve Bank of India guidelines require banks to lend 40.0% of their adjusted net bank credit, or credit equivalent amount of off balance sheet exposure, whichever is higher, to certain specified sectors called priority sectors. The definition of adjusted net bank credit does not include certain exemptions and includes certain investments and is computed with reference to the outstanding amount at March 31 of the previous year. Priority sectors include agricultural sector, food and agri-based industries, small and micro enterprises and small businesses and housing finance up to certain limits. Out of the 40.0%, banks are required to lend a minimum of 18.0% of their adjusted net bank credit to the agriculture sector (of which 13.5% is required towards direct agriculture) and the balance to certain specified sectors, including small enterprises (defined as enterprises engaged in manufacturing/production, processing and services businesses with a certain limit on investment in plant and machinery), small road and water transport operators, small businesses, professional and self-employed persons, and all other service enterprises, retail trade, micro credit, education and housing loans up to Rs. 2 million (US$ 39,316) to individuals for purchase/construction of a dwelling unit per family.

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

Table of Contents

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

Any shortfall in the amount required to be lent to the priority sectors may be required to be deposited with government sponsored Indian development banks like the National Bank for Agriculture and Rural Development, the Small Industries Development Bank of India and the National Housing Bank. These deposits have a maturity of up to seven years and carry interest rates lower than market rates. At year-end fiscal 2009, total investments in such bonds were Rs. 60.0 billion (US$1.2 billion). See "Supervision and Regulation — Directed Lending — Priority Sector Lending".

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

ICICI Bank is required to comply with the priority sector lending requirements on the last "reporting Friday" of each fiscal year. At March 27, 2009, which was the last reporting Friday for fiscal 2009, ICICI Bank's priority sector loans were Rs. 684.3 billion (US$ 13.5 billion), constituting 50.6% of its residual adjusted net bank credit against the requirement of 50.0%. At that date, qualifying agriculture loans were 19.0% of ICICI Bank's residual adjusted net bank credit as against the requirement of 18.0%, out of which advances to direct agriculture amounted to Rs. 196.8 billion (US$ 3.9 billion) constituting 14.5% of its residual adjusted net bank credit against the requirement of 13.5%. ICICI Bank's advances to weaker sections were Rs. 20.7 billion (US$ 407 million) constituting 1.5% of its residual adjusted net bank credit against the requirement of 10.0%.

The following table sets forth ICICI Bank's priority sector loans, classified by the type of borrower, at the last reporting Friday of fiscal 2009.

	At March 27, 2009					
	Amount				% of total priority sector lending	% of residual adjusted net bank credit
	(in billion, except percentages)					
Agricultural sector (1)	Rs.	257.6	US$	5.1	37.7%	19.0%
Small enterprises(2)		66.5		1.3	9.7	4.9
Others including residential mortgage less than Rs. 2.0 million		360.1		7.1	52.6	26.7
Total	Rs.	684.2	US$	13.5	100.0%	50.6%

1. Includes direct agriculture lending of Rs. 196.8 billion (US$ 3.9 billion) constituting 14.5% of our residual adjusted net bank credit against the requirement of 13.5%.
2. Small enterprises include enterprises engaged in manufacturing/processing and whose investment in plant and machinery does not exceed Rs. 50 million (US$ 982,898) and enterprises engaged in providing/rendering of services and whose investment in equipment does not exceed Rs. 20 million (US$ 393,159).

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. 12.0% of a bank's 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

Table of Contents

Reserve Bank of India provides export refinancing for an eligible portion of total outstanding export loans in rupee in line with the prevalent Reserve Bank of India guidelines in India as amended from time to time. The interest income earned on export credits is supplemented through fees and commissions earned from these exporter customers from other fee-based products and services taken by them from us, such as foreign exchange products and bill handling. At March 27, 2009 (last Friday for March 2009), our export credit was Rs. 9.9 billion (US$ 195 million).

Housing Finance

The Reserve Bank of India had recommended that banks lend up to 3.0% of their incremental deposits in the previous fiscal year for housing finance. This can be in the form of home loans to individuals or investments in the debentures and bonds of the National Housing Bank and housing development institutions recognized by the government. At March 27, 2009 (last reporting Friday for March 2009), ICICI Bank's housing finance loans qualifying as priority sector loans were Rs. 287.1 billion (US$ 5.6 billion) and was well above the minimum requirement prescribed by the Reserve Bank of India.

Loan Pricing

As required by the Reserve Bank of India guidelines and the advice issued by the Indian Banks' Association effective January 1, 2004, we price our loans (other than fixed rate loans and certain categories of loans to individuals and agencies specified by the Indian Banks' Association, including among others, loans to individuals for acquiring residential properties, loans for purchase of consumer durables, non-priority sector personal loans and loans to individuals against shares, debentures, bonds and other securities) with reference to a benchmark prime lending rate, called the ICICI Bank Benchmark Advance Rate. The Asset Liability Management Committee of ICICI Bank fixes the ICICI Benchmark Advance Rate based on cost of funds, cost of operations and credit charge as well as yield curve factors, such as interest rate and inflation expectations, as well as market demand for loans of a certain term. The ICICI Benchmark Advance Rate is 15.75% per annum payable monthly, effective June 5, 2009. The lending rates comprise ICICI Benchmark Advance Rate, term premium and transaction-specific credit and other charges.

Classification of Loans

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

The classification of assets as per 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.

Table of Contents

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 can be restructured by rescheduling of principal repayments and/or the interest element, but must be separately disclosed as a restructured loan in the year of restructuring. The diminution in the fair value of the loan, if any, measured in present value terms, is either written off or provision is made to the extent of the diminution involved. For restructured loans, provisions are made in accordance with the guidelines issued by the Reserve Bank of India, which require that the difference between the fair value of the loan before and after restructuring be provided at the time of restructuring. There are certain conditions stipulated by the Reserve Bank of India for continuing to classify a restructured standard loan as a standard asset. Similar guidelines apply to sub-standard and doubtful loans. The sub-standard and doubtful loans which have been subjected to restructuring, whether in respect of principal or interest are eligible to be upgraded to the standard category only after the specified period, i.e., a period of one year after the date when first payment of interest or of principal, whichever is earlier, falls due, subject to satisfactory performance during the period. From December 2008, the Reserve Bank of India has permitted banks to restructure loans classified as real estate exposures, up to June 30, 2009 while maintaining these loans as standard loans. Similarly, banks have also been permitted to undertake, for loans that were previously restructured, a second restructuring without downgrading the loan to the non-performing category, up to June 30, 2009. The Reserve Bank of India also permitted banks to restructure as standard loans all eligible loans which meet the basic criteria for restructuring, and which were classified as standard as at September 1, 2008 irrespective of their subsequent asset classification. This was subject to banks receiving an application from the borrower for restructuring the advance on or before March 31, 2009 and implementing the restructuring package within 120 days from the date of receipt of the application. We classify loans as restructured in line with these guidelines. The restructured loans continue to be classified as such until they complete one year of payment in accordance with the restructured terms.

Provisioning and Write-Offs

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

Table of Contents

Standard assets:	As per the Reserve Bank of India guidelines issued in September 2005, banks were required to make general provision at 0.40% on standard loans (excluding loans to the agriculture sector and to small and medium enterprises, for which the required general provisioning rate is 0.25%). As per the Reserve Bank of India guidelines issued in May 2006, the general provisions for personal loans, loans and advances qualifying as capital market exposure, residential housing loans beyond Rs. 2.0 million (US$ 39,316) and commercial real estate loans was increased to 1.00% from 0.40%. In January 2007, the Reserve Bank of India increased the provisioning requirement in respect of the loans to the real estate sector (excluding residential housing loans), outstanding credit card receivables, loans and advances qualifying as capital market exposure, personal loans and exposures to systemically important non-deposit taking non-banking finance companies to 2.00%. In December 2008, the Reserve Bank of India reduced the provisioning rate for standard assets to a uniform rate of 0.40% for all types of standard assets except in the case of direct advances to the agricultural and small and medium enterprise sectors, which continue to attract a provisioning of 0.25%. The revised norms were effective prospectively but the provisions held by banks could not be reversed.
Sub-standard assets:	A provision of 10% is required for all sub-standard assets. An additional provision of 10% is required for accounts that are ab initio unsecured.
Doubtful assets:	A 100% provision/write-off is required in respect of the unsecured portion of the doubtful asset. A 100% provision is required to be made for the secured portion of assets classified as doubtful for more than three years in a phased manner.
Loss assets:	The entire asset is required to be written off or provided for.
Restructured loans:	Until August 27, 2008, a provision equal to the difference between the present value of the future interest as per the original loan agreement and the present value of future interest on the basis of rescheduled terms at the time of restructuring, was required to be made. For loans restructured after August 27, 2008, a provision equal to the difference between the fair value of the loan before and after restructuring is required to be made. The fair value of the loan before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the loan before restructuring and the principal. The fair value of the loan after restructuring is computed as the present value of cash flows representing the interest at the rate charged on the loan on restructuring and the principal. Both sets of cash flows are to be

discounted by the Bank's Benchmark Prime Lending Rate as on the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of restructuring.

Our policy

ICICI Bank provides for corporate non-performing assets in line with the Reserve Bank of India guidelines. ICICI Bank provides for retail non-performing assets on a bucketing basis based on days past due, subject to minimum provision requirements set by the Reserve Bank of India. Loss assets and the unsecured portion of doubtful assets are fully provided for or written off. We hold specific provisions against non-performing loans and general provision against performing loans. We do not distinguish between provisions and technical write-offs while assessing the adequacy of our loan loss coverage, as both provisions and technical write-offs represent a reduction of the principal amount of a non-performing asset. In compliance with regulations governing the presentation of financial information by banks, we report non-performing assets net of cumulative write-offs in our financial statements.

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

Table of Contents

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

Impact of Economic Environment on Commercial and Consumer Loan Borrowers

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

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. Since fiscal 2008, we have experienced an increase in non-performing loans in our consumer loans and credit card receivables portfolio. The primary reasons for this increase are the seasoning of the 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.

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 assets

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

	At March 31,											
	2005		2006		2007		2008		2009			
	(in millions, except percentages)											
Consumer loans & credit card receivables	Rs.	-	Rs.	-	Rs.	-	Rs.	-	Rs.	1,933	US$	38
Rupee		-		-		-		-		1,933		38

Foreign currency		-		-		-		-		-		-
Commercial, financial, agricultural and others (1)		65,623		55,463		50,407		48,411		59,435		1,168
Rupee		52,245		49,582		45,965		45,535		53,713		1,056
Foreign currency		13,378		5,881		4,442		2,876		5,722		112
Total restructured loans		65,623		55,463		50,407		48,411		61,368		1,206
Rupee		52,245		49,582		45,965		45,535		55,646		1,094
Foreign currency		13,378		5,881		4,442		2,876		5,722		112
Gross restructured loans(2)		65,623		55,463		50,407		48,411		61,368		1,206
Provision for loan losses		(2,991)		(2,305)		(1,581)		(1,572)		(1,736)		(34)
Net restructured loans	Rs.	62,632	Rs.	53,158	Rs.	48,826	Rs.	46,839	Rs.	59,632	US$	1,172
Gross customer assets (2)	Rs.	1,049,164	Rs.	1,638,525	Rs.	2,234,339	Rs.	2,687,999	Rs.	2,892,808	US$	56,867
Net customer assets .	Rs.	1,029,299	Rs.	1,622,675	Rs.	2,209,078	Rs.	2,642,697	Rs.	2,836,439	US$	55,759
Gross restructured loans as a percentage of gross customer assets		6.3%		3.4%		2.3%		1.8%		2.1%		
Net restructured loans as a percentage of net customer assets		6.1%		3.3%		2.2%		1.8%		2.1%		

Table of Contents

---

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

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

	At March 31,									
	2005		2006		2007		2008		200	
	(in millions, except percentages)									
	Amount	As a percentage of loans	Amount	As a percentage of loans	Amount	As a percentage of loans	Amount	As a percentage of loans	Amount	Am
Crude petroleum/refining & petrochemicals	Rs. 17,661	26.9%	Rs. 19,169	34.6%	Rs. 21,004	41.7%	Rs. 22,542	46.6%	Rs. 23,961	US$
Power	2,694	4.1	1,703	3.1	-	-	14,971	30.9	16,059	
Road, port, telecom, urban development & other infrastructure	15,255	23.2	18,733	33.8	17,790	35.3	8,117	16.8	10,438	
Automobile (including trucks)	2,429	3.7	391	0.7	151	0.3	106	0.2	2,955	
Electronics & engineering	1,234	1.9	565	1.0	-	-	1,295	2.7	1,026	
Textiles	772	1.2	344	0.6	86	0.1	71	0.1	993	
Services-finance	-	-	-	-	-	-	-	-	913	
Food & beverages	684	1.0	220	0.4	-	-	120	0.3	456	
Cement	2,064	3.1	1,406	2.5	1,065	2.0	401	0.8	297	
Chemicals & fertilizers	6,552	10.0	2,345	4.2	985	2.0	536	1.1	133	
Shipping	497	0.8	798	1.4	839	1.7	-	-	15	
Iron/steel & products	10,501	16.0	4,834	8.7	4,922	9.8	-	-	-	
Metal & products (excluding iron & steel)	3,142	4.8	3,528	6.4	3,296	6.5	-	-	-	
Retail finance	-	-	-	-	-	-	-	-	1,933	
Others(1)	2,138	3.3	1,427	2.6	269	0.6	252	0.5	2,189	
Gross restructured loans	65,623	100.0	55,463	100.0	50,407	100.0	48,411	100.0	61,368	
Aggregate provision for loan losses	(2,991)		(2,305)		(1,581)		(1,572)		(1,736)	
Net restructured loans	Rs. 62,632		Rs. 53,158		Rs. 48,826		Rs. 46,839		Rs. 59,632	US$

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

Our net restructured standard loans were Rs. 59.6 billion (US$ 1.2 billion) at year-end fiscal 2009 compared to Rs. 46.8 billion (US$ 921 million) at year-end fiscal 2008. We expect the level of our restructured assets to increase during fiscal 2010. See also ”Risk factors – Risks Relating to our Business – The level of restructured loans in our

Table of Contents

portfolio is expected to increase and the failure of our restructured loans to perform as expected could affect our business".

Non-performing Assets

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

	At March 31,					
	2005	2006	2007	2008	2009	
	(in millions, except percentages)					
Consumer loans & credit card receivables(1)	Rs. 8,063	Rs. 13,836	Rs. 30,000	Rs. 54,954	Rs. 72,201	US$ 1,419
Rupee	8,061	13,828	29,991	54,948	72,105	1,417
Foreign currency	2	8	9	6	96	2
Commercial, financial, agricultural and others(2)	26,826	9,187	12,200	22,483	27,188	535
Rupee	23,271	7,178	11,074	21,119	23,892	470
Foreign currency	3,555	2,009	1,126	1,364	3,296	65
Leasing and related activities	84	63	357	526	532	10
Rupee	84	63	357	526	532	10
Foreign currency	-	-	-	-	-	-
Total non-performing assets	34,973	23,086	42,557	77,963	99,921	1,964
Rupee	31,416	21,069	41,422	76,593	96,529	1,897
Foreign currency	3,557	2,017	1,135	1,370	3,392	67
Gross non-performing assets(3)	34,973	23,086	42,557	77,963	99,921	1,964
Provision for loan losses	(14,890)	(12,280)	(22,249)	(42,031)	(52,580)	(1,034)
Net non-performing assets	Rs. 20,083	Rs. 10,806	Rs. 20,308	Rs. 35,932	Rs. 47,341	US$ 930
Gross customer assets(3)	Rs. 1,049,164	Rs. 1,638,525	Rs. 2,234,339	Rs. 2,687,999	Rs. 2,892,808	US$ 56,867
Net customer assets .	Rs. 1,029,299	Rs. 1,622,675	Rs. 2,209,078	Rs. 2,642,697	Rs. 2,836,439	US$ 55,759
Gross non-performing assets as a percentage of gross customer assets	3.3%	1.4%	1.9%	2.9%	3.5%	
	2.0%	0.7%	0.9%	1.4%	1.7%	

Net non-performing assets as a percentage of net customer assets

---

(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 and credit substitutes, net of write-offs.

Table of Contents

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.

	At March 31,									
	2005		2006		2007		2008		20	
	(in millions, except percentages)									
	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	A
Chemicals & fertilizers	Rs. 2,956	8.4%	Rs. 1,654	7.2%	Rs. 1,642	3.9%	Rs. 1,935	2.5%	Rs. 1,958	US
Textiles	4,185	12.0	1,675	7.3	834	2.0	1,097	1.4	1,767	
Wholesale/retail trade	45	0.1	45	0.2	45	0.1	83	0.1	1,470	
Services-finance	936	2.7	126	0.5	722	1.7	1,293	1.7	1,291	
Shipping	416	1.2	13	0.1	13	-	1,006	1.3	1,022	
Food & beverages	947	2.7	670	2.9	1,247	2.9	608	0.8	1,033	
Electronics & engineering	2,816	8.1	550	2.4	626	1.5	563	0.7	793	
Automobile (including trucks)	681	1.9	32	0.1	61	0.1	76	0.1	323	
Iron/steel & products	745	2.1	210	0.9	772	1.8	1,214	1.6	359	
Services-non finance	934	2.7	976	4.2	632	1.5	413	0.5	347	
Metal & products (excluding iron & steel)	174	0.5	11	0.1	11	-	116	0.1	203	
Power	7,373	21.1	-	-	-	-	143	0.2	147	
Paper & paper products	289	0.8	74	0.3	66	0.2	39	-	44	
Cement	180	0.5	-	-	-	-	25	-	15	
Road, port, telecom, urban development & other infrastructure	2,141	6.1	-	-	-	-	-	-	-	
Retail finance(1)	8,452	24.2	14,423	62.5	31,316	73.6	55,824	71.6	72,301	
Others(2)	1,703	4.9	2,626	11.3	4,570	10.7	13,528	17.4	16,848	
Gross non-performing assets	34,973	100.0%	23,086	100.0%	42,557	100.0%	77,963	100.0%	99,921	
Aggregate provision for	(14,890)		(12,280)		(22,249)		(42,031)		(52,580)	

loan losses						
Net non-performing assets	Rs. 20,083	Rs. 10,806	Rs. 20,308	Rs. 35,932	Rs. 47,341	US

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

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

Gross non-performing assets increased 28.2% from Rs. 78.0 billion (US$ 1.5 billion) at year-end fiscal 2008 to Rs. 99.9 billion (US$ 2.0 billion) at year-end fiscal 2009. Gross of technical write-offs, the gross non-performing assets at year-end fiscal 2009 were Rs. 101.2 billion (US$ 2.0 billion) compared to Rs. 84.1 billion (US$ 1.7 billion) at year-end fiscal 2008. Net non-performing assets constituted 1.7% of net customer assets at year-end fiscal 2009 compared to 1.4% at year-end fiscal 2008. The coverage ratio (i.e. total provisions and technical write-offs as a percentage of the gross non-performing assets including technical write-offs) was 53.2% at year-end fiscal 2009 compared to 57.3% at year-end fiscal 2008. The increase in non-performing assets was primarily due to increase in retail finance non-performing loans, which constituted 72.4% of gross non-performing assets at year-end fiscal 2009 compared to 71.6% of gross non-performing assets at year-end fiscal 2008. The increase in retail finance non-performing loans was due to the higher level of non-performing loans in the unsecured personal loans and credit card receivables portfolios, and the seasoning of the overall portfolio. Within the non-retail portfolio, there was some increase in non-performing loans in the small and medium enterprise and agricultural lending portfolios. In addition, the relatively moderate loan growth during fiscal 2009 resulted in an increase in the ratio of non-performing assets to total customer assets.

Table of Contents

The 10 largest net non-performing assets were approximately 7.9% of total net non-performing assets at year-end fiscal 2009.

Non-Performing Asset Strategy

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

The Securitization Act has strengthened the ability of lenders to resolve non-performing assets by granting them greater rights as to enforcement of security and recovery of dues from corporate borrowers. The Securitization Act and guidelines issued by the Reserve Bank of India have permitted the setting up of asset reconstruction companies to acquire financial assets by banks and financial institutions. The Reserve Bank of India has issued guidelines to banks on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank may sell financial assets to an asset reconstruction company provided the asset is a non-performing asset. (See "Supervision and Regulation — Reserve Bank of India Regulations — Regulations relating to Sale of Assets to Asset Reconstruction Companies"). We sold Rs. 6.8 billion (US$ 134 million) including mortgage loans of Rs. 5.6 billion (US$ 110 million) of our net non-performing assets during fiscal 2009 and Rs. 9.3 billion (US$ 184 million) of our net non-performing assets including mortgage loans of Rs. 6.9 billion (US$ 135 million) during fiscal 2008 to asset reconstruction companies registered with the Reserve Bank of India. At March 31, 2009, we had an outstanding net investment of Rs. 32.2 billion (US$ 633 million) in security receipts issued by asset reconstruction companies in relation to sales of non-performing assets.

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

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

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

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

72

Table of Contents

Provision for Loan Losses

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

	At March 31,					
	2005	2006	2007	2008	2009	2009
	(in millions)					
Aggregate provision for loan losses at the beginning of the year	Rs. 19,829	Rs. 14,606	Rs. 12,009	Rs. 21,745	Rs. 40,574	US$ 798
Add: Provisions for loan losses						
Consumer loans & credit card receivables(1)	4,357	1,938	8,821	14,937	27,764	546
Commercial, financial, agricultural and others(2)	(140)	1,453	2,463	4,210	4,376	86
Leasing & related activities	(11)	(18)	48	95	54	1
Total provision for loan losses, net of releases of provision	Rs. 24,035	Rs. 17,979	Rs. 23,341	Rs. 40,987	Rs. 72,768	US$ 1,431
Loans charged-off	(9,429)	(5,970)	(1,596)	(413)	(20,188)	(397)
Aggregate provision for loan losses at the end of the year	Rs. 14,606	Rs. 12,009	Rs. 21,745	Rs. 40,574	Rs. 52,580	US$ 1,034

(1) Includes home loans, automobile loans, commercial business loans, two wheeler loans, personal loans, credit card receivables and farm equipment loans.
(2) Includes project finance, working capital finance, corporate finance and receivables financing, excluding leasing and related activities.

Provision for loan losses for consumer loans and credit card receivables in fiscal 2006 were net of write-back of provisions of Rs. 1.7 billion (US$ 33 million) which were in excess of regulatory requirements. Provision for loan losses increased substantially in fiscal 2009 primarily due to a higher level of specific provisioning on retail loans. The increase in provisioning on retail loans primarily reflects the growth in non-performing retail loans, seasoning of the retail loan portfolio and the change in the portfolio mix towards non-collateralized retail loans during fiscal 2007 and 2008 where credit losses are higher.

Subsidiaries and Joint Ventures

The following table sets forth, certain information relating to our subsidiaries, associates and joint ventures at March 31, 2009.

Name	Year of formation	Activity	Ownership interest	Total income(1)	Net worth(2)	Total Assets(3)
(in millions, except percentages)						
ICICI Securities Primary Dealership	February 1993	Securities investment, trading and	100.00%	Rs. 7,290	Rs. 5,265	Rs. 35,062

Limited.		underwriting				
ICICI Securities Limited	March 1995	Securities broking & merchant banking	100.00%	5,182	1,735	8,093
ICICI Securities Holdings Inc .	June 2000	Holding company	100.00%	37	579	634
ICICI Securities Inc .	June 2000	Securities broking	100.00%	41	103	174
ICICI Prudential Life Insurance Company Limited(4)	July 2000	Life Insurance	73.93%	92,083	10,205	340,787
ICICI Lombard General Insurance Company Limited(4)	October 2000	General Insurance	73.80%	26,706	15,283	54,842
ICICI Prudential Asset Management Company Limited(4)	June 1993	Asset management company for ICICI Prudential Mutual Fund	51.00%	3,219	710	2,161
ICICI Prudential Trust Limited (4)	June 1993	Trustee company for ICICI Prudential Mutual Fund	50.80%	5	9	17
ICICI Venture Funds Management Company Limited	January 1988	Private equity/venture capital fund management	100.00%	3,456	747	3,668
ICICI Home Finance Company Limited	May 1999	Housing finance	100.00%	14,808	12,454	133,680
ICICI Trusteeship Services Limited	April 1999	Trusteeship services	100.00%	1	3	3

Table of Contents

Name (in millions, except percentages)	Year of formation	Activity	Ownership interest	Total income(1)	Net worth(2)	Total Assets(3)
ICICI Investment Management Company Limited	March 2000	Asset management	100.00%	11	136	137
ICICI International Limited	January 1996	Asset management	100.00%	60	68	237
ICICI Bank UK PLC	February 2003	Banking	100.00%	26,097	20,787	371,306
ICICI Bank Canada	September 2003	Banking	100.00%	12,461	38,018	260,674
ICICI Wealth Management Inc	July 2006	Wealth Management	100.00%	1	41	45
ICICI Bank Eurasia LLC	May 1998	Banking	100.00%	1,547	2,605	23,290
TCW/ICICI Investment Partners LLC(5)	April 1995	Asset management	50.00%	-	26	26

(1) Total income represents gross income from operations and other income for the fiscal year 2009.

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

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

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

(5) These entities have been consolidated as per the proportionate consolidation method as prescribed by AS 27 on “Financial Reporting of Interests in Joint Ventures”.

The following table sets forth certain information on other significant entities consolidated in our financial statements under Indian GAAP at March 31, 2009.

Name (in millions, except percentages)	Year of formation	Activity	Ownership interest	Total income(1)	Net worth(2)	Total Assets(3)
ICICI Eco-net Internet & Technology Fund	October 2000	Venture capital fund	92.01%	Rs. 75	Rs. 291	Rs. 291
ICICI Equity Fund	March 2000	Unregistered venture capital fund	100.00%	276	1,569	1,680

ICICI Emerging Sectors Fund	March 2002	Venture capital fund	99.29%	57	2,076	2,101
ICICI Strategic Investments Fund	February 2003	Unregistered venture capital fund	100.00%	118	2,201	2,201
ICICI Kinfra Limited	January 1996	Infrastructure development consultancy	76.00%	4	14	20
ICICI West Bengal Infrastructure Development Corporation Limited	December 1995	Infrastructure development consultancy	75.99%	46	36	56
Loyalty Solutions & Research Limited	February 2006	Customer relationship management, data mining and analytics and marketing services	89.75%	861	265	1,215
Financial Information Network and Operations Limited(4)	June 2006	Service provider	28.29%	507	432	947
I-Process Services (India) Private Limited(4)	April 2005	Service provider	19.00%	1,030	(47)	222
I-Solutions Providers (India) Private Limited(4)	April 2005	Service provider	19.00%	247	2	194
NIIT Institute of Finance, Banking and Insurance Training Limited(4)	June 2006	Education and training in banking and finance	19.00%	237	(4)	114
ICICI Venture Value Fund(4)	June 2005	Unregistered venture capital fund	48.00%	6	50	50
Contests2win.com India Private Limited(4)	June 1999	Internet portal	23.96%	28	69	97
Crossdomain Solutions Private Limited(4)	February 2000	Business process outsourcing (BPO) services	11.85%	338	179	205
Transafe Services Limited(4)	October 1990	Logistic products – manufacturer	47.27%	904	448	2,618
Prize Petroleum Company Limited(4)	October 1998	Oil exploration and production	35.00%	32	312	415
I-Ven Biotech Limited	December 2003	Research and development of	100.00%	1	349	349

biotechnology

74

Table of Contents

(1) Total income represents gross income from operations and other income for the fiscal 2009.

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

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

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

At year-end fiscal 2009, all of our subsidiaries and joint ventures were incorporated in India, except the following eight companies:

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

ICICI Securities Holdings Inc. is a wholly owned subsidiary of ICICI Securities Limited and ICICI Securities Inc. is a wholly owned subsidiary of ICICI Securities Holdings Inc. ICICI Securities Holdings Inc. and ICICI Securities Inc. are consolidated in ICICI Securities' financial statements. ICICI Wealth Management Inc. is a wholly owned subsidiary of ICICI Bank Canada. ICICI International Limited holds a 50.0% stake in TCW/ICICI Investment Partners. ICICI Venture Funds Management Company Limited held a 50% stake in TSI Ventures (India) Private Limited at year-end fiscal 2008 which was divested during fiscal 2009. However, subsequent to year-end fiscal 2008, ICICI Venture Fund Management Company divested our shareholding in TSI Ventures (India) Private Limited.

Technology

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

- Electronic and online channels to:
  - offer easy access to our products and services;

- reduce distribution and transaction costs;

75

Table of Contents

  - reach new target customers;
  - enhance existing customer relationships; and
  - reduce time to market.
- Application of information systems to:
  - manage our large scale of operations efficiently;
  - effectively market to our target customers;
  - monitor and control risks;
  - identify, assess and capitalize on market opportunities; and
  - assist in offering improved products to customers.

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

Technology Organisation

We have dedicated technology groups for our products and services for retail, corporate, international and rural customers. Our Technology Management Group coordinates our enterprise-wide technology initiatives. Our Shared Services Technology Group provides the technology infrastructure platform across all business technology groups to gain synergies in operation. The business technology groups review the individual requirements of the various business groups while the technology management group aggregates the requirements of various business groups to ensure enterprise-wide consistency.

Banking Application Software

We use banking applications like a core banking system, loan management system and credit card management system that are flexible and scalable and allow us to serve our growing customer base. A central stand-in server provides services all days of the week, throughout the year, to delivery channels. The server stores the latest customer account balances, which are continuously streamed from the core-banking database. We have a data centre in Mumbai for centralised data base management, data storage and retrieval.

Electronic and Online Channels

We use a combination of physical and electronic delivery channels to maximise customer choice and convenience, which has helped the differentiation of our products in the marketplace. Our branch banking software is flexible and scaleable and integrates well with our electronic delivery channels. Our ATMs are sourced from some of the world’s leading vendors. These ATMs work with the branch banking software. At year-end fiscal 2009, we had 4,713 ATMs across India. We were one of the first banks in India to offer online banking facilities to our customers. We now offer a number of online banking services to our customers for both corporate and retail products and services. Our call centres across locations at Mumbai, Thane and Hyderabad are operational round the clock. These telephone banking call centres use an Interactive Voice Response System. We seek to use the latest technology in these call centres to provide an integrated customer database that allows the call agents to get a complete overview of the customer’s

relationship with us. The database enables customer segmentation and assists the call agent in identifying cross-selling opportunities.

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

Table of Contents

High-Speed Electronic Communications Infrastructure

We have a nation-wide data communications network linking all our channels and offices. The network design is based on a mix of dedicated leased lines and satellite links to provide for reach and redundancy, which is imperative in a vast country like India. The communications network is monitored 24 hours a day using advanced network management software. We are moving towards multi protocol label switching as an alternative to lease lines, thus ensuring redundancy.

Operations Relating to Commercial Banking for Corporate Customers

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

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

Customer Relationship Management

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

Data Warehousing and Data Mining

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

Data Centre and Disaster Recovery System

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

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

Competition

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

Table of Contents

Commercial banking products and services for retail customers

In the retail markets, competition is primarily from foreign and Indian commercial banks and housing finance companies. Foreign banks have product and delivery capabilities but are likely to focus on limited customer segments and geographical locations since they have a smaller branch network than Indian commercial banks. Foreign banks in aggregate had only 276 branches in India at March 31, 2009. Indian public sector banks have wide distribution networks but relatively less strong technology and marketing capabilities while private sector banks have a relatively smaller branch network but stronger technology capabilities. Recently, public sector banks have significantly reduced their lending rates in the mortgages and car loans segment and their lending rates are below our lending rates. We seek to compete in this market through a full product portfolio, effective distribution channels, which include branches, agents, robust credit processes and collection mechanisms, experienced professionals and superior technology.

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

Commercial banking products and services for corporate customers

In products and services for corporate customers, we face strong competition primarily from public sector banks, foreign banks and other new private sector banks. Our principal competition in these products and services comes from public sector banks, which have built extensive branch networks that have enabled them to raise low-cost deposits and, as a result, price their loans and fee-based services very competitively. Their wide geographical reach facilitates the delivery of banking products to their corporate customers located in most parts of the country. We seek to compete based on our service and prompt turnaround times that we believe are significantly faster than public sector banks. We seek to compete with the large branch networks of the public sector banks through our multi-channel distribution approach and technology-driven delivery capabilities.

Traditionally, foreign banks have been active in providing treasury-related products and services, trade finance, fee-based services and other short-term financing products to top tier Indian corporates. We compete with foreign banks in cross-border trade finance based on our wider geographical reach relative to foreign banks and our customised trade financing solutions. We have established strong fee-based cash management services and leverage our balance sheet size, wider branch network, technology and our international presence to compete in treasury-related products and services.

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

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

lenders and policy makers.

Commercial banking products and services for international customers

Our international strategy focused on India-linked opportunities in the initial stages. In our international operations, we face competition from Indian public sector banks with overseas operations, foreign banks with products and services targeted at non-resident Indians and Indian businesses and other service providers like

remittance services. We are seeking to position ourself as an Indian bank offering globally-benchmarked products and services with an extensive distribution network in India to gain competitive advantage. We seek to leverage our technology capabilities developed in our domestic businesses to offer convenience and efficient services to our international customers. We also seek to leverage our strong relationships with Indian corporates in our international business.

Commercial banking products and services for agricultural and rural customers

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

Insurance and asset management

Our insurance and asset management joint ventures face competition from existing dominant public sector players as well as new private sector players. We believe that the key competitive strength of our insurance joint ventures is the combination of our experience in the Indian financial services industry with the global experience and skills of our joint venture partners. We believe that ICICI Prudential Life Insurance Company, ICICI Lombard General Insurance Company and ICICI Prudential Asset Management Company have built strong product, distribution and risk management capabilities, achieving market leadership positions in their respective businesses. According to data published by the Insurance Regulatory and Development Authority of India, ICICI Prudential Life Insurance Company had a retail market share of about 11% in new business written (on retail weighted received premium basis) in fiscal 2009. ICICI Lombard General Insurance Company had a market share of about 11% in gross written premium in fiscal 2009. See also "Business-Insurance. ICICI Prudential Asset Management Company manages the ICICI Prudential Mutual Fund, which was among the top three mutual funds in India in terms of average funds under management in March 2009 with a market share of about 10%.

Employees

At year-end fiscal 2009, we had 73,362 employees, compared to 84,314 employees at year-end fiscal 2008 and 61,697 employees at year-end fiscal 2007. Of these, 34,596 employees were employed by ICICI Bank, a decrease from 40,686 at year-end fiscal 2008. Of our 73,362 employees at year-end fiscal 2009, approximately 32,193 were professionally qualified, holding degrees in management, accountancy, engineering, law, computer science, economics or banking. Management believes that it has good relationships with our employees.

We dedicate a significant amount of senior management time to ensuring that employees remain highly motivated and perceive the organization as a place where opportunities abound, innovation is fuelled, teamwork is valued and success is rewarded. Employee compensation is clearly tied to performance and we encourage the involvement of our employees in our overall performance and profitability through profit sharing incentive schemes based on our financial results. A performance appraisal system has been implemented to assist management in career development and succession planning.

ICICI Bank has an employee stock option scheme to encourage and retain high performing employees. Pursuant to the employee stock option scheme as amended by the Scheme of Amalgamation and further amended in September 2004, up to 5.0% of the aggregate of our issued equity shares at the time of grant of the stock options can be allocated under the employee stock option scheme. The stock option entitles eligible employees to apply for equity shares. The grant of stock options is approved by ICICI Bank's board of directors on the recommendations of the Board Governance and Remuneration Committee. The eligibility of each employee is determined based on an evaluation of the employee

including employee's work performance, technical knowledge and leadership qualities. See also "Management — Compensation and Benefits to Directors and Officers — Employee Stock Option Scheme."

ICICI Bank has training centers, where various training programs designed to meet the changing skill requirements of its employees are conducted. These training programs include orientation sessions for new employees and management development programs for mid-level and senior executives. The training centers

Table of Contents

regularly offer courses conducted by faculty, both national and international, drawn from industry, academia and ICICI Bank's own organization. Training programs are also conducted for developing functional as well as managerial skills. Products and operations training are also conducted through web-based training modules.

In addition to basic compensation, employees of ICICI Bank are eligible to receive loans from ICICI Bank at subsidized rates and to participate in its provident fund and other employee benefit plans. The provident fund, to which both ICICI Bank and its employees contribute a defined amount, is a savings scheme, required by government regulation, under which ICICI Bank at present is required to pay to employees a minimum annual return as specified from time to time which is currently 8.5%. If such return is not generated internally by the fund, ICICI Bank is liable for the difference. ICICI Bank's provident fund has generated sufficient funds internally to meet the minimum annual return requirement since inception of the funds. ICICI Bank has also set up a superannuation fund to which it contributes defined amounts. The employees have been given an option to opt out of the superannuation fund and in such cases the defined amounts are paid as part of monthly salary. In addition, ICICI Bank contributes specified amounts to a gratuity fund set up pursuant to Indian statutory requirements.

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

	At March 31,					
	2007		2008		2009	
	Number	% to total	Number	% to total	Number	% to total
ICICI Bank Limited	33,321	54.0%	40,686	48.3%	34,596	47.1%
ICICI Prudential Life Insurance Company Limited	16,317	26.4	28,966	34.4	24,464	33.3
ICICI Lombard General Insurance Company Limited	4,770	7.7	5,570	6.6	5,697	7.8
ICICI Home Finance Company Limited	6,149	10.0	4,818	5.7	4,221(1)	5.8
ICICI Prudential Asset Management Company Limited	401	0.7	699	0.8	714	1.0
ICICI Securities Limited	214	0.3	2,719	3.2	2,832	3.9
ICICI Securities Primary Dealership Limited	-	-	69	0.1	70	0.1
Others	525	0.9	787	0.9	768	1.0
Total number of employees	61,697	100.0%	84,314	100.0%	73,362	100.0%

(1) Including 886 employees deputed from ICICI Bank.

In addition to above, ICICI Bank has employed sales executives on renewal service contracts. At year-end fiscal 2009, we had 13,945 such employees, compared to 21,456 employees at year-end fiscal 2008 and 9,546 employees at year-end fiscal 2007.

Properties

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

ICICI Bank had a principal network consisting of 1,419 branches and 4,713 ATMs at year-end fiscal 2009. As of August 31, 2009 we had a network of 1,497 branches. These facilities are located throughout India. In addition to the branches, extension counters and ATMs, ICICI Bank has 22 controlling/administrative offices including the registered

office at Vadodara and the corporate headquarters at Mumbai, 50 regional processing centers in various cities and one central processing center at Mumbai. We have a branch each in Bahrain, Dubai, Hong Kong, Qatar, Singapore, Sri Lanka and the United States and one representative office each in Bangladesh, China, Indonesia, Malaysia, South Africa, Thailand and the United Arab Emirates. ICICI Bank also provides residential and holiday home facilities to employees at subsidized rates. At March 31, 2009, ICICI Bank had 567 apartments for its employees.

Table of Contents

Legal and Regulatory Proceedings

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

See also "Risk Factors — Risks Relating to Our Business — We have experienced rapid international growth in the previous years which has increased the complexity of the risks that we face," "— There is operational risk associated with the financial industry which, when realized, may have an adverse impact on our business," "— We are involved in various litigations. Any final judgment awarding material damages against us could have a material adverse impact on our future financial performance, our stockholders' equity and the price of the ADSs" and "— Regulatory changes in India or other jurisdictions in which we operate could adversely affect our business."

At year-end fiscal 2009, we had been assessed an aggregate of Rs. 33.8 billion (US$ 664 million) in excess of the provision made in our accounts mainly pertaining to income tax and sales tax/value added tax by the government of India's tax authorities for past years. We have appealed each of these tax demands. Based on consultation with counsel and favorable decisions in our own or other cases as set out below, management believes that the tax authorities are not likely to be able to substantiate their tax assessment and accordingly we have not provided for these tax demands at year-end fiscal 2009.

- We have received favorable decisions from the appellate authorities with respect to Rs. 2.7 billion (US$ 54 million) of the assessment. The tax authorities have appealed these decisions to higher appellate authorities and the appeals are pending adjudication.

- In our appeal of the assessment of sales tax/value added tax aggregating to Rs. 755 million (US$ 15 million), we are relying on a favorable decision of the Supreme Court of India in respect of a writ petition filed by us and facts of the case.

- In our appeal of the assessments of income tax, interest tax and wealth tax aggregating to Rs. 30.3 billion (US$ 595 million), we are relying on favorable precedent decisions of the appellate court and expert opinions.

  - Of the Rs. 30.3 billion (US$ 595 million), Rs. 14.8 billion (US$ 290 million) relates to bad debts written off. Bad debts written off as irrecoverable by the Bank have been disallowed by the tax authorities on the ground that we have not established that the debts written off during the year are irrecoverable. In recent judgments in the Bank's own case for some years, the appellate authorities have allowed the claim of bad debts on the ground that after the amendment to Section 36(1)(vii) of the Income Tax Act, 1961 with effect from April 1, 1989, it is not obligatory on the part of the assessee to prove that the debts written-off are bad and it shall suffice if the assessee writes off its bad debts as irrecoverable in the accounts during the said year.

- Rs. 4.7 billion (US$ 92 million) relates to the disallowance of depreciation claim on leased assets, which is an industry-wide issue involving multiple litigations across the country. In respect of depreciation claimed by us for fiscal 1993 and fiscal 1994 on two sale and lease back transactions, the Income Tax Appellate Tribunal, Mumbai held that these transactions were tax planning tools and no depreciation was allowable. As the Income Tax Appellate Tribunal's decision is based on the facts of two specific transactions, we believe that the Income Tax Appellate

Tribunal's decision will not have an adverse tax impact on other sale and lease back transactions entered into by us. In subsequent judgments in our own case, the appellate authorities have held that the lease transactions are genuine and have allowed depreciation on finance leases including sale and lease back transactions. Moreover, the lease agreements provide for variation in the lease rental to offset any loss of depreciation benefit to us.

Table of Contents

- Of the balance, Rs. 2.4 billion (US$ 47 million) relates to special reserve, Rs. 2.4 billion (US$ 47 million) relates to expenditures disallowed in respect of dividend income and Rs. 3.7 billion (US$ 73 million) relates to penalty orders.

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

At September 22, 2009, there were 43 litigations each involving a claim of Rs. 10 million (US$ 196,580) and more against us, in the aggregate amount of approximately Rs. 90.5 billion (US$ 1.8 billion) (to the extent quantifiable and including amounts claimed jointly and severally from us and other parties). At September 22, 2009, 105 litigations were pending against our directors in an aggregate amount of approximately Rs. 135 million (US$ 3 million) (to the extent quantifiable). The following are the litigations where amounts claimed from we are Rs. 1.0 billion (US$ 20 million) or higher:

- We filed a recovery application against Mardia Chemicals Limited and its guarantors before the Debt Recovery Tribunal, Mumbai for recovery of Rs. 1.4 billion (US$ 28 million). In response, Mardia Chemicals Limited filed a counterclaim of Rs. 56.3 billion (US$ 1.1 billion) against us. We have filed an affidavit in this matter for rejection of the counterclaim. Meanwhile Mardia Chemicals Limited was ordered to be liquidated. We have filed a Chamber Summons for dismissal of the counterclaim pursuant to an order of the City Civil Court, Ahmedabad rejecting a suit filed by Mardia Chemicals Limited against the directors of ICICI Bank. This Chamber Summons is now due for hearing on October 14, 2009.

- The promoters of Mardia Chemicals Limited, in their capacity as guarantors, filed a suit against us before the City Civil Court, Ahmedabad, for damages amounting to Rs. 20.8 billion (US$ 409 million). We have filed applications for dismissal of the suit and have submitted that the suit should be tried before the Debt Recovery Tribunal. The Court by its order dated January 10, 2008, directed the guarantors of Mardia Chemicals Limited to approach the Debt Recovery Tribunal, Mumbai following which the promoters of Mardia Chemicals Limited have filed an appeal before the High Court of Gujarat. The High Court by its order dated December 1, 2008 has confirmed the order of the Civil Court and reiterated that the suit is in the nature of a counter claim and ought to be tried along with the Original Application filed by us before Debt Recovery Tribunal, Mumbai. Consequently the guarantors suit has now been filed before Debt Recovery Tribunal Mumbai as a counter claim to the Original Application filed by us against the guarantors. This matter is now due for hearing on October 14, 2009 along with the other applications in Mardia Chemical.

- In 2002, we filed a suit before the Debt Recovery Tribunal, Ahmedabad against Gujarat Telephone Cables Limited for recovery of term loans, debentures and working capital finance provided by us. We sold our exposure to Asset Reconstruction Company (India) Limited in 2004. The borrower has filed a suit in the Civil Court claiming damages of Rs. 10.0 billion (US$ 197 million) jointly and severally from State Bank of India, Bank of Baroda, United Western Bank, UTI Bank, Bank of India, Asset Reconstruction Company (India) Limited and us. We have filed an application for rejection of the plaint to which Gujarat Telephone Cables Limited has filed its reply. We have filed our rejoinder. The company in the meanwhile has gone into liquidation and the notice has been served to the official liquidator. The matter is now due for hearing on September 30, 2009.

- In 1999, ICICI filed a suit in the Debt Recovery Tribunal, Delhi against Esslon Synthetics Limited and its Managing Director (in his capacity as guarantor) for recovery of amounts totaling Rs. 169 million (US$ 3 million) due from Esslon Synthetics. In May 2001, the guarantor filed a counter-claim for an amount of Rs. 1.0 billion (US$ 20 million) against ICICI and other lenders who had extended financial assistance to Esslon Synthetics on the grounds that he had been coerced by officers of the lenders into signing an agreement between LML Limited, Esslon Synthetics and the lenders on account of which he suffered, among other things, loss of business. Esslon Synthetics

Limited filed an application to amend the counterclaim in January 2004. We have filed our reply to the application for amendment. The guarantor has

82

Table of Contents

also filed an interim application on the ground that certain documents have not been exhibited to which we have filed our reply stating that the required documents are neither relevant nor necessary for adjudicating the dispute between the parties. The Official Liquidator attached to the Allahabad High Court has sold the assets of Esslon Synthetics for an amount of Rs. 61 million (US$ 1 million) in November 2002. We have filed the claim with the Official Liquidator attached to the Allahabad High Court for our dues. The Official Liquidator is in the process of adjudicating the amount. The matter is to come up for hearing on October 21, 2009.

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

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

Pursuant to charges filed against us by the Securities and Futures Commission of Hong Kong for carrying on the business of dealing in securities without having a license to do so, the Eastern Magistrate’s Court, Hong Kong, fined us a sum of HK$ 40,000 (US$ 5,161) and ordered us to reimburse prosecution costs of HK$ 54,860 (US$ 7,079). The contravention was limited to a small component of our business in Hong Kong and we have taken action against the concerned employees, as well as strengthened the compliance and control functions at the Hong Kong branch.

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

Table of Contents

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

Pursuant to the issuance and listing of our securities in the United States under registration statements filed with the United States Securities and Exchange Commission, we file annual reports on Form 20-F which must include financial statements prepared under generally accepted accounting principles in the United States (US GAAP) or financial statements prepared according to a comprehensive body of accounting principles with a reconciliation of net income and stockholders' equity to US GAAP. When we first listed our securities in the United States, Indian GAAP was not considered a comprehensive body of accounting principles under the United States securities laws and regulations. Accordingly, our annual reports on Form 20-F for fiscal years 2000 through 2005 have included US GAAP financial statements. However, pursuant to a significant expansion of Indian accounting standards, Indian GAAP has subsequently been considered to constitute a comprehensive body of accounting principles. Accordingly, beginning fiscal 2006, we have included in our annual report on Form 20-F, consolidated financial statements prepared according to Indian GAAP, which varies in certain respects from US GAAP. The following discussion is based on our audited consolidated financial statements and accompanying notes prepared in accordance with Indian GAAP. For a reconciliation of net income and stockholders' equity to US GAAP, a description of significant differences between Indian GAAP and US GAAP and certain additional information required under US GAAP, see notes 21 and 22 to our consolidated financial statements included in this annual report. For selected financial data in accordance with US GAAP see "Selected Financial Data in accordance with US GAAP."

The following tables set forth our summary financial and operating data on a consolidated basis. The summary data for fiscal 2005 through fiscal 2009 have been derived from our consolidated financial statements. Certain reclassifications have been made in the financial statements for prior years to conform to classifications used in the current year. These changes have no impact on previously reported results of operations or stockholders' equity. The accounting and reporting policies used in the preparation of our financial statements reflect general industry practices and conform with Indian GAAP, including the Accounting Standards issued by the Institute of Chartered Accountants of India and guidelines issued by the Reserve Bank of India and the Insurance Regulatory and Development Authority and the National Housing Bank as applicable to ICICI Bank and specific subsidiaries and joint ventures.

The consolidated financial statements for fiscal 2005 and 2006 were audited by S.R. Batliboi & Co., Chartered Accountants, and for fiscal 2007, 2008 and 2009 by BSR & Co. Chartered Accountants, under auditing standards issued by the Institute of Chartered Accountants of India. The consolidated financial statements for fiscal 2006, 2007, 2008 and 2009 have also been audited by KPMG, an independent registered public accounting firm in India, in accordance with the auditing standards of the United States Public Company Accounting Oversight Board. Our Indian GAAP financial statements, along with the reconciliation of net profit and stockholders' equity to US GAAP, including the notes to these financial statements, audited by KPMG are set forth at the end of this annual report.

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

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

Table of Contents

Operating Results Data

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

	Year ended March 31,					
	2005	2006	2007	2008	2009	2009(1)
	(in millions, except per common share data)					
Selected income statement data:						
Interest income(2) (3) (4)	Rs. 99,264	Rs. 143,335	Rs. 240,026	Rs. 340,950	Rs. 362,507	US$ 7,126
Interest expense	(68,044)	(101,015)	(176,757)	(257,670)	(264,873)	(5,207)
Net interest income	31,220	42,320	63,269	83,280	97,634	1,919
Non-interest income(4)	65,295	102,820	173,612	259,581	279,024	5,485
Total income	96,515	145,140	236,881	342,861	376,658	7,404
Non-interest expenses:						
Operating expenses (5)	(32,776)	(47,626)	(79,289)	(110,070)	(108,136)	(2,126)
Direct marketing agency expenses	(8,755)	(11,911)	(15,602)	(15,750)	(6,122)	(120)
Depreciation on leased assets	(2,975)	(2,771)	(1,883)	(1,821)	(2,101)	(41)
Expenses pertaining to insurance business(6)	(26,361)	(43,389)	(83,358)	(142,793)	(165,499)	(3,254)
Total non-interest expenses	(70,867)	(105,697)	(180,132)	(270,434)	(281,858)	(5,541)
Operating profit before provisions	25,648	39,443	56,749	72,427	94,800	1,863
Provisions and contingencies	(1,864)	(8,455)	(22,774)	(30,178)	(45,117)	(887)
Profit before tax	23,784	30,988	33,975	42,249	49,683	976
Provision for tax	(5,684)	(6,998)	(7,641)	(11,097)	(15,889)	(312)
Profit after tax	18,100	23,990	26,334	31,152	33,794	664
Minority interest	423	211	1,272	2,830	1,975	39
Net profit	18,523	24,201	27,606	33,982	35,769	703
Per common share:						
Earnings per share-basic(7)	Rs. 25.45	Rs. 30.96	Rs. 30.92	Rs. 32.19	Rs. 32.13	US$ 0.63
Earnings per share-diluted(8)	25.25	30.64	30.75	32.00	32.07	0.63
Dividends per share(9)	8.50	8.50	10.00	11.00	11.00	0.22
Book value(10)	162.63	242.75	256.72	385.73	396.15	7.79
Equity shares outstanding at the end of the period (in millions of equity shares)	737	890	899	1,113	1,113	
Weighted average equity shares outstanding - basic (in millions of equity shares)	728	782	893	1,056	1,113	
Weighted average equity shares outstanding – diluted (in millions of equity shares)	734	790	898	1,062	1,115	

(1) Rupee amounts for fiscal 2009 have been translated into US dollars using the exchange rate of Rs. 50.87 = US$ 1.00 as set forth in the H.10 statistical release of the Federal Reserve Board on March 31, 2009.

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

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

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

(5) Operating expenses for fiscal years 2005 to 2008 include Rs. 384 million (US$ 8 million) in each year and Rs. 118 million (US$ 2 million) for fiscal 2009 on account of amortization of expenses related to our early retirement option scheme over a period of five years as approved by the Reserve Bank of India.

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

(7) Represent snet profit/ (loss) before dilutive impact.

(8) Represents net profit/ (loss) adjusted for full dilution. Options to purchase 5,000; 123,500; 40,000 and 5,098,000 equity shares granted to employees at a weighted average exercise price of Rs. 569.6, Rs. 849.2, Rs. 1,135.3 and Rs. 914.4 (US$ 18) were outstanding in fiscal 2006, 2007, 2008 and 2009 respectively, but were not included in the computation of diluted earnings per share because the exercise price of the options was greater than the average market price of the equity shares during the period.

(9) In India, dividends for a fiscal year are normally declared and paid in the following year. We declared a dividend of Rs. 8.50 per equity share for each of fiscal years 2005 and 2006, which were paid out in fiscal 2006 and fiscal 2007 respectively. For fiscal 2007, we declared dividend of Rs.10.00 per equity share which was paid out in fiscal 2008. For fiscal 2008, we declared dividend of Rs. 11.00 per equity share, which was paid out in fiscal 2009. We declared a dividend of Rs. 11.00 (US$ 0.22) per equity share for fiscal 2009 which was paid out in fiscal 2010. The dividend per equity share shown above is based on the total amount of dividends declared for the year, exclusive of dividend tax.

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

Table of Contents

The following table sets forth, for the periods indicated, selected income statement data expressed as a percentage of average total assets for the respective period. For fiscal years 2005 through 2008, the average balances for a fiscal year are the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that year. For fiscal 2009, the average balances are the sum of the daily average balances outstanding of ICICI Bank and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that year for subsidiaries.

	Year ended March 31,				
	2005	2006	2007	2008	2009
Selected income statement data:					
Interest income	6.76%	6.61%	7.38%	7.82%	7.40%
Interest expense	(4.63)	(4.66)	(5.44)	(5.91)	(5.41)
Net interest income	2.13	1.95	1.94	1.91	1.99
Non-interest income	4.44	4.75	5.34	5.95	5.70
Total income	6.57	6.70	7.28	7.86	7.69
Operating expenses	(2.24)	(2.20)	(2.44)	(2.53)	(2.21)
Direct marketing agency expenses	(0.60)	(0.56)	(0.48)	(0.36)	(0.12)
Depreciation on leased assets	(0.20)	(0.13)	(0.06)	(0.04)	(0.04)
Expenses pertaining to insurance business	(1.79)	(2.00)	(2.56)	(3.27)	(3.38)
Non-interest expenses	(4.83)	(4.89)	(5.54)	(6.20)	(5.75)
Operating profit before provisions	1.74	1.81	1.74	1.66	1.94
Provisions and contingencies	(0.13)	(0.39)	(0.70)	(0.69)	(0.92)
Profit before tax	1.61	1.42	1.04	0.97	1.01
Provision for tax	(0.39)	(0.32)	(0.24)	(0.25)	(0.32)
Profit after tax	1.22	1.10	0.80	0.72	0.69
Minority interest	0.03	0.01	0.04	0.06	0.04
Net profit	1.25%	1.11%	0.84%	0.78%	0.73%

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

	At or for the year ended March 31,					
	2005	2006	2007	2008	2009	2009(1)
	(in millions, except percentages)					
Selected balance sheet data:						
Total assets	Rs. 1,784,337	Rs. 2,772,296	Rs. 3,943,347	Rs. 4,856,166	Rs. 4,826,910	US$ 94,887
Investments	546,516	840,139	1,206,167	1,600,468	1,481,070	29,115
Advances, net	964,100	1,562,603	2,113,994	2,514,017	2,661,305	52,316
Non-performing customer assets (gross)(2)	34,973	23,086	42,557	77,963	99,921	1,964
Total liabilities	1,658,095	2,546,378	3,700,197	4,405,444	4,355,635	85,623
Deposits	1,011,086	1,724,510	2,486,136	2,769,832	2,618,558	51,475
Borrowings	383,690	450,000	616,595	845,661	883,919	17,376
Preference share capital	3,500	3,500	3,500	3,500	3,500	69

Equity share capital	7,368	8,898	8,993	11,127	11,133	219
Reserves and surplus	115,374	213,520	230,657	436,095	456,642	8,977
Period average(3) :						
Total assets	1,469,378	2,166,897	3,250,679	4,361,168	4,898,664	96,298
Interest-earning assets	1,217,707	1,806,601	2,728,531	3,627,575	4,182,862	82,226
Advances, net	763,729	1,200,315	1,763,886	2,284,649	2,578,553	50,689
Total liabilities(4)	1,355,468	2,001,177	3,015,189	3,990,867	4,412,484	86,740
Interest-bearing liabilities	1,221,302	1,795,244	2,707,456	3,503,057	3,878,871	76,251
Borrowings	452,777	540,465	692,462	964,858	1,301,193	25,579
Stockholders’ equity	110,410	162,220	231,990	366,802	482,680	9,489
Profitability:						
Net profit as a percentage of:						
Average total assets	1.25%	1.11%	0.84%	0.78%	0.73%	
Average stockholder’s equity	16.78	14.92	11.90	9.26	7.41	
Dividend payout ratio(5)	33.97	31.33	32.91	36.13	34.24	
Spread (6)	2.58	2.31	2.27	2.04	1.93	
Net interest margin(7)	2.56	2.34	2.32	2.30	2.43	
Cost-to-income ratio(8)	35.04	33.45	33.74	32.27	28.87	
Cost-to-average assets ratio(9)	2.23	2.20	2.44	2.52	2.21	
Capital(10):						
Average stockholders’ equity as a percentage of average total assets	7.51%	7.49%	7.14%	8.41%	9.85%	
Average stockholders’ equity (including preference share capital) as a percentage of average total assets	7.75%	7.65%	7.24%	8.49%	9.92%	
Asset quality:						
Net restructured assets as a percentage of net customer assets	6.08%	3.28%	2.21%	1.77%	2.10%	
Net non-performing assets as a percentage of net customer assets	1.95%	0.67%	0.92%	1.36%	1.67%	
Provision on restructured assets	4.56%	4.16%	3.14%	3.25%	2.83%	

as a percentage of gross restructured assets					
Provision on non-performing assets as a percentage of gross non-performing assets	42.58%	53.19%	52.28%	53.91%	52.62%
Provision as a percentage of gross customer assets(11)	2.11%	1.31%	1.71%	2.20%	2.45%

86

Table of Contents

---

(1) Rupee amounts at March 31, 2009 have been translated into US dollars using the exchange rate of Rs. 50.87 = US$ 1.00 as set forth in the H.10 statistical release of the Federal Reserve Board on March 31, 2009.

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

(3) For fiscal years 2005 through 2008, the average balances for a fiscal year are the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that year. For fiscal 2009, the average balances are the sum of daily average balances outstanding for ICICI Bank and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that year for subsidiaries.

(4) Includes minority interest.

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

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

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

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

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

(10) ICICI Bank's capital adequacy is computed in accordance with the Basel ll norms stipulated by the Reserve Bank of India and is based on unconsolidated financial statements prepared in accordance with Indian GAAP. At March 31, 2009, ICICI Bank's total capital adequacy ratio was 15.53% with a Tier I capital adequacy ratio of 11.84% and a Tier II capital adequacy ratio of 3.69%.

(11) Includes general provision on standard assets.

Table of Contents

Selected US GAAP Financial Data

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

	At or for the year ended March 31,					
	2005	2006	2007	2008	2009	2009(1)
	(in millions)					
Net income/(loss)	Rs. 8,530	Rs. 20,040	Rs. 31,271	Rs. 33,111	Rs. 34,449	US$ 677
Total assets	1,863,447	2,817,328	3,995,402	4,993,632	5,012,346	98,532
Stockholders' equity	127,996	218,647	240,980	464,755	485,847	9,551
Other comprehensive income/(loss)	3,289	522	(3,241)	(4,611)	(5,741)	(113)
Per equity share						
Net income/(loss) from continuing operation-basic(2)	11.72	25.64	35.02	31.37	30.95	0.61
Net income/(loss) from continuing operation-diluted(3)	11.60	25.34	34.79	30.87	30.78	0.61
Dividend(4)	Rs. 7.50	Rs. 8.50	Rs. 8.50	Rs. 10.00	Rs. 11.00	US$ 0.22

(1) Rupee amounts for fiscal 2009 have been translated into US dollars using the exchange rate of Rs. 50.87 = US$ 1.00 as set forth in the H.10 statistical release of the Federal Reserve Board on March 31, 2009.

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

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

(4) In India, dividends for a fiscal year are normally declared and paid in the following year. We declared a dividend of Rs. 8.50 per equity share for each of fiscal years 2005 and 2006, which were paid out in fiscal 2006 and fiscal 2007 respectively. For fiscal 2007, we declared dividend of Rs.10.00 per equity share which was paid out in fiscal 2008. For fiscal 2008, we declared dividend of Rs. 11.00 per equity share, which was paid out in fiscal 2009. We declared a dividend of Rs. 11.00 (US$ 0.22) per equity share for fiscal 2009 which was paid out in fiscal 2010. The dividend per equity share shown above is based on the total amount of dividends paid for the year, exclusive of dividend tax. This was different from the dividend declared for the year. In US dollar terms, the dividend paid was US$ 0.22 per equity share for fiscal 2009.

Table of Contents

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations together with our audited consolidated financial statements. The following discussion is based on our audited consolidated financial statements and accompanying notes prepared in accordance with Indian GAAP, which varies in certain significant respects from US GAAP. For a reconciliation of net income and stockholders' equity to US GAAP, a description of significant differences between Indian GAAP and US GAAP and certain additional US GAAP information, see notes 21 and 22 to our consolidated financial statements included herein.

Introduction

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

Indian Economy and Banking Sector

The rate of growth of India's GDP was 9.5% in fiscal 2006, 9.7% in fiscal 2007 and 9.0% in fiscal 2008. These high rates of growth were the result of several factors, including: structural changes in the Indian economy since the 1990s, with increasing share of industry and services and diminishing share of agriculture; increasing domestic savings and external capital inflows; growing competitiveness and domestic and global expansion of Indian industry; rising demand for housing and consumer goods; and an accommodative monetary policy up to fiscal 2005, facilitated by moderate inflation. This also led to high rates of growth in bank credit and in other segments of the financial sector, such as life insurance and asset management. From fiscal 2006, the Reserve Bank of India progressively tightened monetary policy through increases in the cash reserve ratio and policy interest rates, in response to increasing inflationary trends. While this led to moderation in retail credit demand in fiscal 2007 and fiscal 2008, overall growth in the economy and the banking system continued to be high. This period also saw appreciation in equity markets and the prices of other assets such as real estate. The Indian government's fiscal position also improved significantly during this period.

Following the onset of the global credit crisis in fiscal 2008 triggered by US sub-prime loans, the global macro-economic environment deteriorated. However the impact on the Indian economy was relatively muted at this stage, given the strong domestic growth drivers. Monetary policy tightening continued given the rapid increase in inflation fuelled by global commodity prices. The first half of fiscal 2009 was characterized by increasing inflation and interest rates. Equity markets weakened due to global macroeconomic concerns and a reversal in the pattern of global capital flows. Despite these developments, the operating environment remained relatively stable with continued corporate investment in India as well as outbound merger and acquisition activity and robust demand for retail savings and investment products.

The bankruptcy of Lehman Brothers in September 2008 led to a rapid deterioration of the global macroeconomic environment and a sharp moderation in global economic activity. In India, this impact was felt mainly through the trade and capital channels. As a result, there was a sharp reduction in domestic liquidity in September and October 2008. The decline in global commodity prices led to a moderation in inflation and facilitated substantial reductions in key policy rates and reserve requirements. Inflation based on Wholesale Price Index moderated from a peak of 12.9% in August 2008 to 0.8% at year-end fiscal 2009. However, inflation as measured by the Consumer Price Index continued to remain high with relatively marginal reduction from 9.8% in September 2008 to 8.0% in March 2009.

Since October 2008, the Reserve Bank of India has reduced the cash reserve ratio by 400 basis points to 5.0%, the statutory liquidity ratio by 100 basis points to 24.0%, the repo rate by 425 basis points to 4.75% and the reverse repo rate by 275 basis points to 3.25%. The reduction in policy rates led to a reduction in market interest rates with the yield on 10-year government securities declining by about 320 basis points in the quarter ended December 31, 2008. During the quarter ended March 31, 2009, the yield on government securities increased by about 175 basis points following a larger than expected government borrowing programme. Equity markets continued to remain weak with the Bombay Stock Exchange sensitivity index (BSE Sensex) declining from

Table of Contents

an intra-year high of 17,600 on May 2, 2008 to 9,709 at year-end fiscal 2009. The rupee depreciated from Rs. 40.02 per US dollar at year-end fiscal 2008 to Rs. 50.87 per US dollar at year-end fiscal 2009.

The Central Statistical Organization placed GDP growth at 7.8% during the first half of fiscal 2009 compared to 9.3% during the first half of fiscal 2008. During the third quarter of fiscal 2009, GDP growth moderated to 5.3% mainly due to a 0.8% decline in agricultural growth and a moderation of industrial sector growth to 0.9%. GDP growth in the fourth quarter of fiscal 2009 was 5.8%. GDP growth for fiscal 2009 was 6.7% compared to 9.0% for fiscal 2008. Following reduction in revenues and stimulus measures, the Indian government’s fiscal position has also deteriorated.

The trends in the economy were also reflected in the banking sector. Non-food credit growth in the system increased to about 30.0% on a year-on-year basis during October-November 2008 from about 22.0% at year-end fiscal 2008, before moderating significantly to 17.5% at year-end fiscal 2009. Growth in total deposits moderated from about 24.0% on a year-on-year basis in November 2008 to about 20.0% at year-end fiscal 2009. While time deposits grew by 24.0% in fiscal 2009, demand deposits contracted by about 1.0% during the year.

The following table sets forth the bank rate and the reverse repo rate for the last five fiscal year-ends.

At fiscal year-end	Bank rate	Reverse repo rate	Repo rate
2005	6.00	4.75	6.00
2006	6.00	5.50	6.50
2007	6.00	6.00	7.50
2008	6.00	6.00	7.75
2009	6.00	3.50	5.00
2010 (through September 10, 2009)	6.00	3.25	4.75

Source: Reserve Bank of India.

Our Business Lines, Products and Services

Our primary business consists of commercial banking operations for retail and corporate customers. Our commercial banking operations for retail customers consist of retail lending and deposits and distribution of third party investment products. We provide a range of commercial banking and project finance products and services, including loan products, fee and commission-based products and services, deposits and foreign exchange and derivatives products to India’s leading corporations, middle market companies and small and medium enterprises. We earn interest and fee income from our commercial banking operations. Our international branches and banking subsidiaries take deposits, raise borrowings and make loans primarily to Indian companies or their overseas operations. They also engage in advisory and syndication activities for fund-raising by Indian companies and their overseas operations.

Our treasury operations include maintenance and management of regulatory reserves, proprietary trading in equity and fixed income, a range of products and services for corporate customers, such as forward contracts and interest rate and currency swaps, and foreign exchange products and services. We take advantage of movement in markets to earn treasury income. We also earn fee from treasury products that we offer to our customers. Our international branches and subsidiaries also made investments in non-India corporate and financial sector bonds and credit derivatives.

We are also engaged in insurance, asset management, securities business and private equity fund management through specialized subsidiaries.

For a detailed discussion of our products and services refer to "Business – Overview of ICICI Bank's Products and Services".

Table of Contents

Impact of Recent Developments, Challenges and Opportunities

Following the merger of ICICI with ICICI Bank in 2002, we experienced rapid growth in our business. The growth of our rupee loan portfolio was driven primarily by retail loans, include home loans, vehicle loans and unsecured personal loans and credit card receivables. We also commenced our strategy of international expansion and established subsidiaries and branches in several foreign countries. The growth of our international loan portfolio was driven primarily by foreign currency financing to Indian companies and their international operations, including financing for their overseas acquisitions. We also experienced robust growth in our insurance subsidiaries. These activities led to a rapid growth in our fee incomes from both retail and corporate customers. During this period, our branch network in India continued to be limited relative to the size of our balance sheet, and while deposits were our primary source of domestic funding, we had a high share of term deposits in our total deposits, including term deposits from companies and financial intermediaries. Our international branches were funded primarily by international bond issuances and other wholesale funding sources. Our principal international subsidiaries, in the United Kingdom and Canada, were funded primarily by deposits. Our subsidiary in the United Kingdom had a high proportion of demand deposits in its deposit base, and made investments in bonds of US and European banks and investment banks as a liquidity management strategy. During this period, we raised capital to support our growth. In fiscal 2008, we made an issuance of equity shares in India and ADSs in the United States, aggregating approximately Rs. 200.0 billion (US$ 4 billion).

Following the onset of the global credit crisis, the continuing increase in inflation and tight monetary policy in India, and challenges in recovery of dues in certain segments of retail loans, we reoriented our strategy from the second half of fiscal 2008. We sought to re-balance our domestic deposit profile in favor of current and savings account deposits and moderated our retail credit growth, particularly in unsecured personal loans and credit card receivables. We undertook a significant expansion of our branch network in India. At the same time we focused on containing our operating expense. Though we did not have any material direct exposure to US sub-prime credit, we were adversely impacted due to mark-to-market and realized losses on our international investment and credit derivatives portfolios on account of the widening of credit spreads in general. The deterioration in global financial markets also constrained our ability to access the international bond markets. We sought to address this by limiting the asset growth in our international branches, re-balancing the deposit profile of our UK subsidiary in favor of term deposits and relying on deposit funding in our international subsidiaries as the primary source for meeting foreign currency loan demand. Certain deposits in our Singapore and Hong Kong branches are guaranteed by Government of Singapore and Hong Kong SAR Government's Exchange Fund respectively until the end of 2010. There can be no assurance that the depsoits will be rolled over post the end of these guarantees. See "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."

Weak equity markets and reduction in demand for retail savings and investment products as also corporate investment and merger and acquisition activity during the second half of fiscal 2009 had a negative impact on our fee and other non-interest income (including dividends from subsidiaries). While we capitalized on opportunities in the fixed income markets due to reduction in interest rates during the quarter ended December 31, 2008, our equity, fixed income and credit derivative portfolios were negatively impacted due to weaker equity markets, volatile interest rates and widening of credit spreads during fiscal 2009. The global and Indian economic slowdown and its impact on equity and debt markets have also adversely impacted the profitability of some of our borrowers and their ability to access equity and debt financing. We have experienced an increase in the level of restructured loans in fiscal 2009 and the level of restructured loans is expected to increase in fiscal 2010. We have experienced an increase in the non-performing loans in our retail portfolio, due to the seasoning of the portfolio and higher level of defaults in unsecured personal loans and credit card receivables due to challenges in collections and deterioration in the macroeconomic environment. In fiscal 2010, our strategy is to focus on rebalancing our rupee funding profile to increase the proportion of current and savings account deposits; capitalize on selected credit segments including home

loans, other secured retail loans and project finance; and grow our commercial banking activities. We do not expect our international branches and subsidiaries to experience significant growth. We expect our non-banking subsidiaries engaged in asset management, securities broking and life insurance to benefit from the recent stabilization and improvement in economic conditions and revival in equity markets in India.

Table of Contents

We see favorable prospects for the Indian economy over the long term. India's strong domestic consumption and investment drivers are expected to continue to support healthy rates of growth. Against this backdrop, we see a wide opportunity spectrum of increasing household incomes and consumption leading to opportunities in retail savings, investment and loan products; significant industrial and infrastructure investment potential leading to opportunities in project and corporate finance; and increasing globalization of India leading to opportunities in cross border products for Indian corporate and non-resident Indians. We believe that as a multi-specialist financial services group we are well positioned to capitalize on these opportunities. The success of our strategy depends on several factors, including our ability to grow our low cost deposit base which depends in part on our ability to expand our network of branches, which requires the approval of the Reserve Bank of India; our ability to contain non-performing loans; and our ability to compete effectively in the Indian corporate and retail financial services market. For a detailed discussion of risks that we face in our business please refer to "Risk Factors".

Other Key Factors

Under Indian GAAP, we have not consolidated certain entities (primarily 3i Infotech Limited and Firstsource Solutions Limited) in which control is intended to be temporary. However under US GAAP, these entities have been accounted for in accordance with Opinion No. 18 of the Accounting Principles Board on "The Equity Method of Accounting for Investments on Common Stock". Until March 31, 2006, these entities were consolidated in accordance with SFAS No. 94 on "Consolidation of majority owned subsidiaries" which requires consolidation of such entities. See also "Business — Subsidiaries and Joint Ventures."

Effect of Other Acquisitions

During fiscal 2007, the board of directors of ICICI Bank Limited and the board of directors of The Sangli Bank Limited ("Sangli Bank") at their respective meetings approved an all-stock amalgamation of Sangli Bank with ICICI Bank at a share exchange ratio of 100 shares of ICICI Bank for 925 shares of Sangli Bank. The shareholders of both banks approved the scheme in their extra-ordinary general meetings. The Reserve Bank of India has sanctioned the scheme of amalgamation with effect from April 19, 2007 under sub-section (4) of section 44A of the Banking Regulation Act, 1949. Sangli Bank was an old private sector Indian bank. At the year ended March 31, 2006, Sangli Bank had total assets of Rs. 21.5 billion (US$ 423 million), deposits of Rs. 20.0 billion (US$ 393 million), loans of Rs. 8.9 billion (US$ 175 million) and capital adequacy of 1.6%. During fiscal 2006, it incurred a loss of Rs. 293 million (US$ 7 million). The financial statements for fiscal 2008 include the results of the operations of Sangli Bank from April 19, 2007. The value of this transaction was not material to our overall operations.

Average Balance Sheet

For fiscal years 2007 and 2008, the average balances for a fiscal year are the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that year. For fiscal 2009, the average balances are the sum of daily average balances outstanding for ICICI Bank and the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March for subsidiaries. The yield on average interest-earning assets is the ratio of interest income to average interest-earning assets. The cost of average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities. The average balances of advances include non-performing advances and are net of allowance for loan losses. For fiscal 2009, we have recalculated tax-exempt income on a tax-equivalent basis.

The following table sets forth, for the periods indicated, the average balances of the assets and liabilities outstanding, which are major components of interest income, interest expense and net interest income.

Table of Contents

	Year ended March 31,								
	2007			2008			2009		
	Average balance	Interest income/ expense	Average yield/ cost	Average balance	Interest income/ expense	Average yield/ cost	Average balance	Interest income/ expense	Ave yield
	(in millions, except percentages)								
Assets:									
Advances:									
Rupee	Rs. 1,462,683	Rs. 149,907	10.25%	Rs. 1,721,656	Rs. 202,245	11.75%	Rs. 1,712,680	Rs. 205,657	12
Foreign currency	301,203	19,794	6.57	562,993	38,439	6.83	865,873	46,250	5
Total advances	1,763,886	169,701	9.62	2,284,649	240,684	10.53	2,578,553	251,907	9
Investments:									
Rupee	654,517	50,569	7.73	820,752	77,657	9.46	1,021,223	85,286	8
Foreign currency	131,569	7,905	6.01	203,710	11,388	5.59	259,140	12,256	4
Total investments	786,086	58,474	7.44	1,024,462	89,045	8.69	1,280,363	97,542	7
Other interest-earning assets:									
Rupee	86,333	3,049	3.53	190,357	693	0.36	232,334	3,948	1
Foreign currency	92,226	5,989	6.49	128,107	8,055	6.29	91,612	3,737	4
Total other interest-earning assets	178,559	9,038	5.06	318,464	8,748	2.75	323,946	7,685	2
Other interest income		2,813			2,473			9,224	
Interest-earning assets:									
Rupee	2,203,533	206,338	9.36	2,732,765	283,068	10.36	2,966,237	304,115	10
Foreign currency	524,998	33,688	6.42	894,810	57,882	6.47	1,216,624	62,243	5
Total interest-earning assets	2,728,531	240,026	8.80	3,627,575	340,950	9.40	4,182,862	366,358	8
Fixed assets	41,809			44,727			46,351		
Other assets	480,339			688,866			669,451		
Total non-earning assets	522,148			733,593			715,802		
Total assets	Rs. 3,250,679	Rs. 240,026		Rs. 4,361,168	Rs. 340,950		Rs. 4,898,664	Rs. 366,358	

Table of Contents

	Year ended March 31,								
	2007			2008			2009		
	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Average yield/ cost	Average balance	Interest income/ expense	Avera yielc cost
	(in millions, except percentages)								
Liabilities:									
Savings account deposits:									
Rupee	Rs. 259,744	Rs. 6,760	2.60%	Rs. 346,323	Rs. 8,803	2.54%	Rs. 390,811	10,624	2.7
Foreign currency	67,982	3,404	5.01	116,333	6,897	5.93	141,891	9,731	6.8
Total savings account deposits.	327,726	10,164	3.10	462,656	15,700	3.39	532,701	20,355	3.8
Time deposits:									
Rupee	1,333,395	104,385	7.83	1,627,756	158,760	9.75	1,509,234	145,202	9.6
Foreign currency	179,519	10,016	5.58	218,567	12,760	5.84	345,237	16,950	4.9
Total time deposits	1,512,914	114,401	7.56	1,846,323	171,520	9.29	1,854,471	162,152	8.7
Other demand deposits:									
Rupee	165,646			216,479			176,312		
Foreign currency	8,708			12,741			14,194		
Total other demand deposits	174,354			229,220			190,506		
Borrowings:									
Rupee	362,586	34,472	9.51	374,124	37,698	10.08	515,340	47,804	9.2
Foreign currency	329,876	17,720	5.37	590,734	32,752	5.54	785,853	34,562	4.4
Total borrowings	692,462	52,192	7.54	964,858	70,450	7.30	1,301,193	82,366	6.3
Interest-bearing liabilities:									
Rupee	2,121,371	145,617	6.86	2,564,682	205,261	8.00	2,591,696	203,630	7.8
Foreign currency	586,085	31,140	5.31	938,375	52,409	5.59	1,287,175	61,243	4.7
Total interest-bearing liabilities	2,707,456	176,757	6.53	3,503,057	257,670	7.36	3,878,871	264,873	6.8
Other liabilities	307,733			487,809			533,613		
Total liabilities	3,015,189	176,757		3,990,866	257,670		4,412,484	264,873	
Preference share capital	3,500			3,500			3,500		
	231,990			366,802			482,680		

Stockholders' equity						
Total liabilities and stockholders' equity	Rs. 3,250,679	Rs. 176,757	Rs. 4,361,168	Rs. 257,670	Rs. 4,898,664	Rs. 264,873

94

Table of Contents

Analysis of changes in interest income and interest expense: volume and rate analysis

The following table sets forth, for the periods indicated, the changes in the components of net interest income. The changes in net interest income between periods have been reflected as attributed either to volume or rate changes. For the purpose of this table, changes which are due to both volume and rate, have been allocated solely to volume.

	Fiscal 2008 vs. Fiscal 2007 Increase (decrease) due to			Fiscal 2009 vs. Fiscal 2008 Increase (decrease) due to		
	Net change	Change in average volume	Change in average rate	Net change	Change in average volume	Change in average rate
	(in millions)					
Interest income:						
Advances:						
Rupee	Rs. 52,338	Rs. 30,422	Rs. 21,916	Rs. 3,412	Rs. (1,078)	Rs. 4,490
Foreign currency	18,645	17,874	771	7,811	16,178	(8,367)
Total advances	70,983	48,296	22,687	11,223	15,100	(3,877)
Investments:						
Rupee	27,089	15,729	11,360	7,629	16,741	(9,119)
Foreign currency	3,483	4,033	(550)	868	2,622	(1,752)
Total investments	30,572	19,762	10,810	8,497	19,363	(10,871)
Other interest earning assets:						
Rupee	(2,356)	379	(2,735)	3,255	713	2,542
Foreign currency	2,065	2,256	(191)	(4,318)	(1,489)	(2,829)
Total other interest earning asset	(291)	2,635	(2,926)	(1,063)	(775)	(287)
Other interest income	(340)	-	(340)	6,751	-	6,751
Total interest income:						
Rupee	76,731	46,530	30,201	21,050	16,376	4,664
Foreign currency	24,193	24,163	30	4,359	17,311	(12,948)
Total interest income	100,924	70,693	30,231	25,409	33,688	(8,284)
Interest expense:						
Savings account deposits:						
Rupee	2,042	2,201	(159)	1,821	1,209	612
Foreign currency	3,493	2,867	626	2,834	1,753	1,081
Total savings account deposits	5,535	5,068	467	4,655	2,962	1,693
Time deposits:						
Rupee	54,375	28,710	25,665	(13,558)	(11,403)	(2,156)
Foreign currency	2,744	2,280	464	4,190	6,219	(2,029)
Total time deposits	57,119	30,990	26,129	(9,368)	(5,184)	(4,185)
Borrowings:						
Rupee	3,226	1,163	2,063	10,106	13,099	(2,993)
Foreign currency	15,032	14,463	569	1,810	8,581	(6,771)
Total borrowings	18,258	15,626	2,632	11,917	21,681	(9,764)
Total interest expense:						
Rupee	59,643	32,074	27,569	(1,631)	2,906	(4,537)
Foreign currency	21,269	19,610	1,659	8,834	16,553	(7,719)
Total interest expense	80,912	51,684	29,228	7,203	19,459	(12,256)
Net interest income:						

Rupee		17,088		14,456		2,632		22,681		13,470		9,202
Foreign currency		2,924		4,553		(1,629)		(4,476)		758		(5,230)
Total net interest income	Rs.	20,012	Rs.	19,009	Rs.	1,003	Rs.	18,205	Rs.	14,228	Rs.	3,972

Table of Contents

Yields, Spreads and Margins

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

	Year ended March 31,				
	2005	2006	2007	2008	2009
	(in millions, except percentages)				
Interest income	Rs. 99,264	Rs. 143,335	Rs. 240,026	Rs. 340,950	Rs. 366,358[1]
Average interest-earning assets	1,217,707	1,806,601	2,728,531	3,627,575	4,182,862
Interest expense	68,044	101,015	176,757	257,670	264,873
Average interest-bearing liabilities	1,221,302	1,795,244	2,707,456	3,503,057	3,878,871
Average total assets	1,469,378	2,166,897	3,250,679	4,361,168	4,898,664
Average interest-earning assets as a percentage of average total assets	82.87%	83.37%	83.94%	83.18%	85.39%
Average interest-bearing liabilities as a percentage of average total assets	83.12	82.85	83.29	80.32	79.18
Average interest-earning assets as a percentage of average interest-bearing liabilities	99.71	100.63	100.78	103.55	107.84
Yield	8.15	7.93	8.80	9.40	8.76
Rupee	8.59	8.39	9.36	10.36	10.25
Foreign currency	5.07	5.38	6.42	6.47	5.12
Cost of funds	5.57	5.63	6.53	7.36	6.83
Rupee	5.90	5.91	6.86	8.00	7.90
Foreign currency	3.34	4.24	5.31	5.59	4.66
Spread[2]	2.58	2.30	2.27	2.04	1.93
Rupee	2.69	2.48	2.50	2.36	2.32
Foreign currency	1.73	1.14	1.11	0.88	0.51
Net interest margin[3]	2.56	2.34	2.32	2.30	2.43
Rupee	2.70	2.63	2.76	2.85	3.32
Foreign currency	1.59	0.72	0.49	0.61	0.24

---

1. For fiscal 2009, we have recalculated tax-exempt income on a tax-equivalent basis.

2. Spread is the difference between yield on average interest-earning assets and cost of average interest-bearing liabilities. Yield on average interest-earning assets is the ratio of interest income to average interest-earning assets. Cost of average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities.

3. Net interest margin is the ratio of net interest income to average interest-earning assets. The difference in net interest margin and spread arises due to the difference in amount of average interest-earning assets and average

interest-bearing liabilities. If average interest-earning assets exceed average interest-bearing liabilities, net interest margin is greater than the spread and if average interest-bearing liabilities exceed average interest-earning assets, net interest margin is less than the spread.

Key Performance Indicators

While assessing our performance we monitor key financial variables such as movement in yield on assets, cost of funds and net interest margin, movement in fee income, cost ratios, credit provisions and return on assets and equity. We also monitor key business indicators such as deposit accretion, loan disbursements and loan delinquency trends. We also analyze changes in economic indicators such as interest rates, liquidity and exchange rates. In addition to these financial indicators, we monitor other non-financial indicators such as quality of customer service and the extent and nature of customer complaints and estimates of market share in key product lines.

Fiscal 2009 to Fiscal 2008

Summary

Net profit increased by 5.3% from Rs. 34.0 billion (US$ 668 million) in fiscal 2008 to Rs. 35.8 billion (US$ 703 million) in fiscal 2009, primarily due to a 17.2% increase in net interest income and a 7.5% increase in non-interest income, offset, in part, by a 49.5% increase in provisions (excluding provision for tax) and a 4.2% increase in non-

Table of Contents

interest expenses. The increase in provisions (excluding provision for tax) was primarily due to a higher level of specific provisioning on non-performing loans, offset, in part, by lower general provisioning on standard loans.

Net interest income increased by 17.2% from Rs. 83.3 billion (US$ 1.6 billion) in fiscal 2008 to Rs. 97.6 billion (US$ 1.9 billion) in fiscal 2009, reflecting an increase in net interest margin by 13 basis points from 2.30% in fiscal 2008 to 2.43% for fiscal 2009 and an increase of 15.3% in the average volume of interest earning assets, in rupee terms.

Non-interest income increased by 7.5% from Rs. 259.6 billion (US$ 5.1 billion) in fiscal 2008 to Rs. 279.0 billion (US$ 5.5 billion) in fiscal 2009, primarily due to an increase in income from insurance business from Rs. 159.9 billion (US$ 3.1 billion) in fiscal 2008 to Rs. 183.6 billion (US$ 3.6 billion) in fiscal 2009 and increase in miscellaneous income (including lease income) from Rs. 0.8 billion (US$ 17 million) in fiscal 2008 to Rs. 7.8 billion (US$ 154 million) in fiscal 2009.

Non-interest expense increased by 4.2% from Rs. 270.4 billion (US$ 5.3 billion) in fiscal 2008 to Rs. 281.9 billion (US$ 5.5 billion) in fiscal 2009, primarily due to an increase of 15.9% in expenses pertaining to insurance business and an increase of 19.9% in rent, taxes and lighting expenses, offset, in part by a 61.1% decrease in direct marketing agency expenses from Rs. 15.7 billion (US$ 310 million) in fiscal 2008 to Rs. 6.1 billion (US$ 120 million) in fiscal 2009.

Provisions and contingencies (excluding provisions for tax) increased by 49.5% from Rs. 30.2 billion (US$ 593 million) in fiscal 2008 to Rs. 45.1 billion (US$ 887 million) in fiscal 2009, primarily due to a higher level of specific provisioning on non-performing retail loans, offset, in part, by lower general provisioning on standard loans. The increase in retail non-performing loans was on account of the seasoning of the secured loan portfolio, relatively higher losses on the unsecured portion of the portfolio and the adverse macro-economic environment.

Gross restructured loans increased by 26.8% from Rs. 48.4 billion (US$ 1.0 billion) at year-end fiscal 2008 to Rs. 61.4 billion (US$ 1.2 billion) at year-end fiscal 2009. Gross non-performing assets increased by 28.2% from Rs. 78.0 billion (US$ 1.5 billion) at year-end fiscal 2008 to Rs. 99.9 billion (US$ 2.0 billion) at year-end fiscal 2009, primarily due to increase in retail non-performing loans due to higher delinquencies in the unsecured retail loan portfolio and seasoning of the overall retail loan portfolio.

Total assets decreased by 0.6% from Rs. 4,856.2 billion (US$ 95.5 billion) at year-end fiscal 2008 to Rs. 4,826.9 billion (US$ 94.9 billion) at year-end fiscal 2009 primarily due to decrease in investments by Rs. 119.4 billion (US$ 2.3 billion) reflecting the lower statutory liquidity ratio requirement and the decline in demand and time liabilities requiring the maintenance of this ratio and decrease in cash and balances with the Reserve Bank of India by Rs. 118.5 billion (US$ 2.3 billion) reflecting a reduction in the cash reserve ratio requirement.

Net Interest Income

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

	Year ended March 31,			
	2008	2009	2009	2009/2008 % change
	(in millions, except percentages)			
Interest income1	Rs. 340,950	Rs. 362,507	US$ 7,126	6.3%
Interest expense	(257,670)	(264,873)	(5,207)	2.8
Net interest income	Rs. 83,280	Rs. 97,634	US$ 1,919	17.2%

1. Net of amortization of premium on government securities.

Net interest income (net of amortization of premium on government securities) increased by 17.2% from Rs. 83.3 billion (US$ 1.6 billion) in fiscal 2008 to Rs. 97.6 billion (US$ 1.9 billion) in fiscal 2009 reflecting mainly the following:

Table of Contents

- an increase of Rs. 555.3 billion (US$ 10.9 billion) or 15.3% in the average volume of interest-earning assets (after taking into account the impact of depreciation of the rupee on the rupee equivalent of foreign currency denominated assets); and

- an increase in net interest margin by 13 basis points from 2.30% in fiscal 2008 to 2.43% in fiscal 2009.

The average volume of interest-earning assets increased by 15.3% or Rs. 555.3 billion (US$ 10.9 billion) from Rs. 3,627.6 billion (US$ 71.3 billion) in fiscal 2008 to Rs. 4,182.9 billion (US$ 82.2 billion) in fiscal 2009, primarily due to an increase in average advances by Rs. 293.9 billion (US$ 5.8 billion) and an increase in average investments by Rs. 255.9 billion (US$ 5.0 billion). Average advances increased by 12.9% from Rs. 2,284.6 billion (US$ 44.9 billion) in fiscal 2008 to Rs. 2,578.6 billion (US$ 50.7 billion) in fiscal 2009, primarily due to increase in non-retail advances, offset, in part, by decrease in retail advances. While net advances of overseas branches (including the offshore banking unit) decreased by US$ 1.2 billion or 10.1% from US$ 11.9 billion at year-end fiscal 2008 to US$ 10.7 billion at year-end fiscal 2009, the net advances of overseas branches, in rupee terms, increased by 13.7% from Rs. 477.5 billion (US$ 9.4 billion) at year-end fiscal 2008 to Rs. 542.9 billion (US$ 10.7 billion) at year-end fiscal 2009 due to the impact of rupee depreciation in fiscal 2009. Advances of overseas subsidiaries, in rupee terms, increased from Rs. 195.2 billion (US$ 3.8 billion) at year-end fiscal 2008 to Rs. 387.1 billion (US$ 7.6 billion) at year-end fiscal 2009. Average interest-earning investments increased by 25.0% from Rs. 1,024.5 billion (US$ 20.1 billion) in fiscal 2008 to Rs. 1,280.4 (US$ 25.2) in fiscal 2009, primarily due to the increase in average interest-earning non-statutory liquidity ratio investments, offset in part by the decrease in average statutory liquidity ratio investments. Average statutory liquidity ratio investments decreased due to reduction in domestic net demand and time liabilities and a reduction of 100 basis points in the statutory liquidity ratio requirement from 25.0% to 24.0% during fiscal 2009.

Interest income increased by 6.3% from Rs. 341.0 billion (US$ 6.7 billion) in fiscal 2008 to Rs. 362.5 billion (US$ 7.1 billion) in fiscal 2009, primarily due to an increase of 15.3% in the average volume of interest-earning assets from Rs. 3,627.6 billion (US$ 71.3 billion) in fiscal 2008 to Rs. 4,182.9 billion (US$ 82.2 billion) in fiscal 2009. The overall yield on average interest-earning assets decreased by 64 basis points from 9.4% for fiscal 2008 to 8.8% for fiscal 2009, primarily due to decrease in yield on investments by 111 basis points from 9.5% for fiscal 2008 to 8.4% for fiscal 2009, offset, in part, by reduction in the cash reserve ratio requirement from 7.5% at the beginning of fiscal 2009 to 5.0% at the end of fiscal 2009. As cash reserve ratio balances do not earn any interest income, the reduction in the required level of cash reserve ratio resulted in a positive impact on yield on interest-earning assets. Yield on average interest-earning investments also decreased primarily due to a decrease of 86 basis points in yield of foreign currency investments from 5.6% for fiscal 2008 to 4.7% for fiscal 2009.

Interest income was positively impacted by receipt of interest of Rs. 3.3 billion (US$ 65 million) on income tax refund in fiscal 2009 as compared to Rs. 0.9 billion (US$ 17 million) in fiscal 2008 and negatively impacted by loss on securitization (including credit losses on existing pools) of Rs. 3.2 billion (US$ 63 million) in fiscal 2009.

Total interest expense increased by 2.8% from Rs. 257.7 billion (US$ 5.1 billion) in fiscal 2008 to Rs. 264.9 billion (US$ 5.2 billion) in fiscal 2009, primarily due to an increase of 34.9% in average interest-bearing liabilities from Rs. 964.9 billion (US$ 19.0 billion) in fiscal 2008 to Rs. 1,301.2 billion (US$ 25.6 billion) in fiscal 2009, offset by decrease in the cost of funds by 53 basis points from 7.4% in fiscal 2008 to 6.8% in fiscal 2009. Average deposits, with a cost of 7.1% in fiscal 2009, constituted 66.5% of total average interest-bearing liabilities compared to 72.5% of the total average interest-bearing liabilities with a cost of 7.4% in fiscal 2008. The decrease in average deposits as a percentage of total funding was primarily on account of our conscious strategy of reducing our wholesale term deposit base. Cost of funds decreased from 7.4% in fiscal 2008 to 6.8% in fiscal 2009. The cost of deposits decreased by 30 basis points from 7.4% in fiscal 2008 to 7.1% in fiscal 2009 consequent to increase in ratio of low cost current account and savings account deposits in total deposits, offset, in part, by high interest bearing wholesale deposits raised during the quarter ended December 31, 2008. Effective April 1, 2010, interest on savings deposits accounts will be calculated

on a daily product basis instead of on minimum balances held in the accounts during the period from the 10th day to the last day of each calendar month. This will increase the cost of savings deposits by about 70 to 80 basis points and have a negative impact on our net interest income. The average cost of total borrowings including subordinated debt decreased by 97 basis points from 7.3% in fiscal 2008 to 6.3% in fiscal 2009, primarily due to decrease in cost of foreign currency borrowings as the benchmark rate (LIBOR) reduced.

Table of Contents

Our net interest margin is expected to continue to be lower than other banks in India until we increase the proportion of low-cost deposits and retail deposits in our total funding. The net interest margin is also impacted by the relatively lower net interest margin earned by our overseas branches and subsidiaries. See also "Risk Factors — Risks Relating to Our Business — Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance".

Non-Interest Income

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

	Year ended March 31,			
	2008	2009	2009	2009/2008 % change
	(in millions, except percentages)			
Commission, exchange and brokerage	Rs. 67,673	Rs. 65,748	US$ 1,292	(2.8)%
Profit/(loss) on sale of investments (net)	34,042	24,318	478	(28.6)%
Profit/(loss) on revaluation of investments (net)	(4,788)	(4,432)	(87)	(7.4)%
Profit/(loss) on sale of land, buildings and other assets (net)	613	15	-	(97.6)%
Profit/(loss) on foreign exchange transactions (net)	1,280	1,965	39	53.5%
Income pertaining to insurance business	159,920	183,582	3,609	14.8%
Miscellaneous income (including lease income)	841	7,828	154	831.6%
Total non-interest income	Rs. 259,581	Rs. 279,024	US$ 5,485	7.5%

Non-interest income increased by 7.5% from Rs. 259.6 billion (US$ 5.1 billion) in fiscal 2008 to Rs. 279.0 billion (US$ 5.5 billion) in fiscal 2009, primarily due to 14.8% increase in income pertaining to insurance business from Rs. 159.9 billion (US$ 3.1 billion) in fiscal 2008 to Rs. 183.6 billion (US$ 3.6 billion) in fiscal 2009, a 53.5% increase in net profit on foreign exchange transactions from Rs. 1.3 billion (US$ 26 million) in fiscal 2008 to Rs. 2.0 billion (US$ 39 million) in fiscal 2009, a 7.4% decrease in net loss on revaluation of investments from Rs. 4.8 billion (US$ 94 million) in fiscal 2008 to Rs. 4.4 billion (US$ 86 million) in fiscal 2009 and an increase in miscellaneous income (including lease income) from Rs. 841 million (US$ 17 million) in fiscal 2008 to Rs. 7.8 billion (US$ 154 million) in fiscal 2009, offset, in part, by a 28.6% decrease in profit on sale of investments from Rs. 34.0 billion (US$ 668 million) in fiscal 2008 to Rs. 24.3 billion (US$ 478 million) in fiscal 2009.

Income pertaining to insurance business representing premium income of our life and general insurance subsidiaries increased by 14.8% from Rs. 159.9 billion (US$ 3.1 billion) in fiscal 2008 to Rs. 183.6 billion (US$ 3.6 billion) in fiscal 2009. The income pertaining to insurance business includes Rs. 161.9 billion (US$ 3.2 billion) from our life insurance business and Rs. 21.7 billion (US$ 427 million) from our general insurance business. The total premium income of ICICI Prudential Life Insurance Company increased by 13.2% from Rs. 135.6 billion (US$ 2.7 billion) in fiscal 2008 to Rs. 153.6 billion (US$ 3.0 billion) in fiscal 2009. The new business premium (on weighted received premium basis) of ICICI Prudential Life Insurance Company Limited decreased by 22.9% from Rs. 66.8 billion (US$ 1.3 billion) in fiscal 2008 to Rs. 51.5 billion (US$ 1.0 billion) in fiscal 2009. However, renewal premium increased by 60.4% from Rs. 55.3 billion (US$ 1.1 billion) in fiscal 2008 to Rs. 88.7 billion (US$ 1.7 billion) in fiscal 2009. The gross written premium (excluding share of motor third party insurance pool) of ICICI Lombard General Insurance Company increased by 3.3% from Rs. 33.5 billion (US$ 658 million) in fiscal 2008 to Rs. 34.6 billion (US$ 680 million) in fiscal 2009. The general insurance industry in India continued to witness a slowdown in growth on account of de-tariffication, whereby insurance premiums were freed from price controls resulting in a significant reduction in premium rates.

Commission, exchange and brokerage income decreased by 2.8% from Rs. 67.7 billion (US$ 1.3 billion) in fiscal 2008 to Rs. 65.7 billion (US$ 1.3 billion) in fiscal 2009, primarily due to lower fee income from corporate and retail customers. Fee income in the second half of fiscal 2009 was impacted by the slowdown in domestic economy and continued turmoil in the international markets. The high interest rates prevalent for a large part of the year combined with our strategy to moderate balance sheet growth impacted domestic lending activity with retail disbursements slowing down considerably. This resulted in low retail asset related fees in fiscal 2009. Sales of third party products such as insurance and mutual funds slowed down considerably in the second half of fiscal 2009

resulting in lower third party distribution fees. Our commission, exchange and brokerage income was impacted by the level of corporate activity, the demand for retail financial products and the overall level of economic and trade activity. Volatile market conditions also had an adverse impact on mergers and acquisitions activity by Indian companies, affecting our fee and other incomes related to such activity. We have experienced a decline in these income streams since the second half of fiscal 2009 as a result of the general decline in business activity during the global financial crisis and economic turmoil. Commission, exchange and brokerage of our banking subsidiaries decreased by 24.9% from Rs. 5.0 billion (US$ 98 million) in fiscal 2008 to Rs. 3.8 billion (US$ 75 million) in fiscal 2009, primarily due to decrease in advisory and structuring fees. Commission, exchange and brokerage of our security broking and primary dealership subsidiaries decreased from Rs. 7.6 billion (US$ 150 million) in fiscal 2008 to Rs. 5.0 billion (US$ 98 million) in fiscal 2009, primarily due to adverse conditions in both equity and fixed income markets and lower equity trading volumes.

Income from foreign exchange transactions increased by 53.5% from Rs. 1.3 billion (US$ 26 million) in fiscal 2008 to Rs. 2.0 billion (US$ 39 million) in fiscal 2009, primarily due to an increase in income from merchant foreign exchange and client-related derivatives business in our Canadian subsidiary, offset, in part, by mark-to-market and realized loss of Rs. 3.6 billion (US$ 72 million) on our credit derivative portfolio. At March 31, 2009, we had a credit derivative portfolio of Rs. 72.4 billion (US$ 1.4 billion), including funded investments of Rs. 33.7 billion (US$ 662 million) in credit derivative instruments such as credit default swaps, credit linked notes and collateralized debt obligations. The entire exposure is to Indian corporates. During fiscal 2009, we sold our entire non-India linked credit derivatives portfolio on which we realized a loss of about Rs. 6.6 billion (US$ 130 million), which had been provided for in fiscal 2008.

At year-end fiscal 2008, we had an investment of approximately €57 million in senior bonds of Lehman Brothers, through our UK subsidiary, which we fully provided for during fiscal 2009. We have an insignificant amount of unreceived premium due from Lehman Brothers for protection sold in certain credit derivative transactions, which are in the process of being novated. The mark-to-market loss of Rs. 12.4 billion (US$ 243 million) at year-end fiscal 2009 on investment classified as “available for sale securities” in our UK and Canadian subsidiaries is directly reflected in the shareholders’ equity.

In October 2008, the UK Accounting Standards Board amended FRS 26 on “Financial Instruments: Recognition and Measurement” and permitted reclassification of financial assets in certain circumstances from the “held for trading” category to the “available for sale” category, “held for trading” category to the “loans and receivables” category and from the “available for sale” category to the “loans and receivables” category. Pursuant to these amendments, during fiscal 2009, ICICI Bank UK transferred certain assets with fair value of Rs. 34.0 billion (US$ 669 million) from the held for trading category to the available for sale category, certain assets with fair value of Rs. 0.1 billion (US$ 2 million) from the held for trading category of investments to “loans and receivables” category and certain assets with fair value of Rs. 20.4 billion (US$ 401 million) from the available for sale category of investments to “loans and receivables” category. If these reclassifications had not been made, our profit for fiscal 2009 would have reduced by Rs. 2.5 billion (US$ 48 million). Our mark-to-market provisions against available for sale investments adjusted against shareholders’ equity increased by post-tax amount of Rs. 8.3 billion (US$ 163 million) during fiscal 2009 to post-tax amount of Rs. 13.4 billion (US$ 264 million) at year-end fiscal 2009. If the above reclassifications had not been made, these provisions would have increased by a further pre-tax amount of Rs. 0.5 billion (US$ 10 million).

Profit/(loss) on sale and revaluation of investments decreased by 32.0% from Rs. 29.3 billion (US$ 575 million) in fiscal 2008 to Rs. 19.9 billion (US$ 391 millon) in fiscal 2009, primarily due to absence in sale of equity investments, decline in equity markets resulting in mark-to-market losses in the equity portfolio, loss on proprietary equity trading and mutual fund portfolio, and mark-to-market provisioning on security receipts, offset, in part, by realized profit on sale of fixed income investments.

During the year, spread on foreign currency bonds issued by ICICI Bank and ICICI Bank UK widened significantly. We initiated buyback of our bonds in the secondary market resulting in a gain of Rs. 3.4 billion (US$ 67 million) in ICICI Bank and Rs. 4.0 billion (US$ 79 million) in the UK subsidiary. This led to an increase in miscellaneous income from Rs. 0.8 billion (US$ 16 million) in fiscal 2008 to Rs. 7.8 billion (US$ 153 million) in fiscal 2009.

Table of Contents

Non-Interest Expense

The following table sets forth, for the periods indicated, the principal components of non-interest expense.

	Year ended March 31,			
	2008	2009	2009	2009/2008 % change
	(in millions, except percentages)			
Payments to and provisions for employees	Rs. 39,698	Rs. 39,043	US$ 768	(1.6)%
Depreciation on own property	4,973	5,966	117	20.0
Auditor's fees and expenses	100	137	3	37.0
Other administrative expenses	65,299	62,990	1,238	(3.5)
Operating expenses	110,070	108,136	2,126	(1.8)
Direct marketing agency expenses	15,750	6,122	120	(61.1)
Depreciation on leased assets	1,821	2,101	41	15.4
Expenses pertaining to insurance business	142,793	165,499	3,254	15.9
Total non-interest expenses	Rs. 270,434	Rs. 281,858	US$ 5,541	4.2%

Non-interest expense increased by 4.2% from Rs. 270.4 billion (US$ 5.3 billion) in fiscal 2008 to Rs. 281.9 billion (US$ 5.5 billion) in fiscal 2009, primarily due to a 15.9% increase in expenses pertaining to the insurance business and 20.0% increase in depreciation expenses, offset, in part by reduction in direct marketing agency expenses.

Expenses pertaining to insurance business, representing provisions for claims, commissions paid and reserving for actuarial liability increased by 15.9% from Rs. 142.8 billion (US$ 2.8 billion) in fiscal 2008 to Rs. 165.5 billion (US$ 3.3 billion) in fiscal 2009 primarily due to increase in life insurance business volume and increase in claims including certain high value claims in general insurance business, offset in part by decline in commission expenses. In case of ICICI Prudential Life insurance Company, higher renewal premiums and lower new business premiums resulted in lower increase in upfront expenses and commission expenses. The provisions for claims are determined based on actuarial valuation. In line with Indian accounting norms for insurance companies we do not amortize the customer acquisition cost, but account for the expenses upfront.

Depreciation on own property increased by 20.0% from Rs. 5.0 billion (US$ 98 million) in fiscal 2008 to Rs. 6.0 billion (US$ 117 million) in fiscal 2009, reflecting the addition of new branches. Depreciation on leased assets was Rs. 2.1 billion (US$ 41 million) in fiscal 2009 as compared to Rs. 1.8 billion (US$ 36 million) in fiscal 2008.

Employee expenses decreased by 1.6% from Rs. 39.7 billion (US$ 780 million) in fiscal 2008 to Rs. 39.0 billion (US$ 767 million) in fiscal 2009, primarily due to decrease in the employee base from 84,314 at year-end fiscal 2008 to 73,362 at year-end fiscal 2009, offset, in part, by annual increase in salaries and other employee benefits. The employee expenses for ICICI Bank decreased by 5.1% from Rs. 20.8 billion (US$ 409 million) in fiscal 2008 to Rs. 19.7 billion (US$ 387 million) in fiscal 2009, primarily due to a 15.0% decrease in employee base from 40,686 at year-end fiscal 2008 to 34,596 at year-end fiscal 2009, offset, in part, by annual increase in salaries. ICICI Bank did not pay performance bonus to employees for fiscal 2009 (other than bonus payable under statute). Performance bonus included in ICICI Bank's employee expenses in fiscal 2008 was Rs. 2.1 billion (US$ 41 million).

Other administrative expenses decreased by 3.5% from Rs. 65.3 billion (US$ 1.3 billion) in fiscal 2008 to Rs. 63.0 billion (US$ 1.2 billion) in fiscal 2009, primarily due to overall cost reduction initiatives undertaken by ICICI Bank, offsetting the increase in expenses related to retail business (primarily related to collections) and increase in ICICI Bank's branch and ATM network. The number of branches (excluding foreign branches and offshore banking units) and extension counters of ICICI Bank in India increased from 1,262 at year-end fiscal 2008 to 1,419 at year-end fiscal

2009. The number of ATMs increased from 3,881 at year-end fiscal 2008 to 4,713 at year-end fiscal 2009. The number of branches and offices of our insurance subsidiaries increased from 2,223 at year-end fiscal 2008 to 2,513 at year-end fiscal 2009.

Other administrative expenses include scheme support expense of Rs. 920 million (US$ 18 million) of ICICI Prudential Asset Management Company Limited in fiscal 2009. The scheme support expense consists of support of Rs. 27 million (US$ 1 million) to fixed maturity plans towards yield shortfall, Rs. 55 million (US$ 1 million) to

Table of Contents

money market schemes and Rs. 838 million (US$ 16 million) to equity schemes. The support to fixed maturity plans and money market schemes arose primarily due to abnormal market movements during the year. The support to equity schemes was against diminution in value of certain investments.

Direct marketing agency expenses of ICICI Bank decreased by 61.1% from Rs. 15.7 billion (US$ 310 million) in fiscal 2008 to Rs. 6.1 billion (US$ 120 million) in fiscal 2009, primarily due to lower retail loan origination, lower issuance of new credit cards and reduction in the rate of commission. We use marketing agents, called direct marketing agents or associates, for sourcing our retail assets. We include commissions paid to these direct marketing agents of our retail assets in non-interest expense. These commissions are expensed upfront and not amortized over the life of the loan.

Provisions for Restructured Loans and Non-performing Assets

We classify our loans in accordance with the Reserve Bank of India guidelines into performing and non-performing loans. Further, non-performing assets are classified into 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. A fully secured standard loan can be restructured by rescheduling of principal repayments and/or the interest element, but must be separately disclosed as a restructured loan in the year of restructuring. Similar guidelines apply to restructuring of sub-standard and doubtful loans. See also “Business-Classification of loans”.

The following table sets forth, at the dates indicated, certain information regarding restructured loans.

	At March 31,			
	2008	2009	2009	2009/2008 % change
	(in millions, except percentages)			
Gross restructured loans	Rs. 48,411	Rs. 61,368	US$ 1,206	26.8%
Provisions for restructured loans	(1,572)	(1,736)	(34)	10.4
Net restructured loans	Rs. 46,839	Rs. 59,632	1,172	27.3
Gross customer assets	2,687,999	2,892,808	56,867	7.6
Net customer assets	Rs. 2,642,697	Rs. 2,836,439	US$ 55,759	7.3%
Gross restructured loans as a percentage of gross customer assets	1.8%	2.1%		
Net restructured loans as a percentage of net customer assets…………..	1.8	2.1		

The deterioration in the global economic environment during fiscal 2009, in particular following the bankruptcy of Lehman Brothers in September 2008, adversely impacted the operations of several Indian companies. Indian businesses were impacted by the lack of access to financing/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. Our gross restructured loans increased by 26.8% from Rs. 48.4 billion (US$ 1.0 billion) at year-end fiscal 2008 to Rs. 61.4 billion (US$ 1.2 billion) at year-end fiscal 2009 primarily due to stress experienced by certain borrowers in real estate and developer financing, auto ancillaries, textiles and retail mortgages. As a percentage of net customer assets, net restructured loans were 2.1% at year-end fiscal 2009 compared to 1.8% at year-end fiscal 2008. Provisions have been made on gross restructured loans as required by the Reserve Bank of India guidelines.

The following table sets forth, at the dates indicated, certain information regarding non-performing assets.

	At March 31,			
	2008	2009	2009	2009/2008 % change
	(in millions, except percentages)			
Gross non-performing assets	Rs. 77,963	Rs. 99,921	US$ 1,964	28.2%
Provisions for non-performing assets	(42,031)	(52,580)	(1,034)	25.1
Net non-performing assets	Rs. 35,932	Rs. 47,341	US$ 930	31.8
Gross customer assets	2,687,999	2,892,808	56,867	7.6
Net customer assets	Rs. 2,642,697	Rs. 2,836,439	US$ 55,759	7.3%
Gross non-performing assets as a percentage of gross customer assets	2.9	3.5		
Net non-performing assets as a percentage of net customer assets	1.4	1.7		

Table of Contents

Gross non-performing assets increased by 28.2% from Rs. 78.0 billion (US$ 1.5 billion) at year-end fiscal 2008 to Rs. 99.9 billion (US$ 2.0 billion) at year-end fiscal 2009 primarily due to an increase in retail non-performing loans due to higher delinquencies in the unsecured retail portfolio and seasoning of the overall retail loan portfolio. The net non-performing loans in the retail portfolio at year-end fiscal 2009 were 2.6% of net retail loans compared to 1.7% at year-end fiscal 2008. Retail gross non-performing loans constituted 72.4% of total gross non-performing assets at year-end fiscal 2009 compared to 71.6% at year-end fiscal 2008, due to an increase in retail non-performing loans, particularly in the non-collateralized portfolio. We sold Rs. 6.8 billion (US$ 134 million) including mortgage loans of Rs. 5.6 billion (US$ 110 million) of our net non-performing assets during fiscal 2009 and Rs. 9.3 billion (US$ 184 million) of our net non-performing assets including mortgage loans of Rs. 6.9 billion (US$ 135 million) during fiscal 2008 to asset reconstruction companies registered with the Reserve Bank of India. As a percentage of net customer assets, net non-performing assets were 1.7% at year-end fiscal 2009 compared to 1.4% at year-end fiscal 2008. Provisions including general provision on performing assets as required by the Reserve Bank of India as a percentage of gross customer assets were 2.5% at year-end fiscal 2009 compared to 2.2% at year-end fiscal 2008.

The following table sets forth, for the periods indicated, the composition of provision and contingencies, excluding provision for tax.

	Year ended March 31,			
	2008	2009	2009	2009/2008 % change
	(in millions, except percentages)			
Provisions for investments (including credit substitutes)(net)	Rs. 730	Rs. 6,305	US$ 124	-
Provision for non-performing assets	25,552	37,707	741	47.6%
Provision for standard assets	2,172	1,409	28	(35.1)
Others	1,724	(304)	(6)	-
Total provisions and contingencies (excluding tax)	Rs. 30,178	Rs. 45,117	US$ 887	49.5%

(1) We do not distinguish between provisions and write-offs while assessing the adequacy of our loan loss coverage, as both provisions and write-offs represent a reduction of the principal amount of a non-performing loan. In compliance with Indian regulations governing the presentation of financial information by banks, gross non-performing loans are reported gross of provisions net of cumulative write-offs in our financial statements.

Provisions are made by ICICI Bank on standard, sub-standard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant Reserve Bank of India guidelines. Subject to the minimum provisioning levels prescribed by the Reserve Bank of India, provisions on homogeneous retail loans/receivables is assessed at a portfolio level, on the basis of days past due. See also "Business-Classification of loans".

Provisions and contingencies (excluding provisions for tax) increased by 49.5% from Rs. 30.2 billion (US$ 593 million) in fiscal 2008 to Rs. 45.1 billion (US$ 886 million) in fiscal 2009, primarily due to a higher level of specific provisioning on non-performing retail loans, impairment provision for certain held to maturity investments and provision made for investment in Lehman Brothers and other investments held by ICICI Bank UK, offset, in part by the absence of general provision on standard assets.

Provision for investments increased from Rs. 0.7 billion (US$ 14 million) in fiscal 2008 to Rs. 6.3 billion (US$ 124 million) in fiscal 2009 primarily due to impairment provision for certain held to maturity investments and provision of

Rs. 4.2 billion (US$ 83 million) made for investment in Lehman Brothers and other investments held by ICICI Bank UK.

Table of Contents

Specific provisioning on non-performing assets increased primarily due to an increase in retail credit losses. The increase in retail credit losses primarily reflects the seasoning of the secured loan portfolio and relatively higher losses on unsecured portfolio.

The government of India issued guidelines for the implementation of the agriculture debt waiver and relief scheme for farmers on May 23, 2008 which have been implemented by us. Pursuant to the scheme, an aggregate amount of Rs. 2.7 billion (US$ 52 million) has been waived which is recoverable from government of India. Of the above, an amount of Rs. 773 million (US$ 15 million) has been received by March 31, 2009. Correspondingly amounts of Rs. 145 million (US$ 3 million) and Rs. 57 million (US$1 million) have been written back from excess non-performing assets provision and interest suspense account, respectively.

We did not make additional general provisions on standard assets pursuant to guidelines issued by the Reserve Bank of India which reduced the general provision requirement. However, these guidelines do not permit write-back of excess provisions already made and we therefore held a cumulative general provision of Rs. 14.4 billion (US$ 282 million) at year-end fiscal 2009 compared to the general provision requirement as per the revised guidelines, of Rs. 8.4 billion (US$ 165 million).

We offer various derivative products to our clients for their risk management purposes including options and swaps. We do not carry market risk on these client derivative positions as we cover ourselves in the inter-bank market. Profits or losses on account of currency movements on these transactions are on the account of corporates. In some of the cases, clients have filed suits against us disputing the transaction and the amounts to be paid. There have been some delays in payment to us in respect of a few companies. We have made provisions for the same. In May 2008, the Reserve Bank of India issued draft guidelines governing off-balance sheet exposures of banks. In August 2008, the Reserve Bank of India issued final guidelines on prudential norms for off-balance sheet exposures of banks. The guidelines require banks to treat unpaid amounts due for 90 days or more under derivative contracts as non-performing assets.

Tax Expense

Total tax expense was Rs. 15.9 billion (US$ 312 million) in fiscal 2009 as compared to Rs. 11.1 billion (US$ 218 million) in fiscal 2008. Income tax expense was Rs. 15.2 billion (US$ 299 million) in fiscal 2009 compared to Rs. 10.3 billion (US$ 202 million) in fiscal 2008. The effective tax rate of 30.6% in fiscal 2009 was higher compared to the effective tax rate of 24.3% in fiscal 2008, primarily due to change in mix of taxable profits, which had a lower component of income from dividend and capital gains. The effective income tax rate of 30.6% for fiscal 2009 was lower compared to the statutory tax rate of 33.99%, primarily due to the exempt dividend income, deduction towards special reserve and deduction of income of offshore banking unit.

As per the clarification issued by Insurance Regulatory and Development Authority, ICICI Prudential Life Insurance Company has created deferred tax assets of Rs. 1.0 billion (US$ 20 million) for fiscal 2009.

In accordance with the provisions of the Income Tax Act, 1961, companies are liable to pay additional income tax referred to as fringe benefit tax on the value of fringe benefits provided or deemed to be provided to their employees, computed as per the prescribed methodology. The fringe benefit tax expense decreased from Rs. 780 million (US$ 15.3 million) in fiscal 2008 to Rs. 659 million (US$ 13 million) in fiscal 2009. Fringe benefit tax on employee stock options is not included in the above as it is recovered from employees. The Finance Act, 2009 has abolished the levy of fringe benefit tax, effective fiscal 2010.

Financial Condition

Assets

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

Table of Contents

	At March 31,			
	2008	2009	2009	2009/2008 % change
	(in millions, except percentages)			
Cash and cash equivalents	Rs. 453,287	Rs. 350,614	US$ 6,892	(22.7)%
Investments	1,600,468	1,481,070	29,115	(7.5)
Advances (net of provisions)	2,514,017	2,661,305	52,316	5.9
Fixed assets	46,783	44,975	884	(3.9)
Other assets	241,611	288,946	5,680	19.6
Total assets	Rs. 4,856,166	Rs. 4,826,910	US$ 94,887	(0.6)%

Our total assets decreased marginally by 0.6% from Rs. 4,856.2 billion (US$ 95.5 billion) at year-end fiscal 2008 to Rs. 4,826.9 billion (US$ 94.9 billion) at year-end fiscal 2009, primarily due to a decrease in cash and cash equivalents by 22.7%. Net advances increased by 5.9% from Rs. 2,514.0 billion (US$ 49.4 billion) at year-end fiscal 2008 to Rs. 2,661.3 billion (US$ 52.3 billion) at year-end fiscal 2009, primarily due to an increase in advances of overseas branches and banking subsidiaries. Advances of overseas branches and subsidaries increased due to the impact of rupee depreciation on foreign currency denominated advances. Net advances of overseas branches (including offshore banking unit) decreased in US$ terms by 10.1% from US$ 11.9 billion at year-end fiscal 2008 to US$ 10.7 billion at year-end fiscal 2009. Net advances of overseas subsidaries increased in US$ terms by 55.1% from US$ 4.9 billion at year-end fiscal 2008 to US$ 7.6 billion at year-end fiscal 2009. Total investments at year-end fiscal 2009 decreased by 7.5% from Rs. 1,600.5 billion (US$ 31.5 billion) at year-end fiscal 2008 to Rs. 1,481.1 billion (US$ 29.1 billion), primarily due to a 13.2% decrease in statutory liquidity ratio investments from Rs. 786.6 billion (US$ 15.5 billion) at year-end fiscal 2008 to Rs. 683.0 billion (US$ 13.4 billion) at year-end fiscal 2009. Investments held to cover linked liabilities of ICICI Prudential Life Insurance Company increased by 15.1% from Rs. 248.5 billion (US$ 4.9 billion) at year-end fiscal 2008 to Rs. 286.1 billion (US$ 5.6 billion) at year-end fiscal 2009, primarily due to the increase in our insurance business.

Other assets increased by 19.6% from Rs. 241.6 billion (US$ 4.7 billion) at year-end fiscal 2008 to Rs. 288.9 billion (US$ 5.7 billion) at year-end fiscal 2009, primarily due to an increase in receivable on derivative transactions with customers, other income receivables and deferred tax assets. Deferred tax assets increased by 45.7% from Rs. 17.3 billion (US$ 340 million) at year-end fiscal 2008 to Rs. 25.2 billion (US$ 495 million) at year-end fiscal 2009, primarily due to an increase in deferred tax asset created on provision for loan losses.

Liabilities and Stockholders' Equity

The following table sets forth, at the dates indicated, the principal components of liabilities and stockholders' equity.

	At March 31,			
	2008	2009	2009	2009/2008 % change
	(in millions, except percentages)			
Deposits	Rs. 2,769,832	Rs. 2,618,558	US$ 51,475	(5.5)%
Borrowings	845,661	883,919	17,376	4.5
Other liabilities1	768,758	830,181	16,320	8.0
Proposed dividend (including corporate dividend tax) ……………………..	13,881	13,872	273	(0.1)
Minority interest	7,312	9,105	179	24.5
Total liabilities	4,405,444	4,355,635	85,623	(1.1)
Equity share capital	11,127	11,133	219	0.1

Preference share capital	3,500	3,500		69	-
Reserves and surplus	436,095	456,642		8,977	4.7
Total liabilities (including capital and reserves)	Rs. 4,856,166	Rs. 4,826,910	US$	94,888	(0.6)%

——

1. Includes subordinated debt.

105

Deposits decreased by 5.5% from Rs. 2,769.8 billion (US$ 54.4 billion) at year-end fiscal 2008 to Rs. 2,618.6 billion (US$ 51.5 billion) at year-end fiscal 2009, primarily due to our conscious strategy of reducing wholesale term deposits. Term deposits decreased from Rs. 1,982.5 billion (US$ 39.0 billion) at year-end fiscal 2008 to Rs. 1,880.8 billion (US$ 37.0 billion) at year-end fiscal 2009 and savings deposits decreased from Rs. 537.6 billion (US$ 10.6 billion) at year-end fiscal 2008 to Rs. 515.1 billion (US$ 10.1 billion) at year-end fiscal 2009. Total deposits at year-end fiscal 2009 constituted 69.4% of our funding (i.e. deposit, borrowings and subordinated debts). Borrowings (including subordinated debt) increased by 8.2% from Rs. 1,069.7 billion (US$ 21.0 billion) at year-end fiscal 2008 to Rs. 1,157.2 billion (US$ 22.7 billion) at year-end fiscal 2009, primarily due to capital-eligible borrowings, in the nature of subordinated debt and the impact of rupee depreciation on foreign currency denominated borrowings. Minority interest increased by 24.5% from Rs. 7.3 billion (US$ 144 million) at year-end fiscal 2008 to Rs. 9.1 billion (US$ 179 million) at year-end fiscal 2009, primarily due to increase of Rs. 7.2 billion (US$ 141 million) in share capital and reserves of our insurance subsidiaries. Stockholders' equity increased from Rs. 447.2 billion (US$ 8.8 billion) at year-end fiscal 2008 to Rs. 467.8 billion (US$ 9.2 billion) at year-end fiscal 2009 primarily due to the profit for fiscal 2009, offset in part by dividend payment on equity shares.

Fiscal 2008 to Fiscal 2007

Summary

Net profit increased by 23.1% from Rs. 27.6 billion (US$ 543 million) in fiscal 2007 to Rs. 34.0 billion (US$ 668 million) in fiscal 2008, primarily due to a 31.6% increase in net interest income and a 49.5% increase in non-interest income, offset in part, by a 50.1% increase in non-interest expenses and a 32.5% increase in provisions. The increase in provisions was primarily due to a higher level of specific provisioning on retail and rural non-performing loans, offset, in part by lower general provision on loans.

Net interest income increased by 31.6% from Rs. 63.3 billion (US$ 1.2 billion) in fiscal 2007 to Rs. 83.3 billion (US$ 1.6 billion) in fiscal 2008, reflecting an increase of 32.9% in the average volume of interest-earning assets.

Non-interest income increased by 49.5% from Rs. 173.6 billion (US$ 3.4 billion) in fiscal 2007 to Rs. 259.6 billion (US$ 5.1 billion) in fiscal 2008, primarily due to a 142.1% increase in profit on sale of investments, a 68.1% increase in income from insurance business and 24.3% increase in commission, exchange and brokerage.

Non-interest expense increased by 50.1% from Rs. 180.1 billion (US$ 3.5 billion) in fiscal 2007 to Rs. 270.4 billion (US$ 5.3 billion) in fiscal 2008 primarily due to an increase of 71.3% in expenses pertaining to insurance business, 50.6% in employee expenses and 34.4% in other administrative expenses.

Provisions and contingencies (excluding provisions for tax) increased by 32.5% from Rs. 22.8 billion (US$ 448 million) in fiscal 2007 to Rs. 30.2 billion (US$ 594 million) in fiscal 2008 primarily due to a higher level of specific provisioning on retail and rural non-performing loans offset in part by a reduction in general provision on loans due to one time impact of revised guidelines on provisioning on standard assets issued by the Reserve Bank of India in fiscal 2007. The increase in retail non-performing loans was primarily due to change in the portfolio mix towards non-collateralized loans and seasoning of the loan portfolio.

Gross restructured loans decreased by 4.0% from Rs. 50.4 billion (US$ 991million) at year-end fiscal 2007 to Rs. 48.4 billion (US$ 951million) at year-end fiscal 2008. Gross non-performing assets increased by 83.2% from Rs. 42.6 billion (US$ 837 million) at year-end fiscal 2007 to Rs. 78.0 billion (US$ 1.5 billion) at year-end fiscal 2008 primarily due to increase in retail non-performing loans due to change in the portfolio mix towards non-collateralized loans and seasoning of the retail loan portfolio.

Total assets increased by 23.1% from Rs. 3,943.3 billion (US$ 77.5 billion) at year-end fiscal 2007 to Rs. 4,856.2 billion (US$ 95.5 billion) at year-end fiscal 2008 primarily due to an increase in advances by 18.9% and an increase in investments by 32.7%.

Table of Contents

Net Interest Income

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

	Year ended March 31,			
	2007	2008	2008	2008/2007 % change
	(in millions, except percentages)			
Interest income(1)	Rs. 240,026	Rs. 340,950	US$ 6,702	42.0%
Interest expense	(176,757)	(257,670)	(5,065)	45.8
Net interest income	Rs. 63,269	Rs. 83,280	US$ 1,637	31.6%

(1) Net of amortization of premium on government securities.

Net interest income (net of amortization of premium on government securities) increased by 31.6% from Rs. 63.3 billion (US$ 1.2 billion) in fiscal 2007 to Rs. 83.3 billion (US$ 1.6 billion) in fiscal 2008 reflecting mainly the following:

- an increase of Rs. 899.0 billion (US$ 17.7 billion) or 32.9% in the average volume of interest-earning assets; and
- net interest margin of 2.3% in fiscal 2008 ,remaining the same as in fiscal 2007.

The average volume of interest-earning assets increased by 32.9% or Rs. 899.0 billion (US$ 17.7 billion) from Rs. 2,728.5 billion (US$ 53.6 billion) during fiscal 2007 to Rs. 3,627.6 billion (US$ 71.3 billion) during fiscal 2008, primarily due to an increase in average advances by Rs. 520.8 billion (US$ 10.2 billion) and an increase in average investments by Rs. 238.4 billion (US$ 4.7 billion). Average advances increased by 29.5% from Rs. 1,763.9 billion (US$ 34.7 billion) in fiscal 2007 to Rs. 2,284.7 billion (US$ 44.9 billion) in fiscal 2008 primarily due to increase in advances of international branches and banking subsidiaries. The increase in average investments was primarily due to increased investment in government securities and an increase in other investments by banking subsidiaries.

Interest income, net of amortization of premium on government securities, increased by 42.0% from Rs. 240.0 billion (US$ 4.7 billion) for fiscal 2007 to Rs. 341.0 billion (US$ 6.7 billion) for fiscal 2008 primarily due to an increase of 32.9% in the average volume of total interest-earning assets from Rs. 2,728.5 billion (US$ 53.6 billion) during fiscal 2007 to Rs. 3,627.6 billion (US$ 71.3 billion) during fiscal 2008. The overall yield on average interest-earning assets increased from 8.8% for fiscal 2007 to 9.4% for fiscal 2008 primarily due to an increase in yield on advances from 9.6% for fiscal 2007 to 10.5% for fiscal 2008 and an increase in yield on investments from 7.4% for fiscal 2007 to 8.7% for fiscal 2008. The yield on advances increased due to an increase in lending rates in line with the general increase in interest rates. This was partly offset by an increase in the cash reserve ratio by the Reserve Bank of India by 150 basis points during the year resulting in an adverse impact on yields. The Reserve Bank of India increased the cash reserve ratio requirement for banks from 6.5% at the beginning of fiscal 2008 to 9.0% at year-end fiscal 2008. Further, effective April 13, 2007, the Reserve Bank of India discontinued the interest payment on the balances maintained under the cash reserve ratio requirement. As a result, in fiscal 2008 we did not earn interest income on the cash reserve ratio requirement of 7.5% of net demand and time liabilities maintained in the form of balances with the Reserve Bank of India as compared to interest income of 1.4% on the lower cash reserve ratio requirement during fiscal 2007. This adversely impacted our net interest income and net interest margin in fiscal 2008.

Total interest expense increased by 45.8% from Rs. 176.8 billion (US$ 3.5 billion) during fiscal 2007 to Rs. 257.7 billion (US$ 5.1 billion) during fiscal 2008 primarily due to an increase of 29.4% in average interest-bearing liabilities from Rs. 2,707.5 billion (US$ 53.2 billion) in fiscal 2007 to Rs. 3,503.1 billion (US$ 68.9 billion) in fiscal 2008 and

an increase in the cost of funds by 83 basis points from 6.5% in fiscal 2007 to 7.4% in fiscal 2008. Average deposits, with a cost of 7.4% for fiscal 2008, constituted 72.5% of total average interest-bearing liabilities compared to 74.4% of the total average interest-bearing liabilities with a cost of 6.2% for fiscal 2007. The cost of deposits increased by 120 basis points from 6.2% in fiscal 2007 to 7.4% in fiscal 2008 consequent to general increase in interest rates in the system, and in particular due to the tight systemic liquidity scenario during the quarter ended March 31, 2007, the impact of which was fully reflected during fiscal 2008. The average cost of total

Table of Contents

borrowings including subordinated debt decreased from 7.5% in fiscal 2007 to 7.3% in fiscal 2008 primarily due to an increase in the proportion of foreign currency borrowings in the total borrowings.

Non-Interest Income

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

Year ended March 31,