ICICI BANK LTD
Form 20-F
September 29, 2011
As filed with the Securities and Exchange Commission on September 29, 2011

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, 2011

OR

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

OR

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

Commission file number 001-15002

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

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

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

(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, 2011 was 1,151,772,372.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes x No o

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
Yes o No x

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o

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

Large accelerated filer x Accelerated filer o Non-accelerated filer o

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

U.S. GAAP o International Financial Reporting Standards as issued Other x

By the International Accounting Standards Board o

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

Item 17 o Item 18 x

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

Yes o No x

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CROSS REFERENCE SHEET

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CERTAIN DEFINITIONS

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

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

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

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

Pursuant to the issuance and listing of our securities in the United States under registration statements filed with the United States Securities and Exchange Commission, we file annual reports on Form 20-F which must include financial statements prepared under generally accepted accounting principles in the United States (U.S. GAAP), or financial statements prepared according to a comprehensive body of accounting principles with a reconciliation of net income and stockholders' equity to U.S. GAAP. When we first listed our securities in the United States, Indian GAAP was not considered a comprehensive body of accounting principles under the United States securities laws and regulations. Accordingly, our annual reports on Form 20-F for fiscal years 2000 through 2005 included U.S. GAAP financial statements. However, pursuant to a significant expansion of Indian accounting standards, Indian GAAP constitutes a comprehensive body of accounting principles. Accordingly, we have included in this annual report, as in the annual reports for fiscal years 2006 through 2010, consolidated financial statements prepared according to Indian GAAP, with a reconciliation of net income and stockholders' equity to U.S. GAAP and a description of significant differences between Indian GAAP and U.S. GAAP.

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

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FORWARD-LOOKING STATEMENTS

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

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

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EXCHANGE RATES

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

In July 1991, the government adjusted the Indian rupee downward by an aggregate of approximately 20.0% against the U.S. 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 at an average annual basis at a rate of approximately 5-6% until fiscal 2003, before appreciating slightly in fiscal years 2004 and 2005. The rupee depreciated against the U.S. dollar by 2.0% during fiscal 2006. During fiscal 2007, the rupee appreciated against the U.S. 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 U.S. dollar by 7.1%, moving from Rs. 43.10 per US$ 1.00 at March 30, 2007 to Rs. 40.02 per US$ 1.00 at March 31, 2008 led largely by increased capital flows following strong economic growth. During fiscal 2009 following the onset of the global financial crisis and decline in capital flows, the rupee depreciated against the U.S. dollar by 27.1%, moving from Rs. 40.02 per US$ 1.00 at March 31, 2008 to Rs. 50.87 per US$ 1.00 at March 31, 2009. Given improved domestic economic conditions, during fiscal 2010, the rupee appreciated against the U.S. dollar by 11.6% moving from Rs. 50.87 per US$ 1.00 at March 31, 2009 to Rs. 44.95 at March 31, 2010. During fiscal 2011, the rupee appreciated against the U.S. dollar by 0.9%, moving from Rs. 44.95 per US$ 1.00 at March 31, 2010 to Rs. 44.54 at March 31, 2011. During fiscal 2012 (through August 31, 2011) the rupee depreciated against the U.S. dollar by 2.8% moving from Rs. 44.54 at March 31, 2011 to Rs. 45.79 at August 31, 2011.

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

Fiscal Year	Period End(1)	Average(1) (2)
2007	43.10	45.06
2008	40.02	40.13
2009	50.87	46.32
2010	44.95	47.18
2011	44.54	45.46
2012 (through August 31, 2011)	45.79	44.77

Month	High	Low
March 2010	46.01	44.94
April 2010	44.79	44.10
May 2010	47.49	44.46
June 2010	47.08	45.64
July 2010	47.23	46.25
August 2010	47.02	45.70

September 2010	46.82	44.56
October 2010	44.59	44.05
November 2010	45.83	43.90
December 2010	45.54	44.70
January 2011	45.92	44.59
February 2011	45.66	45.06
March 2011	45.24	44.54
April 2011	44.51	44.00
May 2011	45.33	44.27

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Month	High	Low
June 2011	45.00	44.59
July 2011	44.62	44.03
August 2011 (through August 31, 2011)	46.15	44.06

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

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

Although certain rupee amounts in this annual report have been translated into U.S. dollars for convenience, this does not mean that the rupee amounts referred to could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all. Except as otherwise stated in this annual report, all translations from rupees to U.S. dollars are based on the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board at March 31, 2011. 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, 2011 was Rs. 44.54 per US$ 1.00 and at August 31, 2011 was Rs. 45.79 per US$ 1.00.

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MARKET PRICE INFORMATION

Equity Shares

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

At September 2, 2011, 1,152,346,124 equity shares were outstanding. The prices for equity shares as quoted in the official list of each of the Indian stock exchanges are in Indian rupees.

The following table shows:

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

	Price per equity share(1)			
	High	Low	High	Low
Annual prices:				
Fiscal 2007	Rs. 999.70	Rs. 451.20	US$ 23.19	US$ 10.47
Fiscal 2008	1,435.00	759.95	35.86	18.99
Fiscal 2009	942.85	262.95	18.53	5.17
Fiscal 2010	963.65	349.35	21.44	7.77
Fiscal 2011	1,273.35	809.35	28.59	18.17
Quarterly prices:				
Fiscal 2010:				
First Quarter	Rs. 756.15	Rs. 349.35	US$ 15.84	US$ 7.32
Second Quarter	907.60	628.85	18.87	13.08
Third Quarter	959.10	771.75	20.67	16.63
Fourth Quarter	963.65	787.30	21.44	17.52
Fiscal 2011:				
First Quarter	Rs. 997.80	Rs. 809.35	US$ 21.50	US$ 17.44
Second Quarter	1,127.75	840.05	25.31	18.85
Third Quarter	1,273.35	1,058.30	28.42	23.62
Fourth Quarter	1,144.85	951.35	25.70	21.36
Fiscal 2012 (through August 30, 2011):	1,126.85	1,006.90	25.49	22.78
Monthly prices:				
November 2010	Rs. 1,273.35	Rs. 1,116.25	US$ 27.78	US$ 24.36
December 2010	1,191.15	1,058.30	26.59	23.62
January 2011	1,144.85	1,001.15	24.93	21.80
February 2011	1,057.00	951.35	23.40	21.06
March 2011	1,116.20	996.60	25.06	22.38

April 2011	1,126.85	1,084.10	25.47	24.50
May 2011	1,098.30	1,006.90	24.38	22.36
June 2011	1,094.65	1,014.00	24.55	22.74
July 2011	1,099.10	1,017.55	24.87	23.02
August 2011	1,045.35	820.25	22.83	17.91

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

At August 30, 2011, the closing price of equity shares on the NSE was Rs. 873.25 equivalent to US$ 18.98 per equity share (US$ 37.96 per ADS on an imputed basis) translated at the exchange rate of Rs. 46.01 per US$ 1.00 as set forth in the H.10 statistical release of the Federal Reserve Board on August 30, 2011.

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At year-end fiscal 2011, there were approximately 670,010 holders of record of our equity shares, of which 260 had registered addresses in the United States and held an aggregate of approximately 57,722 equity shares.

ADSs

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

At year-end fiscal 2011, ICICI Bank had approximately 156 million ADSs, equivalent to about 312 million equity shares, outstanding. At September 7, 2011, there were approximately 64,000 record holders of ICICI Bank's ADSs, out of which 145 have registered addresses in the United States.

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

	Price per ADS	
	High	Low
Annual prices:		
Fiscal 2007	US$ 46.74	US$ 21.25
Fiscal 2008	72.88	35.16
Fiscal 2009	47.20	9.96
Fiscal 2010	43.43	14.36
Fiscal 2011	57.57	34.85
Quarterly prices:		
Fiscal 2010:		
First Quarter	US$ 32.62	US$ 14.36
Second Quarter	38.56	26.04
Third Quarter	41.24	31.45
Fourth Quarter	43.43	33.47
Fiscal 2011:		
First Quarter	US$ 45.79	US$ 34.85
Second Quarter	49.85	35.77
Third Quarter	57.57	46.46
Fourth Quarter	51.10	42.31
Fiscal 2012 (through August 31, 2011):		
Monthly prices:		
November 2010	US$ 57.57	US$ 50.04
December 2010	53.31	46.46
January 2011	51.10	43.32
February 2011	46.24	42.31
March 2011	50.03	44.20
April 2011	50.67	48.50
May 2011	49.30	44.83
June 2011	49.30	45.32
July 2011	50.00	45.63
August 2011	47.28	35.92

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

RISK FACTORS

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

Risks Relating to India and Other Economic and Market Risks

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

A slowdown in the Indian economy could adversely affect our business and our borrowers and contractual counterparties, especially if such a slowdown were to be continued and prolonged. The growth rate of India's gross domestic product, or gross domestic product, which was 9.0% or higher in each of fiscal years 2006, 2007 and 2008, moderated to 6.7% during fiscal 2009. Gross domestic product growth recovered subsequently, reaching 8.0% during fiscal 2010, and 8.5% in fiscal 2011. Following inflationary pressures and an increase in interest rates, gross domestic product growth moderated to 7.8% and 7.7% in the quarters ended March 31, 2011 and June 30, 2011, respectively. The moderation in growth was primarily driven by a moderation in industrial sector growth to 5.3% and 6.7% during the quarters ended March 31, 2011 and June 30, 2011, respectively and a decline in services sector growth to 8.6% and 8.9% during the quarters ended March 31, 2011 and June 30, 2011 respectively. The Reserve Bank of India has projected gross domestic product growth at 8.0% for fiscal 2012.

Inflationary pressures emerged in fiscal 2011 with inflation, as measured by the Wholesale Price Index, increasing from 3.8% in fiscal 2010 to 9.6% in fiscal 2011, with a peak of 10.9% recorded in April 2010. The increase in inflation was primarily driven by food and fuel prices, with food inflation remaining elevated at over 15% in fiscal 2010 and fiscal 2011 and fuel inflation sharply increased to 12.3% in fiscal 2011 from negative 2.1% in fiscal 2010. Overall inflation continued to remain high at 9.5% during April-July 2011. The Reserve Bank of India has projected inflation to be at 7.0% for March 2012 and expects inflation to remain elevated for some time before moderating towards the later part of fiscal 2012. In response to inflationary pressures, the Reserve Bank of India has progressively tightened its monetary policy. During fiscal 2011, the cash reserve ratio was increased by 25 basis points from 5.75% to 6.0%, the repo rate by 175 basis points from 5.00% to 6.75%, and the reverse repo rate by 225 basis points from 3.50% to 5.75%. In fiscal 2012 to date the Reserve Bank of India has increased the repo rate by 150 basis points to 8.25% and set the reverse repo rate at 1.0% below the repo rate. Any further increase in inflation in the future, due to increases in prices of commodities such as crude oil, or otherwise, may result in a further tightening of monetary policy. During the second half of fiscal 2011, overall liquidity in the banking system remained tight due to the maintenance of large government cash balances, an increase in the currency in circulation and relatively lower growth in bank deposits compared to credit growth. As a result, several banks have increased their deposit and lending rates. Any increase in interest rates or reduction in liquidity or any uncertainty regarding liquidity and interest rates could adversely impact our business.

The Indian economy in general and the agricultural sector in particular are impacted by the level and timing of monsoon rainfall. In addition, investments by the corporate sector in India are impacted by government policies and decisions including policies and decisions regarding awards of licenses, access to land, access to natural resources and the protection of the environment.

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

A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults among corporate, retail and rural borrowers, which could adversely impact our business, our financial performance, our stockholders’ equity, our ability to implement our strategy and the price of our equity shares and ADSs.

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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.

From 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 United States. (where this particular crisis originated), the government was forced to bail out leading financial institutions and inject additional capital into other banks. Likewise, in several European countries, governments injected capital into banks and guaranteed deposits or increased the level of deposit guarantees. More recently, several European governments have struggled to meet their sovereign debt obligations, as reflected in rating agencies' downgrades of the bonds issued by these governments. In July 2011, the European Union agreed to a second bailout package for Greece. Further in August 2011, Standard and Poors downgraded the U.S. sovereign debt rating from AAA to AA+ citing concerns about the level of U.S. debt. Although the proximate cause of the financial crisis in 2008, which was deeper than other recent financial crises, was the U.S. residential mortgage market, investors should be aware that there is a recent history of financial crises and boom-bust cycles in multiple markets in both the emerging and developed economies which leads to risks for all financial institutions, including us. A loss of investor confidence in the financial systems of India or other markets and countries or any financial instability in India or any other market may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector, our business and our future financial performance. See also "—Risks Relating to Our Business—We experienced rapid international growth in earlier years which has increased the complexity of the risks that we face". The financial crisis beginning in fiscal 2008 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 U.S. residential mortgage market. However, the widening of credit spreads resulted in mark-to-market and realized losses on our investment and derivative portfolios, constrained our international debt capital market borrowings and adversely impacted our profitability. If the sovereign debt problems in Europe continue to accelerate, or if the United States or the European Union experience a double-dip recession, there may be a resultant tightening of global liquidity, a reduction or increased volatility of capital flows into India and reduction in demand for the goods and services of certain of our borrowers which may have an adverse impact on our business and future performance. We remain subject to the risks posed by the indirect impact of adverse developments in the global economy, some of which cannot be anticipated and the vast majority of which are not under our control. We also remain subject to counterparty risk to financial institutions that fail or are otherwise unable to meet their obligations to us.

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

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

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

India imports a majority of its requirements of crude oil, which comprised over 30% of total imports in fiscal 2011. Following the recovery in the global economic environment in fiscal 2011 and tensions in the Middle East and North Africa, global oil prices have increased sharply. In June 2011, the Government of India increased the price of certain regulated oil products in view of the increase in international crude oil prices. Such 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.

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

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

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

During the global financial crisis that commenced in 2008, India suffered a reversal of capital inflows and a decline in exports, leading to pressures on the balance of payments and a sharp depreciation of the Indian rupee compared to the U.S. 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. Further, increased volatility in capital flows may also complicate monetary policy, leading to volatility in inflation and interest rates in India, which could adversely impact our business.

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

India has experienced natural calamities such as earthquakes, floods and droughts in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy. In particular, climatic and weather conditions, such as the level and timing of monsoon rainfall, impact the agricultural sector, which constitutes approximately 14% of India's gross domestic product. 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. In fiscal 2010, the rainfall was below the trend level in several parts of India. Consequently, the agricultural sector recorded an increase of 0.2% during fiscal 2010. Agricultural sector growth improved to 6.6% in fiscal 2011. Prolonged spells of below or above normal rainfall or other natural calamities, or global or regional climate change, could adversely affect the Indian economy and our business, especially our rural portfolio. Similarly, global or regional climate change or natural calamities in other countries where we operate could affect the economies of those countries and our operations in those countries.

Health epidemics could also disrupt our business. In fiscal 2010, there were outbreaks of swine flu, caused by the H1N1 virus, in certain regions of the world, including India and several countries in which we operate. Any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may in turn adversely affect our business.

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

As an Indian bank, we are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect our business. Our transactions with these financial institutions expose us to credit risk in the event of default by the counterparty, which can be exacerbated during periods of market illiquidity. See also "Overview of the Indian Financial Sector". As the Indian financial system operates 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 controlled the situation in these instances, but any failure to control such situations in the future could result in high volumes of deposit withdrawals, which would adversely impact our liquidity position, disrupt our business and, in times of market stress, undermine our financial strength. In fiscal 2011, Indian government agencies initiated proceedings against certain financial institutions alleging bribery in the loans and investment approval process, which impacted market sentiment. Similar developments in the future could adversely impact the financing of proposed investments by the corporate sector and negatively impact confidence in the financial sector.

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

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

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

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

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

If the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or if our cost of funds does not decline at the same time or to the same extent as the decrease in yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. From the second half of fiscal 2011, there was a considerable tightening of domestic liquidity and a sharp increase in interest rates in India. As a result, we have seen an increase in our cost of funds as well as in our yield on interest-earning assets. Any systemic decline in low cost funding available to banks in the form of current and savings account deposits would adversely impact our net interest margin. In its monetary policy statement for fiscal 2012, the Reserve Bank of India has increased the rate of interest on savings deposits from 3.5% to 4.0% which would adversely impact our cost of funds. Further, the Reserve Bank of India has issued a discussion paper on the deregulation of the savings account interest rate. Such deregulation may lead to an increase in the interest paid on savings account deposits, adversely impacting our cost of funds. If there are further increases in our cost of funds or if we are not able to pass on the increases fully into our lending rates, our net interest margins and profitability would be adversely impacted. Further, any tightening of liquidity and volatility in international markets, such as that which occurred in the second half of fiscal 2008 following concerns over sub-prime debt in the United States, may limit our access to international bond markets and result in an increase in our cost of funding for our international business. Continued volatility in international markets could constrain and increase the cost of our international market borrowings and our ability to replace maturing borrowings and fund new assets. The recent concerns on sovereign debt in Europe and the downgrade of the credit rating of the United States have resulted in a widening of spreads for financial institutions, including ICICI Bank. Our overseas banking subsidiaries are also exposed to similar risks.

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

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

Until fiscal 2008, we experienced rapid growth in our retail loan portfolio, including non-collateralized retail loans such as unsecured personal loans and credit card receivables. See also "Business—Overview of Our Products and Services—Commercial Banking for Retail Customers". The seasoning of the loan portfolio, an adverse macroeconomic environment and challenges in recovery led to an increase in non-performing loans, especially in the non-collateralized retail loan portfolio. Following higher than anticipated credit losses and difficulties in collections, we discontinued our urban micro-banking unsecured loan product during fiscal 2008, and have, since fiscal 2009, substantially reduced the origination of unsecured personal loans, credit cards and two wheeler loans. Various factors, including a rise in unemployment, prolonged recessionary conditions, our regulators' assessment and review of our loan portfolio, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates and global competition could cause further increase in the level of non-performing assets on account of these retail and other loans and have a material adverse impact on the quality of our loan portfolio.

In fiscal 2008, the Reserve Bank of India issued guidelines relating to the use of recovery agents by banks. These guidelines prescribed that banks should establish a due diligence process for the engagement of recovery agents, pre-inform borrowers of authorized recovery agents while forwarding default cases to recovery agents, set up a grievance redressal mechanism related to the recovery process and review and ensure appropriate incentives and recovery targets for agents. In addition, the guidelines also prescribed procedures for enforcing security interests and for auctioning movable and immovable property after enforcing the security interest. These changes had an impact on our ability to recover outstanding receivables from customers. Any similar future guidelines may affect our loan collections and ability to foreclose on existing non-performing assets.

Under the directed lending norms of the Reserve Bank of India, we are required to extend 50.0% of our residual adjusted net bank credit to certain eligible sectors, which are categorized as "priority sectors". 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. See also "—We are subject to the directed lending requirements of the Reserve Bank of India, and any shortfall in achieving these requirements may be required to be invested in government schemes that yield low returns, thereby impacting our profitability. We may also experience a higher level of non-performing assets in our directed lending portfolio, which could adversely impact the quality of our loan portfolio, our business and the price of our equity shares and ADSs", "—Entry into new businesses or expansions of existing businesses may expose us to increased risks that may adversely affect our business" and "Business—Loan Portfolio—Directed Lending".

Following the global and Indian economic slowdown beginning in fiscal 2008, we saw an increase in the volume of restructured corporate loans. Further economic challenges could result in some of our borrowers not being able to meet their restructured debt obligations, resulting in loans to such borrowers being classified as non-performing. See also "—The level of restructured loans in our portfolio may increase and the failure of our restructured loans to perform as expected could affect our business". The loan portfolio of our international branches and subsidiaries includes foreign currency loans to Indian companies for their Indian operations (as permitted by regulation) as well as for their overseas ventures, including cross-border acquisitions. This exposes us to specific additional risks including the failure of the acquired entities to perform as expected, and our inexperience in various aspects of the economic and legal framework in overseas markets. See also "—We experienced rapid international growth in earlier years which has increased the complexity of the risks that we face". Further, we expect long-term project finance to be a significant area of growth in our business going forward, and the quality of this portfolio could be adversely impacted by several factors. See also "—Our loan portfolio includes long-term project finance loans, which are particularly vulnerable to completion and other risks". In certain cases, we have extended loan facilities to clients based on collateral consisting of equity shares and any volatility in the capital markets may impact the value of such collateral. We may not be able to control or reduce the level of non-performing assets in our project and corporate finance portfolio.

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

Bank of India and other reconstruction companies. See also "Business—Classification of Loans". There can be no assurance that Asset Reconstruction Company (India) Limited and other reconstruction companies will be able to recover these assets and redeem our investments in security receipts and that there will be no reduction in the value of these investments.

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

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

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

These requirements apply to ICICI Bank on a standalone basis. Until fiscal 2011, the Bank was required to extend 50.0% of its residual adjusted net bank credit to priority sectors, after excluding the advances of ICICI at year-end fiscal 2002. At March 25, 2011, the last reporting Friday for fiscal 2011, while the Bank had met its overall priority sector lending targets, direct agricultural loans were 9.5% of residual net bank credit against the requirement of 13.5%, with the shortfall amounting to Rs. 42.09 billion, and advances to weaker sections were Rs. 34.43 billion constituting 3.3% of the Bank's residual adjusted net bank credit against the requirement of 10.0%, with the shortfall amounting to Rs. 69.50 billion. See also "Business—Loan Portfolio—Directed Lending." The Reserve Bank of India has stipulated that the Bank will be required to extend 38.5% of its adjusted net bank credit (i.e., including the advances of ICICI) to priority sectors in fiscal 2012 and achieve the target of 40.0% of adjusted net bank credit from fiscal 2013. As a result of this, the Bank's priority sector lending requirements are expected to increase.

Any shortfall in meeting these requirements may be required to be invested in government schemes that yield low returns ranging from 3.0% to 6.0%, thereby impacting our profitability. The aggregate amount of funding required by such schemes is drawn from banks that have shortfalls in achievement of their directed lending targets, with the amounts drawn from each bank determined by the Reserve Bank of India. At year-end fiscal 2011, our total mandated investments in such schemes were Rs. 150.8 billion and such investments are expected to increase in future years.

We may experience a higher level of non-performing assets in our directed lending portfolio, particularly in loans to the agricultural sector and small enterprises, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. The Bank's gross non-performing assets on the priority sector loan portfolio were 3.6% and 3.3% in fiscal 2010 and fiscal 2011, respectively.

In its budget for fiscal 2009, the government announced a one-time debt waiver scheme for small and marginal farmers. Our eligible portfolio under this scheme was Rs. 2.76 billion. While the government has borne the cost of the scheme and we have received 99.8% of the amount of such loans waived by us from the government, any similar schemes in the future may have an adverse impact on future debt servicing behavior regarding farm loans and may lead to an increase in non-performing loans in the agricultural sector.

The Bank has achieved a portion of its government-required priority sector lending through lending to and portfolio buyouts from micro finance institutions. On October 15, 2010, the state government of Andhra Pradesh issued an ordinance stipulating that the interest amount charged by a microfinance institution on a loan cannot exceed the principal, that repayment collections must occur at village assembly offices and that microfinance institutions must register with the project director of the district rural development authority. The ordinance adversely impacted the operations of microfinance institutions operating in the state and resulted in lower collections due to disruptions in their field operations. As a result of the above, there was an adverse impact on outstanding loans to microfinance institutions and portfolios bought out from microfinance institutions by banks, including for us.

Through recent guidelines and directions, the Reserve Bank of India has restricted the ability of banks to meet the directed lending obligations through lending to specialized financial intermediaries. These and any future changes 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 more risky segments and may result in an increase in non-performing loans.

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

Our standard assets include restructured standard loans. See also “Business—Classification of Loans—Restructured Loans”. The global and Indian economic slowdown in fiscal 2008 and its impact on equity and debt markets adversely impacted the capacity utilization, profitability and cash accruals of some of our borrowers and their ability to access equity and debt financing resulting in an increase in the level of restructured assets in fiscal 2009 and fiscal 2010. In fiscal 2011, our restructured assets portfolio decreased following upgrades of existing restructured loans based on satisfactory payment performance. In fiscal 2011, collections of loans extended to microfinance institutions in the state of Andhra Pradesh were impacted by certain regulations introduced by the state government. These developments are likely to result in restructuring of a part of our loans to microfinance institutions. The combination of any change in regulations regarding the classification of loans as restructured loans or the upgrading of loans and any substantial increase in the level of restructured assets and the failure of these borrowers to perform as expected could adversely affect our business, our future financial performance, our stockholders’ equity and the price of our equity shares and ADSs.

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

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

We expect significant opportunities in infrastructure project finance in India and it is our strategy to grow this portfolio. The viability of these projects depends upon a number of factors, including market demand, government policies, the processes for awarding government licenses and access to natural resources and their subsequent judicial or other review, the financial condition of the government or other entities that are the primary customers for the output of such projects and the overall economic environment in India and the international markets. These projects are particularly vulnerable to a variety of risks, including risks of delays in regulatory approvals, environmental and social issues, completion risk and counterparty risk, which could adversely impact their ability to generate revenues. Our loans to the power sector, in particular, increased substantially from 3.5% of our total gross loans at March 31, 2010 to 4.2% of our total gross loans at March 31, 2011. Concerns have been expressed recently on the availability of coal for upcoming power projects in India, primarily due to environmental concerns around coal mining in some areas. In addition, power projects inherently have high leverage levels and the current volatility in capital markets and concerns about the implementation of these projects and their future cash flows may constrain the availability of equity funding for such projects. We cannot be sure that these projects will begin operations as scheduled or perform as anticipated. While a large portion of these projects are under implementation and the commercial dates of operations are yet to be reached, we may see an increase in our non-performing assets or restructured assets portfolio in case of delays of more than two years from the scheduled commercial date of operations of such projects, in line with Reserve Bank of India guidelines. A slowdown in the Indian and global economy may exacerbate the risks for the projects that we have financed. Future project finance losses or high levels of loan restructuring could have a materially adverse effect on our profitability and the quality of our loan portfolio and the price of our equity shares and ADSs.

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

There can be no assurance that the percentage of non-performing assets that we will be able to recover will be similar to our and ICICI's past experience of recoveries of non-performing assets. Our retail loan portfolio experienced rapid growth between fiscal 2002 and fiscal 2007, and there is limited data on historical loss ratios in retail loans, especially in the event of an economic downturn. During fiscal years 2008, 2009 and 2010, we saw an increase in non-performing assets, mainly in our non-collateralized retail loan portfolio. Further, the economic slowdown and the impact of global and Indian economic conditions on equity and debt markets also led to an increase in the volume of restructured corporate loans, and the failure of these borrowers to perform as per the restructured terms would lead to their classification as non-performing loans. See also "—If we are not able to control the level of non-performing assets in our portfolio, our business will suffer".

Indian banks were required by a Reserve Bank of India policy to increase their total provisioning coverage ratio, including floating provisions and prudential/technical write-offs, to 70% by September 30, 2010. ICICI Bank was permitted by the Reserve Bank of India to achieve the stipulated level of provisioning coverage of 70% in a phased manner by March 31, 2011 and complied with the provisioning coverage requirement within this stipulated period. In April 2011, the Reserve Bank of India stipulated that banks would be required to maintain their provisioning coverage ratios with reference to their gross non-performing assets position at September 30, 2010 and not on an ongoing basis. In its annual policy statement for fiscal 2012, the Reserve Bank of India increased the specific provisioning requirements on sub-standard and doubtful assets by 5%-10% of the gross outstanding from their existing levels. In addition, the Reserve Bank of India increased the general provisioning requirements on restructured standard assets. The combination of the mandated increase in provisions, regulators' assessment of our provisions, any change in the definition of non-performing assets by the regulator and any further deterioration or increase in our non-performing asset portfolio could lead to an adverse impact on our business, our future financial performance and the price of our equity shares and ADSs.

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

Our branch network has increased from 1,419 branches at year-end fiscal 2009 to 1,707 branches at year-end fiscal 2010 and to 2,529 branches at year-end fiscal 2011. This includes 463 branches of the Bank of Rajasthan which merged with us effective close of business on August 12, 2010. See also "—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." Our new branches typically operate at lower efficiency levels, compared to our existing branches, and although we intend to increase their efficiency over time, any inability to use these branches productively, or substantial delays in achieving desired levels of productivity, would have an adverse impact on our growth and profitability and the price of our equity shares and ADSs.

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

Banks in India are required by the Reserve Bank of India to maintain a minimum capital adequacy ratio of 9.0% and a minimum Tier-1 ratio of 6.0% of their risk weighted assets. See also "Supervision and Regulation—Capital Adequacy Requirements". ICICI Bank had a capital adequacy ratio of 19.5% with a Tier-1 ratio of 13.2% at year-end fiscal 2011. Recent discussions on capital requirements for financial institutions globally and the proposed Basel III framework may result in an increase in the minimum capital requirements for banks, including those in India. Our ability to grow our business and execute our strategy is dependent on our level of capitalization and we typically raise resources from the capital markets to meet our capital requirements. Any reduction in our capital adequacy ratio, on account of regulatory changes or otherwise and any inability to access capital markets may limit our ability to grow our business and our future performance and strategy.

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

Our credit risk may be higher than banks in some developed economies. Unlike several developed economies, a nation-wide credit bureau has only recently become operational in India. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. In addition, the credit risk of our borrowers, particularly small and middle market companies, is higher than borrowers in more developed economies due to the evolving Indian regulatory, political, economic and industrial environment. The directed lending norms of the Reserve Bank of India require us to lend a certain proportion of our loans to "priority sectors", including agriculture and small enterprises, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. Any shortfall may be required to be allocated to investments yielding sub-market returns. See also "—We are subject to the directed lending requirements of the Reserve Bank of India, and any shortfall in achieving these requirements may be required to be invested in government schemes that yield low returns, thereby impacting our profitability. We may also experience a higher level of non-performing assets in our directed lending portfolio, which could adversely impact the quality of our loan portfolio, our business and the price of our equity shares and ADSs" and "Business—Loan Portfolio—Directed Lending". Also, several of our corporate borrowers in the past suffered from low profitability because of increased competition from economic liberalization, a sharp decline in commodity prices, a high debt burden and high interest rates in the Indian economy at the time of their financing, and other factors. An economic slowdown and a general decline in business activity in India could impose further stress on these borrowers' financial soundness and profitability and thus expose us to increased credit risk. This may lead to an increase in the level of our non-performing assets and there could be an adverse impact on our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

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

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

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

Our banking subsidiaries in the United Kingdom and Canada have in the past focused primarily on leveraging their deposit franchises in these markets to extend financing to Indian companies for their operations in India and globally, including the financing of overseas acquisitions by Indian companies through structured transactions. In view of regulatory limitations on cross-border financing of this nature, we are currently not pursuing significant growth in these subsidiaries, which would adversely impact their business volumes and profitability.

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

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

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

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

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

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

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

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

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

In fiscal 2008, the Reserve Bank of India issued guidelines relating to the use of recovery agents by banks. See also "—If we are not able to control the level of non-performing assets in our portfolio, our business will suffer". Any similar future guidelines may affect our collections and ability to foreclose on existing non-performing assets. In addition, where we have collateral located in jurisdictions outside India, the applicable laws and regulations in such jurisdictions may impact our ability to foreclose on collateral and realize its value. Failure to recover the expected value of collateral could expose us to potential losses, which could adversely affect our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

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

Our loan portfolio and non-performing asset portfolio have a high concentration in certain types of customers. ICICI Bank's policy is to limit its loan exposure to any particular industry (other than retail loans) to 15.0% of its total exposure. Our loans and advances to the retail finance segment constituted 37.7% of our gross loans and advances at year-end fiscal 2011. Our loans and advances to (i) the non-finance service sector, (ii) finance, (iii) crude/petroleum and petrochemicals and (iv) roads, port, telecom, urban development and other infrastructure projects (excluding power) constituted 8.8%, 6.4%, 6.0% and 5.8%, respectively of our gross loans and advances at year-end fiscal 2011. Pursuant to the guidelines of the Reserve Bank of India, ICICI Bank's credit exposure to an individual borrower generally must not exceed 15.0% of its capital funds, unless the exposure is with regards to an infrastructure project. ICICI Bank's exposure to a group of companies under the same management control generally must not exceed 40.0% of its capital funds unless the exposure is with regards to an infrastructure project. Banks may, in exceptional circumstances, with the approval of their boards, enhance the exposure by 5.0% of capital funds (i.e., aggregate exposure can be 20.0% of capital funds for an individual borrower and aggregate exposure can be 45.0% of capital funds for a group of companies under the same management). At year-end fiscal 2011, ICICI Bank's largest non-bank borrower accounted for approximately 11.9% of its capital funds. The largest group of companies under the same management control accounted for approximately 28.9% of ICICI Bank's capital funds. See also "Business—Loan Portfolio—Loan Concentration". In the past, certain of ICICI Bank's borrowers have been adversely affected by economic conditions to varying degrees. Economic conditions in India and other countries may impose strains on these borrowers' ability to repay their loans. Credit losses due to financial difficulties of these borrowers and borrower groups in the future could adversely affect our business, our financial performance, our stockholders' equity and the price of our equity shares and ADSs.

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

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in

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deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. Our financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or other information that is materially misleading. In addition, unlike several developed economies, a nationwide credit bureau has only recently become operational in India. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. As a result, our ability to effectively manage our credit risk may be adversely affected.

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

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

Beginning in fiscal 2004, we began a rapid international expansion, opening banking subsidiaries in the United Kingdom, Canada and Russia and branches and representative offices in several countries. We offer retail banking products and services including remittance services across these markets primarily to non-resident Indians. We deliver products and services, including foreign currency financing and cross-border acquisition financing, to our corporate clients through our international subsidiaries and branches. We also invest in fixed income securities and derivative products with underlying Indian and international credit exposures. In Canada and the United Kingdom, we offer direct banking offerings using the Internet as the access channel. This rapid international expansion into banking in multiple jurisdictions exposes us to a variety of regulatory and business challenges and risks, including cross-cultural risk and has increased the complexity of our risks in a number of areas including price risks, currency risks, interest rate risks, compliance risk, regulatory and reputational risk and operational risk. In the aftermath of the financial crisis and in light of enhanced regulations in many countries, we expect to face additional pressures and scrutiny in all of these areas and in the management of our international operations. We also face risks arising from our ability to manage inconsistent legal and regulatory requirements in the multiple jurisdictions in which we operate.

Our international banking subsidiaries are subject to regulations imposed by their respective overseas regulators, including regulations on capital and liquidity, country exposure and type of business. In March 2010, the United States enacted the Foreign Account Tax Compliance Act requiring foreign financial institutions to provide information about financial accounts held by U.S. taxpayers or by foreign entities in which U.S. taxpayers hold substantial ownership interest. While the final rules on implementation of this Act are yet to be finalized, it is expected that such implementation would require foreign financial institutions to develop system capabilities and processes to effect such identification and reporting. Developing these capabilities is likely to be a complex process and any failure to meet the requirements of the Act on this account or otherwise may result in legal and regulatory actions against us. The loan portfolio of our international branches and subsidiaries includes foreign currency loans to Indian companies for their Indian operations (as permitted by regulation) as well as for their overseas ventures, including cross-border acquisitions. This exposes us to specific additional risks including the failure of the acquired entities to perform as expected, and our inexperience in various aspects of the economic and legal framework in overseas markets. Regulatory changes globally and in specific markets, including increased regulatory oversight following the global financial crisis, may impact our ability to execute our strategy and deliver returns on capital invested in our international subsidiaries. Our banking subsidiaries in the United Kingdom and Canada have in the past focused primarily on leveraging their deposit franchises in these markets to extend financing to Indian companies for their operations in India and globally, including the financing of overseas acquisitions by Indian companies through structured transactions. In view of the position taken by these subsidiaries' respective regulators in connection with cross border risk and exposure concentration, we are currently not pursuing significant growth in these subsidiaries, which could adversely impact their business volumes and profitability. See also "—The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past." and "—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment". Our overseas branches and banking subsidiaries have made investments in bonds, certificates of deposits, mortgage backed securities, treasury bills, credit derivatives and asset backed commercial paper. The global financial and economic crisis resulted in mark-to-market and realized losses on our overseas and other subsidiaries' investment and derivative portfolios, increased the regulatory scrutiny of our international operations, constrained our international debt capital market borrowings and increased our cost of funding. If we are unable to manage these risks, our business would be adversely affected.

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

Most of our incremental funding requirements are met through short-term funding sources, primarily in the form of deposits including deposits from corporate customers and 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. In addition, we have seen significant growth in project financing in fiscal 2011, where the assets would typically be of longer-term maturities, relative to our funding profile. Our ability to raise fresh deposits and grow our deposit base depends in part on our ability to expand our network of branches, which requires the approval of the Reserve Bank of India. While we have recently significantly expanded our branch network pursuant to the Reserve Bank of India's authorizations for establishing new branches, there can be no assurance that these authorizations or future authorizations granted by the Reserve Bank of India will meet our requirements for branch expansion to achieve the desired growth in our deposit base. During September — October 2008, following the disclosure of our exposure to Lehman Brothers and other U.S. and European financial institutions, rumors were circulated about our financial position which resulted in concerns being expressed by depositors and higher than normal transaction levels on a few days. The proposed deregulation of savings account interest rates may increase the volatility of this component of our funding. High volumes of deposit withdrawals or failure of a substantial number of our depositors to roll over deposited funds upon maturity or to replace deposited funds with fresh deposits as well as our inability to grow our deposit base, would have an adverse effect on our liquidity position, our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

Furthermore, a part of our loan and investment portfolio, consisting primarily of the loan and investment portfolios of our international branches and subsidiaries is denominated in foreign currencies, including the U.S. dollar. Our international branches are primarily funded by debt capital market issuances and syndicated/bilateral loans, while our international subsidiaries generally raise deposits in their local markets. Volatility in the international debt markets may constrain our international capital market borrowings. There can be no assurance that our international branches and subsidiaries will be able to obtain funding from the international debt markets or other sources in a timely manner on terms acceptable to them or at all. This may adversely impact our ability to replace maturing borrowings and fund new assets. 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

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

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

The global financial crisis has led to significant and unprecedented changes in the laws, regulations and regulatory policies of India and the other jurisdictions in which we operate. Changes in laws, regulations or regulatory policies, including changes in the interpretation or application of such laws, regulations and regulatory policies, may adversely affect the products and services we offer, the value of our assets or the collateral available for our loans or our business in general. Recent regulatory changes as well as changes currently under discussion, such as changes with respect to capital requirements, leverage and liquidity ratios under Basel III; restrictions on cross-border capital flows; enhanced emphasis on local lending obligations in overseas jurisdictions; changes in directed lending regulations in India; and discussions on management compensation, consumer protection and risk management, among other areas, are expected to have an impact on our business and our future strategy. These changes could require us to reduce or increase our business in specific segments, impact our overall growth and impact our return on capital. For instance, our wholly-owned banking subsidiaries in the United Kingdom and Canada have significantly reduced their business volumes in response to the regulatory environment, which has impacted their growth and profitability. In addition, proposals currently under discussion in India such as the liberalization of the regulated rate on savings account deposits, the granting of new banking licenses and a liberal regime for the granting of branch licenses to foreign banks adopting the subsidiary branch model could lead to increased competition and have an adverse impact on our business and future strategy.

Changes in laws, regulations and regulatory policies, or the interpretation or application thereof, have and we expect will continue to lead to enhanced regulatory oversight and scrutiny and increased compliance costs. In the aftermath of the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past. This increased scrutiny increases the possibility that we will face adverse legal or regulatory actions. The Reserve Bank of India and other regulators regularly review our operations, and there can be no guarantee that any regulator will agree with our internal assessments of asset quality, provisions, risk management, capital adequacy, management functioning or other measures of the safety and soundness of our operations. In addition, regulators may find that we are not in compliance with applicable laws, regulations or regulatory policies, or with the regulators' revised interpretations of such laws, regulations or regulatory policies, and may take formal or informal actions against us. Our ability to predict future legal or regulatory changes is limited and we may face enhanced legal or regulatory burdens without advance notice. Any such changes may result in increased expenses, operational restrictions or revisions to our business operations, which may reduce our profitability or force us to forego potentially profitable business opportunities. See also "—The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past".

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

Our risk management strategies may not be effective because in a difficult or less liquid market environment other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Our derivatives businesses may expose us to unexpected market, credit and operational risks that could cause us to suffer unexpected losses or enhanced regulatory scrutiny. Severe declines in asset values, unanticipated credit events, or unforeseen circumstances that may cause previously uncorrelated factors to become correlated may create losses resulting from risks not appropriately taken into account in the development, structuring or pricing of a derivative instrument. In addition, many derivative transactions are not cleared and settled through a central clearing house or exchange, and they may not always be confirmed or settled by counterparties on a timely basis. In these situations, we are subject to heightened credit and operational risk, and in the event of a default, we may find the contract more difficult to enforce. Further, as new and more complex derivative products are created, disputes regarding the terms or the settlement procedures of the contracts could arise, which could force us to incur

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unexpected costs, including transaction and legal costs, and impair our ability to manage effectively our risk exposure to these products. Many of our hedging strategies and other risk management techniques have a basis in historic market behavior, and all such strategies and techniques are based to some degree on management's subjective judgment. To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Our balance sheet growth is dependent upon economic conditions, as well as upon our ability to securitize, sell, purchase or syndicate particular loans or loan portfolios. Our trading revenues and interest rate risk are dependent upon our ability to properly identify, and mark-to-market, changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of migrations in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses.

To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses and enhanced regulatory scrutiny. See also "—Further deterioration of our non-performing asset portfolio combined with recent Reserve Bank of India requirements that all Indian banks increase their provisioning coverage as a percentage of gross non-performing assets could adversely affect our business". The successful management of credit, market and operational risk is an important consideration in managing our liquidity risk because it affects the evaluation of our credit ratings by rating agencies. Rating agencies may reduce or indicate their intention to reduce the ratings at any time. See also "Risks Relating to India and Other Economic and Market Risks—Any downgrading of India's debt rating by an international rating agency could adversely affect our business, our liquidity and the price of our equity shares and ADSs". The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in our ratings. Any reduction in our ratings (or withdrawal of ratings) may increase our borrowing costs, limit our access to capital markets and adversely affect our ability to sell or market our products, engage in business transactions particularly longer-term, and derivatives transactions, or retain our customers. Conditions in the international and Indian debt markets may adversely impact our access to financing and liquidity. This, in turn, could reduce our liquidity and negatively impact our operating results and financial condition. For more information relating to our ratings, see also "Business—Risk Management—Quantitative and Qualitative Disclosures about Market Risk—Liquidity Risk".

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

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

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

As a financial intermediary, we are exposed to exchange rate risk. See also “Business—Risk Management—Quantitative and Qualitative Disclosures about Market Risk—Exchange Rate Risk”. Several of our borrowers enter into derivative contracts to manage their foreign exchange risk exposures. During fiscal 2009, due to high exchange rate volatility as a result of the financial crisis, a number of clients experienced significant mark-to-market losses in derivative transactions. On maturity or premature termination of the derivative contracts, these mark-to market

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losses became receivables owed to us. Some clients did not pay their derivative contract obligations to us in a timely manner, and in some cases have initiated legal proceedings challenging the validity of these contracts and their obligations to us. Any increase in such instances and any decision against us in these proceedings may have an adverse impact on our profitability and business. The failure of our borrowers to manage their exposures to foreign exchange, derivative risk, adverse movements and volatility in foreign exchange rates may adversely affect our borrowers and the quality of our exposure to our borrowers and our business volumes and profitability. In October 2008, the Reserve Bank of India issued guidelines requiring banks to classify receivables representing the crystallized positive mark-to-market value of a derivative contract overdue for 90 days or more as a non-performing asset. In addition, the Reserve Bank of India has also stipulated that mark-to-market gains on other derivative contracts with the same counterparties should not be recognized through the profit and loss account. Defaults by our clients on their derivative contracts and their subsequent classification as non-performing assets may have an adverse impact on our profitability, business and the price of our equity shares and ADSs.

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

We experienced rapid growth in our retail loan portfolio between fiscal 2002 and fiscal 2007. See also “Business—Loan Portfolio”. In addition, we undertook a rural initiative designed to bring our products and services into many rural areas. This rapid growth of the retail loan business and the rural initiative exposed us to increased risks within India including higher levels of non-performing loans in our unsecured retail credit portfolio, increased operational risk, increased fraud risk and increased regulatory and legal risk. For example, during fiscal 2007, we made a provision of Rs. 0.9 billion for losses from frauds pertaining to the warehouse receipt-based financing product for agricultural credit. See also “—Our risk profile is linked to the Indian economy and the banking and financial markets in India which are still evolving”. During fiscal 2011, we have seen a significant increase in our exposure to the power sector. We cannot be sure that these projects will begin operations as scheduled or perform as anticipated. Any delays in operations or the inability of these projects to perform in accordance with our expectations may have an adverse impact on our asset quality and profitability. See also “—Our loan portfolio includes long-term project finance loans, which are particularly vulnerable to completion and other risks.”

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

Within the Indian market, we face intense competition from other commercial banks, investment banks, insurance companies and non-bank finance companies. Some Indian public and private sector banks have recently experienced higher growth, achieved better profitability and increased their market shares relative to us. Further liberalization of the Indian financial sector could lead to a greater presence or new entries of Indian and foreign banks offering a wider range of products and services, which could adversely impact our competitive environment. The government of India’s budget for fiscal 2011 stated that the Reserve Bank of India is considering issuing additional banking licenses to private sector players, including to non-bank finance companies, if they meet the Reserve Bank of India’s eligibility criteria. In August 2010, the Reserve Bank of India issued a discussion paper for public comment on the entry of new banks in the private sector. In August 2011, the Reserve Bank of India issued draft guidelines for public comment on the entry of new banks in the private sector including proposals on the eligibility criteria, structure, capital requirements, shareholding structure and corporate governance practices. During fiscal 2011, the Reserve Bank of India also issued a discussion paper on the presence of foreign banks in India envisioning, among other things, subsidiarization and near equivalent treatment to national banks, including more liberal branch licensing, for foreign banks operating in India. 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 also “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.

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

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

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

While our life insurance business recorded accounting profits in fiscal 2010 and fiscal 2011 and the growth of our life insurance subsidiary has moderated, additional capital may be required to support the insurance business. In accordance with the Insurance Regulatory Development Authority's order dated March 12, 2011, all general insurance companies in India, including our general insurance subsidiary, are required to provide for losses on the third party motor pool (a multilateral arrangement for insurance in respect of third party claims against commercial vehicles, the results of which are shared by all general insurance companies in proportion to their overall market share) at a provisional rate of 153.0% for the fiscal 2008 to fiscal 2011 period, compared to the earlier loss rate of 122%-127%. Since the losses are allocated to general insurance companies based on their overall market shares, the profitability and solvency ratio of our general insurance subsidiary were adversely impacted. There can be no assurance that our general insurance subsidiary will not be impacted by any further increase in the mandated loss rates on the third party motor pool. Our ability to invest additional capital in these businesses is subject to the Reserve Bank of India's regulations on capital adequacy and its para-banking guidelines that prescribe limits for our aggregate investment in financial sector enterprises. All such investments require prior approval of the Reserve Bank of India. See also "—Loss reserves for our general insurance business are based on estimates as to future claims liabilities and adverse developments relating to claims could lead to further reserve additions and materially adversely affect the operation of our general insurance subsidiary", "Business—Insurance" and "Supervision and Regulation—Reserve Bank of India Regulation—Holding Companies". The capital requirements of our insurance subsidiaries and restrictions on our ability to capitalize them could adversely impact their growth, our future capital adequacy, our financial performance and the price of our equity shares and ADSs.

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

Our life insurance and general insurance joint ventures are becoming an increasingly important part of our business. See also "Business—Overview of Our Products and Services—Insurance". These businesses have seen sharp moderation in growth since fiscal 2009. There can be no assurance of their future rates of growth. Our life insurance business primarily comprises unit-linked life insurance and pension products. Reduction in capital market valuations and volatility in capital markets have had an adverse impact on the demand for these products. Our life insurance subsidiary has been impacted by the substantial changes in regulations specified by the Insurance Regulatory and Development Authority regarding unit-linked products that became effective September 1, 2010. The changes include a cap on surrender charges, a cap on charges applicable from the sixth year of policy, an increase in minimum premium paying term and the introduction of minimum guaranteed returns on pension products. The growth of our general insurance business has been adversely impacted by the deregulation of pricing on certain products, which has resulted in a reduction in premiums for those products. Further, our general insurance subsidiary has also been adversely impacted by mandated higher losses on the third party motor insurance pool, which resulted in a loss of Rs. 0.8 billion for the subsidiary in fiscal 2011. See also "—The additional capital required by our insurance subsidiaries may adversely impact our business and the price of our equity shares and ADSs” and “Supervision and Regulation—Regulations Governing Insurance Companies”. A slowdown in the Indian economy, further regulatory changes or customer dissatisfaction with our insurance products could adversely impact the future growth of these businesses. See also “—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment”. Any slowdown in these businesses and in particular

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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 reported statutory losses since inception until fiscal 2009.

We and our joint venture partner have made significant investments in our life insurance joint venture, ICICI Prudential Life Insurance Company. See also "Business—Overview of Our Products and Services—Insurance". As is normal in the start-up phase of any life insurance business, this business reported statutory losses from inception until fiscal 2009. Although the company achieved statutory profits during fiscal 2010 and fiscal 2011, there can be no assurance that the ultimate actual profitability of the life insurance business will be in line with current assumptions and expectations. The substantial changes in regulations introduced by the Insurance Regulatory and Development Authority are likely to impact growth in business and the profitability of our life insurance business. See also "—While our insurance businesses are becoming an increasingly important part of our business, there can be no assurance of their future rates of growth or level of profitability".

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

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

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and loss adjustment expenses and have a material adverse effect on the results of operations of our general insurance subsidiary.

In accordance with the Insurance Regulatory Development Authority's order dated March 12, 2011, all general insurance companies in India, including our insurance subsidiary, are required to provide for losses on the third party motor pool (a multilateral arrangement for insurance with respect to third party claims against commercial vehicles, the results of which are shared by all general insurance companies in proportion to their overall market share) at a provisional rate of 153.0% over fiscal 2008 to fiscal 2011 compared to the earlier loss rate of 122%-127%. Since the losses are allocated to general insurance companies based on their overall market shares, the profitability and solvency ratio of our general insurance subsidiary were adversely impacted. We injected Rs. 2.5 billion of capital in our general insurance subsidiary during the quarter ended March 31, 2011. An actuarial study by the Insurance Regulatory and Development Authority to determine the level of losses on this pool is currently underway and the results are expected during fiscal 2012. While the Insurance Regulatory and Development Authority has increased the administered premiums on this business, there can be no assurance that our general insurance subsidiary will not be impacted by any further increase in the mandated loss rates on the third party motor pool.

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

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

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

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

We, like all financial institutions, are exposed to many types of operational risk, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing our business activities), misreporting or non-reporting with respect to statutory, legal or regulatory reporting and disclosure obligations, or operational errors, including clerical or record keeping and reconciliation errors or errors resulting from faulty computer or telecommunications systems. We have experienced significant growth in a fast changing environment, and management, as well as our regulators, are aware that this may pose significant challenges to our control framework. As a result of our internal evaluations, we and our regulators have noted certain areas where our processes and controls could be improved. Our growth, particularly in retail lending, our rural initiative, our international business and our insurance businesses exposes us to additional operational and control risks. Regulatory scrutiny of areas related to operational risk, including internal audit information, systems and data processing is increasing. The large size of our treasury and retail operations, which use automated control and recording systems as well as manual checks and record keeping, exposes us to the risk of errors in control, record keeping and reconciliation. The increasing size of our insurance business and the complexities of the products expose us to the risk that the models set up on actuarial software to compute the actuarial liabilities and deferred acquisition cost may contain errors or may require continuous improvement over a period of time. We also outsource some functions, like collections, to other agencies. Given our high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. In addition, our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect. We may also be subject to disruptions of our operating systems, arising from events that are wholly or partially beyond our control (including, for example, computer viruses or electrical or telecommunication outages), which may give rise to deterioration in customer service and to loss or liability to us. We are further exposed to the risk that external vendors may be unable to fulfill their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees as we are), and to the risk that our (or our vendors') business continuity and data security systems prove not to be sufficiently adequate. We also face the risk that the design of our controls and procedures prove inadequate, or are circumvented, thereby causing delays in detection or errors in information. Although we maintain a system of controls designed to keep operational risk at appropriate levels, like all banks and insurance companies we have suffered losses from operational risk and there can be no assurance that we will not suffer losses from operational risks in the future that may be material in amount, and our reputation could be adversely affected by the occurrence of any such events involving our employees, customers or third parties. There are inherent limitations to the effectiveness of any system especially of controls and procedures, including the possibility of human error, circumvention or overriding of the controls and procedures, in a fast changing environment or when entering new areas of business or expanding geographic reach. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. We are committed to continuing to implement and improve internal controls and our risk management processes, and this remains a key priority for us. If, however, we are unable to manage operational risk in India and in the other jurisdictions in which we operate, or if we are perceived as being unable to manage such risk, we may be subject to enhanced regulatory oversight and scrutiny. For a discussion of how operational risk is managed, see also "Business—Risk Management—Operational Risk".

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

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

System failures could adversely impact our business.

Given the large share of retail products and services and transaction banking services in our total business, the importance of systems technology to our business has increased significantly. We have also launched delivery of banking services through mobile telephones. Our principal delivery channels include ATMs, call centers and the Internet. While we have procedures to monitor for and prevent system failures, and to recover from system failures in the event they occur, there is no guarantee that these procedures will successfully prevent a system failure or allow us to recover quickly from a system failure. Any failure in our systems, particularly for retail products and services and transaction banking, could significantly affect our operations and the quality of our customer service and could result in enhanced regulatory scrutiny and business and financial losses that would adversely affect the price of our equity shares and ADSs. Regulatory scrutiny in this area is increasing. See also "—The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past."

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

We have been assessed by the government of India's tax authorities, and have included in contingent liabilities, Rs. 20.0 billion in additional taxes in excess of our provisions at year-end fiscal 2011. These additional tax demands mainly relate to issues disputed by us, such as the disallowance of depreciation on leased assets, expenditure incurred towards exempt income, withdrawal of a special reserve, indirect tax matters and appeals filed by the tax authorities against decisions in our favor. The Rs. 20.0 billion included in our contingent liabilities does not include further disputed tax assessments amounting to Rs. 16.9 billion relating to bad debts written off and penalties levied, which has been considered remote based on favorable Apex Court decisions in other similar cases. See also "Business—Legal and Regulatory Proceedings". We have appealed all of these demands. While we expect that no additional liability will arise out of these disputed demands based on our consultations with tax counsel and favorable decisions in our own and other cases, there can be no assurance that these matters will be settled in our favor or that no further liability will arise out of these demands. Any additional tax liability may adversely impact our financial performance and the price of our equity shares and ADSs.

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

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

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 decreased as we did not award performance bonuses to employees. A substantial portion of our compensation structure for middle and senior management is in the form of employee stock options, and dependent on the market price of our equity shares. Depending on market and business conditions, we may decide to reduce our employee strength in certain of our businesses. 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 operations appropriately, or lose one or more key senior executives or qualified young professionals and fail to replace them in a satisfactory and timely manner, our business, financial condition and results of operations, including our control and operational risks, may

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

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

The financial statements and other financial information included in this annual report are based on our consolidated financial statements under Indian GAAP. It is expected that Indian accounting standards will converge with International Financial Reporting Standards and we may be required to prepare financial statements under International Financial Reporting Standards, as adopted in India, from fiscal 2014 onwards. However, as part of the ongoing project undertaken by International Accounting Standard Board (IASB), which will replace the current standards on financial instruments, particularly IAS 39, in a phased manner. We may issue financial statements under International Financial Reporting Standards prior to fiscal 2014, for compliance with regulations in certain jurisdictions where we have operations or where our securities are listed. Financial statements prepared under standards different from Indian GAAP, as presently in existence, may diverge significantly from the financial statements and other financial information included in this annual report.

Risks Relating to ADSs and Equity Shares

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

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

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

In fiscal 2008, we concluded a capital raising exercise comprising a public offering in India and an ADS offering aggregating Rs. 199.7 billion. We may conduct additional equity offerings to fund the growth of our business, including our international operations, our insurance business or our other subsidiaries. In addition, up to 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 also "Restriction on Foreign Ownership of Indian Securities". We cannot guarantee that any such approval will be obtained in a timely manner or at terms favorable to the investor. Because of possible delays in obtaining the requisite approvals, investors in equity shares may be prevented from realizing gains during periods of price increases or limiting losses during periods of price declines.

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

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

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

The Life Insurance Corporation of India, the General Insurance Corporation of India and other government-owned general insurance companies, all of which are directly controlled by the Indian government, are among our principal shareholders. At June 30, 2011, the Life Insurance Corporation of India held 9.2% and the General Insurance Corporation of India and other government-owned general insurance companies held 2.2% of our outstanding equity shares. See also "Business—Shareholding Structure and Relationship with the Government of India". Any substantial sale of our equity shares by these or other large shareholders could adversely affect the price of our equity shares and ADSs. Under the Indian Banking Regulation Act, no person holding shares in a banking company can exercise more than 10.0% of the total voting power. Deutsche Bank Trust Company Americas held approximately 26.1% of our equity shares at June 30, 2011 as depositary for ADS holders and votes on these shares in accordance with the directions of our board of directors. Pursuant to the provisions of the Indian Banking Regulation Act, Deutsche Bank Trust Company Americas can only vote 10.0% of our equity shares. After taking into consideration the restriction of 10.0%, the effective outstanding voting rights at June 30, 2011 for Deutsche Bank Trust Company Americas were 10.0%, for the Life Insurance Corporation of India were 9.2% and for the General Insurance Corporation of India and other government-owned general insurance companies were 2.2%.

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

The Indian securities markets are smaller and more volatile than securities markets in developed economies. In the past, the Indian stock exchanges have experienced high volatility and other problems that have affected the market price and liquidity of the listed securities, including temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In April 2003, the decline in the price of the equity shares of a leading Indian software company created volatility in the Indian stock markets and created temporary concerns regarding our exposure to the equity markets. On May 17, 2004, the Bombay Stock Exchange Sensex fell by 565 points from 5,070 to 4,505, creating temporary concerns regarding our exposure to the equity markets. Both the BSE and the NSE halted trading on the exchanges on May 17, 2004 in view of the sharp fall in prices of securities. The Indian securities markets experienced rapid appreciation during fiscal 2006 but underwent a sharp correction in May 2006. The markets experienced a recovery thereafter and the BSE Sensex reached an all time high of 20,873 on January 8, 2008 but subsequently experienced a sharp correction, with the BSE Sensex declining to 8,160 on March 9, 2009. In the 24 months since then, the equity markets had recovered with the BSE Sensex at 19,445 at March 31, 2011. However, the European debt crisis, volatile crude oil prices and concerns on growth in India have caused a decline in the domestic equity markets with the BSE Sensex at 16,051 at September 26, 2011. 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 also "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 ADSs are currently listed on the BSE and the NSE. Settlement on those stock exchanges may be subject to delays and an investor in equity shares withdrawn from the depositary facility upon surrender of ADSs may not be able to settle trades on such stock exchanges in a timely manner. See also "—Conditions in the Indian securities market may adversely affect the price or liquidity of our equity shares and ADSs".

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

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

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

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

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

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

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

There is a difference between India and the United States in the level of regulation and monitoring of the securities markets and the activities of investors, brokers and other market participants. The Securities and Exchange

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Board of India is responsible for improving disclosure and regulating insider trading and other matters for the Indian securities markets. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in the United States.

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BUSINESS

Overview

We are a diversified financial services group offering a wide range of banking and financial services to corporate and retail customers through a variety of delivery channels. We are the largest private sector bank in India and the second largest bank in India, in terms of total assets. Apart from banking products and services, we offer life and general insurance, asset management, securities brokering and private equity products and services through our specialized subsidiaries. Our total assets at year-end fiscal 2011 were Rs. 5,337.7 billion. Our net worth at year-end fiscal 2011 was Rs. 546.8 billion. During fiscal 2011, our net profit was Rs. 60.9 billion compared to Rs. 46.7 billion during fiscal 2010.

Our primary business consists of commercial banking operations for corporate and retail customers. We provide a range of commercial banking and project finance products and services, including loan products, fee and commission-based products and services, deposit products and foreign exchange and derivatives products to India’s leading corporations, middle market companies and small and medium enterprises. Our commercial banking operations for retail customers consist of retail lending and deposit taking and distribution of third party investment products. We deliver our products and services through a variety of channels, including bank branches, ATMs, call centers, the internet and mobile phones. We had a network of 2,534 branches and 6,583 ATMs in India at July 31, 2011. This includes 463 branches and 127 ATMs of the Bank of Rajasthan, an old private sector bank that merged with us with effect from the close of business on August 12, 2010. We also offer agricultural and rural banking products.

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

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

We are also engaged in insurance, asset management, securities business and private equity fund management through specialized subsidiaries. Our subsidiaries ICICI Prudential Life Insurance Company, ICICI Lombard General Insurance Company and ICICI Prudential Asset Management Company provide a wide range of life and general insurance and asset management products and services to retail and corporate customers. ICICI Prudential Life Insurance Company was the largest private sector life insurance company in India during fiscal 2011, with a market share of 7.3% based on new business written (on a retail weighted received premium basis). ICICI Lombard General Insurance Company was the largest private sector general insurance company in India during fiscal 2011, with a market share of 9.6% in gross written premium. 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 during fiscal 2011. We cross-sell the products of our insurance and asset management subsidiaries and of other asset management companies to our retail and corporate customers. Our subsidiaries ICICI Securities Limited and ICICI Securities Primary Dealership Limited are engaged in equity underwriting and brokerage and primary dealership in government securities respectively. ICICI Securities owns icicidirect.com, a leading online brokerage platform. ICICI Securities Limited has a subsidiary in the United States, ICICI Securities Holdings Inc. that in turn has an operating subsidiary in the United States, ICICI Securities Inc., which is engaged in

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brokerage services. Our private equity fund management subsidiary, ICICI Venture Funds Management Company, manages funds that make private equity investments.

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

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

History

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

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

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

At the time of the merger, both ICICI Bank and ICICI were publicly listed in India and on the New York Stock Exchange. The amalgamation was approved by each of the boards of directors of ICICI, ICICI Personal Financial Services, ICICI Capital Services and ICICI Bank at their respective board meetings held on October 25, 2001. The amalgamation was approved by ICICI Bank's and ICICI's shareholders at their extraordinary general meetings held on January 25, 2002 and January 30, 2002, respectively. The amalgamation was approved by the High Court of Gujarat at Ahmedabad on March 7, 2002 and by the High Court of Judicature at Bombay on April 11, 2002. The amalgamation was approved by the Reserve Bank of India on April 26, 2002. The amalgamation became effective on May 3, 2002. The date of the amalgamation for accounting purposes under Indian GAAP was March 30, 2002.

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

The Bank of Rajasthan, a listed Indian private sector bank, merged with ICICI Bank with effect from the close of business on August 12, 2010 and we are in the process of integrating its operations with ours. At August 12, 2010, the Bank of Rajasthan had total assets of Rs. 156.0 billion, deposits of Rs. 134.8 billion, loans of Rs. 65.3 billion and investments of Rs. 71.0 billion. During fiscal 2010, it incurred a loss of Rs. 1.0 billion. The Bank of Rajasthan was also a sponsoring entity of a regional rural bank called the Mewar Anchalik Gramin Bank, with a holding of 35%. The Mewar Anchalik Gramin Bank had 58 branches with total deposits of Rs. 4.3 billion and total loans of Rs. 1.5 billion at year-end fiscal 2010. It made a profit of Rs. 21 million in fiscal 2010 but due to prior years losses had accumulated losses of Rs. 0.1 billion at year-end fiscal 2010.

Shareholding Structure and Relationship with the Government of India

The following table sets forth, at September 2, 2011, certain information regarding the ownership of our equity shares.

	Percentage of total equity shares outstanding		Number of equity shares held
Government-controlled shareholders:			
Life Insurance Corporation of India	9.4	%	107,907,508
General Insurance Corporation of India and government-owned general insurance companies	2.3		26,021,251
UTI and UTI Mutual Fund	1.0		10,983,148
Other government-controlled institutions, mutual funds, corporations and banks	0.1		1,244,098
Total government-controlled shareholders	12.8		146,156,005
Other Indian investors:			
Individual domestic investors(1)(2)	5.7		65,318,169
Mutual funds and banks (other than government-controlled mutual funds and banks)	6.9		79,858,610
Indian corporations and others	10.0		116,047,649
Total other Indian investors	22.6		261,224,428
Total Indian investors	35.4		407,380,433
Foreign investors:	-		
Deutsche Bank Trust Company Americas, as depositary for American Depositary Share holders	25.9		298,221,068
Allamanda Investments Pvt. Limited(3)	3.5		39,834,293
Other foreign institutional investors, foreign banks, overseas corporate bodies, foreign companies, foreign nationals, foreign institutional investors and non-resident Indians(1)(2)	35.2		406,910,330
Total foreign investors	64.6		744,965,691
Total	100.0		1,152,346,124

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

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

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

In fiscal 2006, we concluded a capital raising exercise issuing 148,204,556 equity shares, raising a total of Rs. 80.0 billion through a simultaneous public offering in India and American Depositary Shares offering in the United

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

The holding of government-controlled shareholders was 12.8% at September 2, 2011 against 13.8% at August 28, 2010 and 14.5% at August 28, 2009. The holding of Life Insurance Corporation of India was 9.4% at September 2, 2011 against 10.3% at August 28, 2010, and 10.3% at August 28 2009.

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, which it has done. We have traditionally invited a representative of each of the government-controlled insurance companies that are among our principal institutional shareholders, Life Insurance Corporation of India Limited and General Insurance Corporation of India Limited, to join our board. There is currently no representative of either Life Insurance Corporation of India or General Insurance Corporation of India on our board. See also "Management—Directors and Executive Officers" for a discussion of the composition of our board of directors.

The holding of other Indian investors was 22.6% at September 2, 2011 against 19.1% at August 28, 2010 and 20.4% at August 28, 2009. The total holding of Indian investors was 35.4% at September 2, 2011 against 32.9% at August 28, 2010 and 34.9% at August 28, 2009. The holding of foreign investors was 64.6% at September 2, 2011 against 67.1% at August 28, 2010 and 65.1% at August 28, 2009. See also "Supervision and Regulation—Reserve Bank of India Regulations—Ownership Restrictions". Deutsche Bank Trust Company Americas holds the equity shares represented by 298 million American Depositary Shares outstanding as depositary on behalf of the holders of the American Depositary Shares. The American Depositary Shares are listed on the New York Stock Exchange. Under the Indian Banking Regulation Act, no person holding shares in a banking company can exercise more than 10.0% of the total voting power. This means that Deutsche Bank Trust Company Americas (as depositary), which held approximately 25.9% of our equity shares at September 2, 2011 against 27.9% at August 28, 2010 and 29.6% at August 28, 2009 could only vote 10.0% of our equity shares, in accordance with the directions of our board of directors. See also "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:
- enhancing our retail and corporate franchise in both domestic and international markets;
- increasing the proportion of current and savings account and retail term deposits in our domestic deposit base;
- building a rural banking franchise;

- strengthening our insurance, asset management and securities businesses;
- emphasize conservative risk management practices and enhance asset quality;
- use technology for competitive advantage; and

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- attract and retain talented professionals.

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

In fiscal 2010, we focused on repositioning our balance sheet for the next phase of growth. We increased the proportion of current and savings account deposits; reduced the rate of growth of non-performing loans; continued to keep stringent control on operating expenses; and maintained a high level of capital adequacy, relative to the regulatory requirement. In fiscal 2011, we focused on growing our loan book by capitalizing on selected credit segments such as mortgages, secured retail loans and project finance, mobilizing low cost current account and savings deposits, reducing credit costs, optimizing operating expenses and improving our customer service capabilities.

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

Overview of Our Products and Services

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

Commercial Banking for Retail Customers

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

Retail Lending Activities

Given the favorable demographics of the country and the under-penetration of retail credit, we identified retail credit as a key opportunity in early 2000. We capitalized on the retail opportunity offering home loans, automobile loans, commercial business loans (including primarily commercial vehicle loans), personal loans, credit cards, loans against time deposits and loans against securities. We also funded dealers who sell automobiles, consumer durables and commercial vehicles. Our retail portfolio was Rs. 1,259.9 billion, constituting 46.4% of gross loans at year-end fiscal 2009. 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 2009 and, as a result, the retail portfolio declined to Rs. 976.5 billion, constituting 42.1% of gross loans at year end-fiscal 2010, and thereafter increased marginally to Rs. 996.1 billion, constituting 37.7% of gross loans at year-end fiscal 2011. However, we continue to believe that retail credit has a robust long-term potential due to rising income levels and expansion of the middle class. We will continue to focus on secured retail products like home loans, car loans and commercial vehicle loans. We will selectively offer unsecured products such as personal loans and credit cards to our existing customers.

Our retail asset products are generally fixed rate products repayable in equated monthly installments other than our floating rate home loan portfolio, where any change in the benchmark rate to which the rate of interest on the loan is referenced is passed on to the borrower on the first day of the succeeding quarter or succeeding month, as applicable. Any decrease in the rate of interest payable on floating rate home loans is generally affected by an acceleration of the repayment schedule, keeping the monthly installment amount unchanged. Any increase in the rate of interest payable on floating rate home loans is generally effected in the first instance by an extension of the repayment schedule, keeping the monthly installment amount unchanged, and based on certain criteria, by changing

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the monthly installment amount. See also "Risk Factors—Risks Relating to Our Business—Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance".

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

	At March 31,				
	2009	2010	2011		2011
		(Rs. in billions)		(% share)	(US$ in millions)
Home loans(1)	Rs. 733.3	Rs. 619.8	Rs. 644.0	64.6 %	US$ 14,458
Automobile loans	133.2	85.2	85.8	8.6	1,927
Commercial business loans	164.4	136.8	152.9	15.4	3,432
Two-wheeler loans	16.9	4.6	2.1	0.2	47
Others(2)	9.2	10.4	13.0	1.3	292
Total secured retail finance portfolio	1,057.0	856.8	897.8	90.1 %	20,156
Personal loans	108.8	57.2	42.8	4.3	962
Credit card receivables	90.2	59.4	48.5	4.9	1,090
Others(3)	3.9	3.1	7.0	0.7	156
Total unsecured retail	202.9	119.7	98.3	9.9 %	2,208
Total retail finance portfolio	Rs. 1,259.9	Rs. 976.5	Rs. 996.1	100.0 %	US$ 22,364

(1) Includes developer financing of Rs. 90.9 billion at year-end fiscal 2011, Rs. 40.7 billion at year-end fiscal 2010, and Rs. 39.5 billion at year-end fiscal 2009.

(2) Includes dealer financing of Rs. 5.8 billion at year-end fiscal 2011, Rs. 4.6 billion at year-end fiscal 2010, and Rs. 4.9 billion at year-end fiscal 2009.

(3) Represents dealer financing portfolio

Our unsecured retail portfolio primarily includes personal loans and credit card receivables. Until fiscal 2009, we also offered small value unsecured loans to low income urban customers. These loans are uncollateralized and the recovery process of any outstanding amount due is typically conducted through direct visits or calls to the borrowers, and the recovery experience in such cases is generally inferior to that in the secured products. Following the increase in interest rates, tightening liquidity, challenging macroeconomic environment and changes in regulations pertaining to the use of recovery agents by banks, we witnessed higher than anticipated losses in the unsecured retail portfolio. In fiscal 2009, we discontinued our small personal loans product, which was composed of unsecured loans to low income customers. We also reduced incremental lending in personal loans and credit card issuances, resulting in a decline in the overall unsecured retail lending portfolio. Our personal loans typically range from Rs. 100,000 to Rs. 1,000,000 in size with tenors of 1-4 years and yields ranging from 14-18%. During fiscal 2011, ICICI Bank's personal loans disbursements were about 2.0% of its total retail loan disbursements at Rs. 5.5 billion and its number of outstanding credit cards declined from 4.3 million at year-end fiscal 2010 to about 3.4 million at year-end fiscal 2011 (excluding the credit card base of the Bank of Rajasthan which merged with us effective close of business on August 12, 2010). At year-end fiscal 2011, our personal loans portfolio was Rs. 42.8 billion as compared to Rs. 57.2 billion at year-end fiscal 2010. The credit card receivables portfolio at year-end fiscal 2011 was Rs. 48.5 billion as compared to Rs. 59.4

billion at year-end fiscal 2010.

The proportion of unsecured retail loans in the total retail portfolio decreased from 16.1% at year-end fiscal 2009 to 12.3% at year-end fiscal 2010 and further to 9.9% at year-end fiscal 2011.

We offer retail lending products primarily in India through ICICI Bank and our wholly owned subsidiary, ICICI Home Finance Company Limited. Our home loan portfolio includes both loans for the purchase and construction of homes as well as loans against property. Our policies for such loans are based on certain stipulated ratios such as the loan-to-value ratio and the ratio of fixed debt obligations to a borrower's income. The initial repayment term of such loans is 15 to 20 years with payments in the form of equated monthly installments. We conduct a part of our housing loan business through ICICI Home Finance Company.

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

Lending to Small and Medium Enterprises

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

Retail Deposits

Our retail deposit products include time deposits and savings accounts. We also offer targeted products to specific customer segments such as high net worth individuals, defense personnel, trusts and businessmen, and have corporate salary account products. We offer current account (i.e., checking accounts for businesses) products to our small enterprises customers, who maintain balances with us. Further, we offer an international debit card in association with VISA International. At year-end fiscal 2011, we had a debit card base in excess of 16 million cards.

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

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

Fee-Based Products and Services

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

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

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

Commercial Banking for Corporate Customers

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

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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 Markets Group provides foreign exchange and other treasury products to corporations. The Project Finance Group focuses on origination of large project finance mandates. We seek to syndicate corporate and project financing among domestic and international banks and institutions.

Corporate Loan Portfolio

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

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

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

Fee and Commission-Based Activities

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

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

We also offer commercial banking services such as cash management services (such as collection, payment and remittance services), escrow, trust and retention account facilities, online payment facilities, custodial services and tax collection services on behalf of the government of India and the governments of Indian states. At July 2011, total assets held in custody on behalf of our clients (mainly foreign institutional investors, offshore funds, overseas corporate bodies and depositary banks for GDR investors) were Rs. 1,622.9 billion. As a registered depositary participant of National Securities Depository Limited and Central Depository Services (India) Limited, the two securities depositaries operating in India, we also provide electronic depositary facilities to investors.

Corporate Deposits

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

Foreign Exchange and Derivatives

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

Foreign Exchange Products

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

Retail Foreign Exchange Products

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

Bullion

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

Derivatives

We offer derivative products including interest rate swaps, currency swaps, options and currency futures. We run one of the largest U.S. dollar/Indian rupee option books in India and provide market making in interest rate and currency derivatives in all G7 currencies.

Commercial Banking for Rural and Agricultural Customers

We believe that rural India is key to sustaining India's current growth momentum and our rural banking strategy seeks to match the growing demand for financial services in rural areas. The Reserve Bank of India's directed lending norms also require us to lend a portion of advances to the rural and agricultural sector. See also"—Loan Portfolio—Directed Lending". We provide corporate banking products and services to corporate clients engaged in agriculture-linked businesses. We finance suppliers and vendors of corporations and medium enterprises engaged in agriculture-linked businesses. We have also strengthened our relationships with co-operatives that are constituted by farmers. We offer financial solutions to farmers, commodity traders and processors and to micro-finance institutions. As per the Reserve Bank of India requirements, we have formulated a board approved financial inclusion plan to facilitate the opening of basic deposit accounts in rural and unbanked areas Rural banking presents significant challenges in terms of geographical coverage and high unit transaction costs. See also "Risk Factors—Risks Relating to Our Business—Entry into new businesses or expansions of existing businesses may expose us to increased risks that may adversely affect our business".

Commercial Banking for International Customers

Our strategy for growth in international markets is based on leveraging home country links, technology and infrastructure for international expansion by capturing market share in selected international markets. Our international strategy is focused on building a retail deposit franchise in geographies where we have such licenses, meeting the foreign currency needs of our Indian corporate clients, taking select non-India trade finance exposures linked to imports to India, carrying out select local lending as required by regulations, and achieving the status of the preferred non-resident Indian community bank in key markets. We also seek to build stable wholesale funding sources and strong syndication capabilities to support our corporate and investment banking business, and to expand private banking operations for India-centric asset classes.

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

Many of the commercial banking products that we offer through our 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 have increased from US$ 13.0 billion in fiscal 2001 to US$ 56.0 billion in fiscal 2011, with India being the largest remittance receiving country in the world. We recognized the remittance opportunity early on in the decade and started offering a host of remittance services tailored to meet the needs of diverse customer segments. We have a market share of over 18.5% of the migrant

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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. Our 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 70,000 bank branches. None of the content of the website www.money2India.com is incorporated in this annual report.

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

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

- Offshore banking deposits: Multi-currency deposit products in U.S. dollar, pound sterling and euro.

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

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

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

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

Our international branches had total assets of Rs. 697.4 billion (net of inter-office assets) and total advances of Rs. 551.0 billion at year-end fiscal 2011 as compared to total assets of Rs. 611.2 billion and total advances of Rs. 451.2 billion at year-end fiscal 2010. Our international branches are primarily funded by debt capital market borrowings and syndicated/bilateral loans. See also "Risk Factors-Risks relating to our business-Our funding is primarily short-term and if depositors do not roll over deposited funds upon maturity, our business could be adversely affected.

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

At year-end fiscal 2011, ICICI Bank UK PLC had 13 branches, including one in Belgium and one in Germany, and assets including cash and liquid securities, loans and advances, bonds and notes of financial institutions, India-linked investments and asset backed securities. ICICI Bank UK made a net profit of US$ 37 million in both fiscal 2010 and fiscal 2011. ICICI Bank UK PLC had total assets of US$ 6.4 billion at year-end fiscal 2011, as compared to US$ 7.4 billion at year-end fiscal 2010.

At year-end fiscal 2011, ICICI Bank Canada had nine branches and assets including cash and liquid securities, loans and advances, federally insured mortgages, India-linked investments and asset backed securities. ICICI Bank Canada made a net profit of CAD 32 million in fiscal 2011 compared to CAD 35 million in fiscal 2010. ICICI Bank Canada had total assets of CAD 4.5 billion at year-end fiscal 2011, as compared to CAD 5.7 billion at year-end fiscal 2010.

At year-end fiscal 2011, ICICI Bank Eurasia had one branch and total assets of US$ 324 million as compared to total assets of US$ 406 million at year-end fiscal 2010. ICICI Bank Eurasia made a net profit of US$ 6 million in fiscal 2011 compared to US$ 11 million in fiscal 2010. See also "Risk Factors—Risks Relating to India and Other Economic and Market Risks—Financial instability in other countries, particularly emerging market countries and countries where we have established operations, could adversely affect our business and the price of our equity shares and ADSs" and

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

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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 2011, we had a network of 2,529 branches across several Indian states which includes 463 branches of the Bank of Rajasthan, at the time of amalgamation .

As a part of its branch licensing conditions, the Reserve Bank of India has stipulated that at least 25.0% of our branches must be located in semi-urban and rural areas. The following table sets forth the number of branches broken down by area at year-end fiscal 2011.

	At March 31, 2011	
	Number of branches and extension counters	% of total
Metropolitan/urban	1,448	57.3 %
Semi-urban/rural	1,081	42.7 %
Total branches and extension counters	2,529	100.0 %

At July 31, 2011, we had 6,583 ATMs, of which 2,878 were located at our branches. This includes 127 ATMs of the Bank of Rajasthan, at the time of amalgamation. We expect our branch network to become key points of customer acquisition and service. Accordingly, during fiscal 2011, we changed our organization structure to provide greater empowerment to our branches. The branch network is expected to serve as an integrated channel for deposit mobilization and selected retail asset origination. Through our website, www.icicibank.com, we offer our customers online access to account information, payment and fund transfer facilities and internet banking business for our corporate clients. We provide telephone banking services through our call centers.

Investment Banking

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

Treasury

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

Our treasury undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the cash reserve ratio requirement and ensuring the smooth functioning of all our branches. We maintain a balance between interest-earning liquid assets and cash to optimize earnings and undertake reserve management by maintaining statutory reserves, including the cash reserve ratio and the statutory liquidity ratio. Under the Reserve Bank of India's statutory liquidity ratio requirement, ICICI Bank is required to maintain a minimum of 24.0% of its domestic net demand and time liabilities by way of approved securities such as government of India securities and state government securities. ICICI Bank maintains the statutory liquidity ratio through a portfolio of government of

India securities that it actively manages to optimize the yield and benefit from price movements. Further, as a prudent liquidity management strategy, ICICI Bank generally maintains excess investments in securities eligible for classification under the statutory liquidity ratio requirement. See also "Supervision and Regulation—Legal Reserve Requirements".

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

ICICI Bank's domestic investment portfolio is classified into three categories — held to maturity, available-for-sale and held for trading. Investments are classified as held to maturity subject to the current regulation issued by the Reserve Bank of India. Investments acquired by us with the intention to trade by taking advantage of the short-term price/interest rate movements are classified as held for trading. The investments which do not fall in the above two categories are classified as available-for-sale. Investments under the held for trading category should be sold within 90 days; in the event of inability to sell due to adverse factors including tight liquidity, extreme volatility or a uni-directional movement in the market, the unsold securities should be shifted to the available-for-sale category. Under each category the investments are classified under (a) government securities (b) other approved securities (c) 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 2011, 75% of ICICI Bank's government securities portfolio was in the held to maturity category. The individual securities in the available-for-sale category are marked to market. Investments under this category are valued security-wise and depreciation/appreciation is aggregated for each classification. Net depreciation, if any, is provided for. Net appreciation, if any, is ignored. The individual securities in the held for trading category are accounted for in a similar manner as those in the available-for-sale category.

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

	At March 31(1)			
	2009	2010	2011	2011
	(in millions)			
Government securities	Rs. 67,895	Rs. 48,307	Rs. Rs.85,418	US$ 1,918
Securities purchased under agreement to resell	1,348	-	-	-
Bonds and debentures	24,237	30,989	30,366	682
Equity shares	2,424	7,209	7,337	165
Mutual funds	32,306	38,652	15,669	352
Other securities (2)	21,828	67,285	113,645	2,551
	Rs. 150,038	Rs. 192,442	Rs. 252,435	US$ 5,668

(1) Excludes assets held to cover linked liabilities of our life insurance business amounting to Rs. 588.3 billion at year-end fiscal 2011, Rs. 514.7 billion at year-end fiscal 2010 and Rs. 286.6 billion for fiscal 2009.

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

Our portfolio of other securities increased from Rs. 67.3 billion at year-end fiscal 2010 to Rs. 113.6 billion at year-end fiscal 2011 primarily due to an increase in investment in certificates of deposit by ICICI Bank. ICICI Bank had investments in shorter tenor certificate of deposits of Indian banks and financial institutions of Rs. 79.0 billion as part of day-to-day surplus rupee liquidity management at year-end fiscal 2011 as against Rs 49.5 billion at year-end fiscal 2010. Our portfolio of government securities increased from Rs. 48.3 billion at year-end fiscal 2010 to Rs. 85.4 billion at year-end fiscal 2011.

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.

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	Year ended March 31,			
	2009	2010	2011	2011
	(in millions)			
Interest and dividends on trading portfolio	Rs. 14,881	Rs. 14,471	Rs. 17,508	US$ 393
Realized gain/(loss) on sale of trading portfolio	7,799	(846)	684	15
Unrealized gain/(loss) on trading portfolio	(1,053)	1,760	(81)	(2)
	Rs. 21,627	Rs. 15,385	Rs. 18,111	US$ 406

The realized and unrealized gain on our trading portfolio decreased from Rs. 6.7 billion in fiscal 2009 to Rs. 0.9 billion in fiscal 2010 and further to Rs. 0.6 billion in fiscal 2011, primarily on account of the impact of movement in yields on Indian government securities. During fiscal 2009, subsequent to the bankruptcy filing by Lehman Brothers and the developments with respect to other financial institutions in the U.S. and UK, central banks across the world, including the Reserve Bank of India, announced various monetary easing measures along with an infusion of liquidity into the banking system. This led to a sharp reduction in domestic interest rates. The yield on 10 year government of India securities, after increasing from 7.94% at year-end fiscal 2008 to a peak of about 9.47% during July 2008, declined sharply to a low of 5.09% at January 5, 2009. We positioned ourselves to take advantage of the change in the interest rate scenario by taking trading positions to benefit from the drop in yields. This resulted in significant gains from the fixed income securities during fiscal 2009. During fiscal 2010, such opportunities were limited, compared to fiscal 2009. During fiscal 2010, the concerns over fiscal deficit, gradual exit from the expansionary monetary policy by the Reserve Bank of India and inflationary pressures led to the expectation of an increase in interest rates. The yield on 10 year government of India securities increased to 7.82% at year-end fiscal 2010 from 7.01% at year-end fiscal 2009. During fiscal 2011, monetary tightening and negative systemic liquidity for part of the year pushed up government securities yields, which resulted in net realized and unrealized losses on fixed income securities. We realized a gain on sale of equity securities during fiscal 2011. Interest on our trading portfolio increased from Rs. 14.5 billion in fiscal 2010 to Rs. 17.5 billion in fiscal 2011, primarily due to an increase in our trading portfolio and higher interest rates in the system.

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, 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 securities	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 and security receipts.

At March 31, 2010

	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
		(in millions)		
Corporate debt securities	Rs. 113,191	Rs. 1,917	Rs. (2,219)	Rs. 112,889
Government securities	214,649	178	(277)	214,550
Other securities(1)	108,386	1,205	(1,679)	107,912
Total debt investments	436,226	3,300	(4,175)	435,351

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	At March 31, 2010			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
	(in millions)			
Equity shares	26,100	5,739	(3,286)	28,553
Other investments(2)	57,593	3,320	(7,761)	53,152
Total	Rs. 519,919	Rs. 12,359	Rs. (15,222)	Rs. 517,056

(1) Includes credit linked notes.

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

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

(1) Includes credit linked notes.

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

The investments in corporate debt securities increased from Rs. 113.2 billion at year-end fiscal 2010 to Rs. 219.4 billion at year-end fiscal 2011, primarily due to the purchase of corporate securities by ICICI Bank, offset, in part, by a decrease in corporate debt securities of ICICI Bank UK. The investments in "other securities" decreased from Rs. 108.4 billion at year-end fiscal 2010 to Rs. 60.7 billion at year-end fiscal 2011, primarily due to the decrease in investment in pass through certificate securities by ICICI Bank. "Other investments" increased from Rs. 57.6 billion at year-end fiscal 2010 to Rs. 73.9 billion at year-end fiscal 2011, primarily due to the increase in investment in debt mutual fund securities. Net unrealized losses on debt investments increased from Rs. 0.9 billion at year-end fiscal 2010 to Rs. 1.6 billion at year-end fiscal 2011, primarily due to net unrealized losses on government and corporate debt securities. Net unrealized losses on government securities increased from Rs. 99 million at the year-end fiscal 2010 to Rs. 937 million at year-end fiscal 2011. The net unrealized losses on the government securities were mainly due to tightening of monetary policy and negative systemic liquidity which resulted in an increase in the short-term government yield. Net unrealized gain on equity securities decreased from a gain of Rs. 2.5 billion at year end fiscal 2010 to a loss of Rs. 3.2 billion at year-end fiscal 2011. The benchmark equity index, the BSE Sensex, increased by 10.9% from 17,528 at year-end fiscal 2010 to 19,445 at year-end fiscal 2011, compared to an increase of 80.5% during fiscal 2010 and a decline of 38% during fiscal 2009. However, the equity markets remained volatile in fiscal 2011, particularly in the second half of the year, due to global and domestic developments including the political unrest in the Middle East and concerns on global recovery due to possible impact on crude oil prices, and continued high levels of inflation in India and resultant monetary tightening. This impacted our profits from proprietary trading in equity and the mark-to-market valuations of our listed equity investments. Net unrealized losses on other investments increased from Rs. 4.4 billion at year-end fiscal 2010 to Rs. 7.4 billion at year-end fiscal 2011, primarily due to an increase in unrealized losses on security receipts.

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

	Year ended March 31,			
	2009	2010	2011	2011
	(in millions)			
Interest	Rs. 24,057	Rs. 20,048	Rs. 26,695	US$ 599
Dividend	2,893	2,160	960	22
Total	Rs. 26,950	Rs. 22,208	Rs. 27,655	US$ 621
Gross realized gain	Rs. 10,779	Rs. 10,343	Rs. 8,037	US$ 180
Gross realized loss	(10,790)	(5,552)	(3,178)	(71)
Total	Rs. (11)	Rs. 4,791	Rs. 4,859	US$ 109

Interest and dividend income from our available-for-sale securities increased primarily due to an increase in the size of the portfolio of ICICI Bank. The net realized gains during fiscal 2010 and fiscal 2011 were primarily on account of gains on the equity portfolio.

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

	At March 31, 2011							
	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. 12,819	2.3 %	Rs. 111,489	8.5 %	Rs. 59,898	8.9 %	Rs. 35,162	7.8 %
Government securities	138,789	3.8	51,985	6.2	6,327	8.0	3,962	8.1
Other securities	50,120	7.3	3,140	2.2	4,381	6.6	3,043	11.5
Total amortized cost of interest-earning securities(1)	Rs. 201,728	4.6 %	Rs. 166,614	7.7 %	Rs. 70,606	8.7 %	Rs. 42,167	8.2 %
Total fair value	Rs. 200,818		Rs. 166,656		Rs. 70,531		Rs. 41,551	

(1) Includes securities denominated in different currencies.

The amortized cost of our held to maturity portfolio amounted to Rs. 690.4 billion at year-end fiscal 2011, Rs. 643.7 billion at year-end fiscal 2010 and Rs. 605.7 billion at year-end fiscal 2009. The gross unrealized gain on this portfolio was Rs. 1.6 billion at year-end fiscal 2011, Rs. 2.6 billion at year-end fiscal 2010 and Rs. 11.6 billion at year-end fiscal 2009. The gross unrealized loss on this portfolio was Rs. 19.5 billion at year-end fiscal 2011, Rs. 13.7 billion at year-end fiscal 2010 and Rs. 8.5 billion at year-end fiscal 2009. Following the reduction in benchmark rates by the Reserve Bank of India during fiscal 2009, unrealized gain increased and unrealized losses decreased as yield on government securities declined during this period. The yield on 10 year government of India securities decreased from

7.94% at year-end fiscal 2008 to 7.01% at year-end fiscal 2009. The unrealized gains reduced and unrealized losses increased in fiscal 2010 and fiscal 2011 as the yield on government securities increased during this period. The yield on 10 year government of India securities increased to 7.82% at year-end fiscal 2010 and further to 7.99% at year-end fiscal 2011.

We have limited investment in equity shares of Rs. 32.7 billion because the Reserve Bank of India restricts investments in equity securities by banks. See also "Supervision and Regulation—Reserve Bank of India Regulations—Regulations Relating to Investments and Capital Market Exposure Limits".

In general, we pursue a strategy of active management of our long-term equity portfolio to maximize our return on investment. To ensure compliance with the Securities and Exchange Board of India's insider trading regulations,

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all dealings in our equity and debt investments in listed companies are undertaken by our treasury's equity and corporate bonds dealing desks, which are segregated from both the other groups and desks in the treasury and from our other business groups, and which do not have access to unpublished price sensitive information about these companies that may be available to us as a lender.

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

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

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

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

	At March 31, 2011							
	Asset backed securities and funded credit derivatives(1)(2)		Bonds(2)		Others		Total	
	Trading	Available-for-sale and held to maturity	Trading	Available-for-sale and held to maturity	Trading	Available-for-sale and held to maturity	Trading	Available- and he matu
	(Rs. in millions)							
U.S.	-	773	-	15,143	-	-	-	15,916
Canada	624	2,500	1,423	17,921	-	-	2,047	20,421
Europe	-	11,436	-	6,695	-	1,828	-	19,959
India	3,067	14,625	-	25,197	-	-	3,067	39,822
Rest of Asia	-	-	-	5,985	-	-	-	5,985
Others	-	-	-	2,663	-	446	-	3,109
Total portfolio	3,691	29,334	1,423	73,604	-	2,274	5,114	105,212

(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. 29.4 billion.

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

Investments in corporate and financial sector debt securities and mortgage and asset backed securities by our overseas branches and banking subsidiaries decreased from Rs. 143.9 billion at year-end fiscal 2010 to Rs. 110.3 billion at year-end fiscal 2011. Our asset backed securities and funded credit derivatives portfolio decreased from Rs. 42.8 billion at year-end fiscal 2010 to Rs. 33.0 billion at year-end fiscal 2011, primarily due to the call back and maturity of funded credit derivative of our foreign branches and banking subsidiaries. Our bond portfolio decreased from Rs. 98.2 billion at year-end fiscal 2010 to Rs. 75.0 billion at year-end fiscal 2011, primarily due to a reduction in the bond portfolio arising from sales and the maturity of the portfolio of our UK subsidiary, set off, in part, by an increase in the bond portfolio of our Canadian subsidiary. Our investments in Europe decreased from Rs. 37.2

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billion at year-end fiscal 2010 to Rs. 20.0 billion at year-end fiscal 2011. At year-end fiscal 2011, our investments in Europe were primarily in the UK, Germany, and France.

The decrease in portfolio, coupled with relatively improved market conditions, resulted in a reduction of mark-to-market losses on our investment portfolio from Rs. 7.6 billion at year-end fiscal 2010 to Rs. 5.5 billion at year-end fiscal 2011. The mark-to-market impact was a gain of Rs. 1.7 billion during fiscal 2011 as compared to a gain of Rs. 13.6 billion during fiscal 2010. The realized gain/loss and impairment loss was a net gain of Rs. 0.6 billion during fiscal 2011 as compared to a net gain of Rs. 0.2 billion during fiscal 2010.

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

Category	At March 31 2010	At March 31 2011
	(in millions)	
Bonds		
Banks and financial institutions	Rs. 74,816	Rs. 35,202
Corporate	23,377	39,825
Total bonds	98,193	75,027
Asset backed securities and funded credit derivatives	42,801	33,025
Others(1)	2,948	2,274
Total	Rs. 143,942	Rs. 110,326

(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 58.0% of the total exposure to banks and financial institutions at year-end fiscal 2011 as compared to approximately 37.0% at year-end fiscal 2010. Approximately 52.1% of our exposure to corporate entities is India-linked at year-end fiscal 2011 as compared to approximately 84.0% at year-end fiscal 2010.

Our total investment in asset backed securities represents less than 0.5% of our total assets at year-end fiscal 2011. The portfolio size of such securities was Rs. 15.3 billion and primarily comprised retail mortgage backed securities of Rs. 11.5 billion, collateralized loan obligations of small and medium enterprises of Rs. 1.4 billion, commercial mortgage backed securities of Rs. 1.0 billion, asset backed commercial paper of Rs. 0.6 billion and other asset backed securities of Rs. 0.8 billion. The retail mortgage backed securities portfolio consists primarily of UK residential mortgage backed securities portfolio backed by prime and buy-to-let mortgages. The asset backed commercial paper portfolio consists of investments made by ICICI Bank Canada in securities issued by trusts. These trusts have in turn invested in various Canadian and United States assets. During the previous year, some of the asset backed commercial papers were restructured into master asset vehicles. The size of the master asset vehicles portfolio on our books at year-end fiscal 2011 was Rs. 2.0 billion and these are classified as a part of the banks and financial institutions portfolio. No additions were made to the master asset vehicles portfolio during the year and the existing portfolio is being run down due to redemption of certain securities.

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

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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 United States, ICICI Securities Holdings Inc., which in turn has a subsidiary in the United States, ICICI Securities Inc., which is engaged in brokerage services. During fiscal 2009, ICICI Securities Holdings Inc. completed the purchase of assets (by way of merger) of Global Investment Management, Inc., a registered investment adviser and a New Jersey corporation with offices in Princeton, New Jersey, engaged in investment advisory activities. The business has subsequently been sold. ICICI Securities Limited made a net profit of Rs. 1.1 billion in fiscal 2011 compared to Rs. 1.2 billion in fiscal 2010.

ICICI Securities Primary Dealership

ICICI Securities Primary Dealership is engaged in the primary dealership of Indian government securities. It also deals in other fixed income securities. In addition to this, it has underwriting, portfolio management services and placement of debt and money market operations. ICICI Securities Primary Dealership made a net profit of Rs. 0.5 billion in fiscal 2011 compared to a net profit of Rs. 0.9 billion in fiscal 2010. The revenues of the business are directly linked to conditions in the fixed income market.

Venture Capital and Private Equity

Our subsidiary ICICI Venture Funds Management Company Limited manages funds that provide venture capital funding to start-up companies and private equity to a range of companies. At year-end fiscal 2011, ICICI Venture managed or advised funds of approximately Rs. 97.8 billion. ICICI Venture made a net profit of Rs. 0.7 billion in fiscal 2011 compared to a net profit of Rs. 0.5 billion in fiscal 2010.

Asset Management

We provide asset management services through our subsidiary, ICICI Prudential Asset Management. ICICI Prudential Asset Management is a joint venture with Prudential PLC of UK. We have approximately 51.0% interest in the entity. ICICI Prudential Asset Management also provides portfolio management services and advisory services to clients. ICICI Prudential Asset Management Company had average mutual fund assets under management of Rs. 728.3 billion for fiscal 2011. ICICI Prudential Asset Management made a net profit of Rs. 0.7 billion in fiscal 2011 compared to a net profit of Rs. 1.3 billion in fiscal 2010, primarily due to a decrease in management fees on account of a decrease in average amount of assets under management.

Insurance

We provide a wide range of insurance products and services through our subsidiaries ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company. ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company are joint ventures with Prudential PLC of UK and Fairfax Financial Holdings Limited of Canada, respectively. We have approximately 74.0% interest in both of these entities. Subject to the amendment of foreign ownership regulations, Prudential PLC has the right to increase its shareholding in ICICI Prudential Life Insurance Company to 49.0% at the market value of the shares to be determined as mutually agreed. Laws and regulations governing insurance companies currently provide that each promoter should eventually reduce its stake to 26.0% following the completion of 10 years from the commencement of business by the concerned insurance company. The Insurance Laws (Amendment) Bill introduced in the Indian Parliament in 2008, would remove the requirement that promoters dilute their stake to 26.0%. See also “Supervision and Regulation—Recent Structural Reforms—Insurance Laws (Amendment) Bill 2008”. We and Prudential PLC have agreed that if a higher level of promoter shareholding is permitted, then this would be in the proportion of 51% being held by us and 49.0% being held by Prudential PLC. See also “Supervision and Regulation—Taxation—Regulations Governing Insurance Companies”. Further, we and each of our joint venture partners have a right of

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first refusal in case the other partner proposes to sell its shareholding in the joint venture (other than transfer to a permitted affiliate of the transferor).

ICICI Prudential Life Insurance Company made a net profit of Rs. 8.1 billion in fiscal 2011, compared to Rs. 2.6 billion in fiscal 2010 primarily due to an increase in fees on account of higher fund management and policy fees , higher release of certain actuarial reserves on lapsed policies created in earlier years, higher investment income and lower operating expenses. The life insurance market in India saw a slowdown in new business after September 2010 on account of regulatory changes with respect to unit-linked products. The changes in the regulations have also resulted in a change in the new business mix for ICICI Prudential Life Insurance Company. See also "Operating and Financial Review and Prospects—Segment Revenues and Assets—Life Insurance". The new business annualized premium equivalent of ICICI Prudential Life Insurance Company decreased by 25.6% to Rs. 39.8 billion in fiscal 2011 while total premium increased by 8.2% to Rs. 178.8 billion, which was due to an increase in single premium from Rs 2.8 billion in fiscal 2010 to Rs 21.7 billion in fiscal 2011. ICICI Prudential Life Insurance Company maintained its market leadership in the private sector with an overall market share of about 7.3% based on retail weighted new business received premium in fiscal 2011.

ICICI Lombard General Insurance Company made a net loss of Rs. 0.8 billion in fiscal 2011 compared to net profit of Rs. 1.4 billion in fiscal 2010. In accordance with Insurance Regulatory and Development Authority guidelines, ICICI Lombard General Insurance Company together with all other general insurance companies participates in the Indian Motor Third Party Insurance Pool (the "Pool"), administered by the General Insurance Corporation of India. The Pool covers reinsurance of third party risks of commercial vehicles. Based on an analysis of the performance of the Pool by an independent consultant, the Insurance Regulatory and Development Authority has instructed all general insurance companies to provide for losses on the Pool at the provisional rate of 153.0% over fiscal 2008 to fiscal 2011 in the financial results for fiscal 2011 compared to the earlier loss rate of 122-127%. Accordingly, the loss before tax of ICICI Lombard General Insurance Company fiscal 2011 includes the impact of the additional Pool losses of Rs. 2.7 billion. ICICI Lombard General Insurance Company recorded a total gross written premium (excluding its share of the third party insurance pool) of Rs. 44.1 billion in fiscal 2011 compared to Rs 34.3 billion in fiscal 2010. ICICI Lombard General Insurance Company was the largest private general insurer with a market share of about 9.6% in gross written premium among all general insurance companies in fiscal 2011.

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 2011, the total outstanding loans/bonds of ICICI Bank that are guaranteed by the government of India were Rs. 20.9 billion, constituting approximately 1.9% of the total borrowings of ICICI Bank at that date. We are evaluating various options in this regard.

Our international branches are primarily funded by debt capital market borrowings and syndicated/bilateral loans. See also "Risk Factors-Risks relating to our business- Our funding is primarily short-term and if depositors do not roll over deposited funds upon maturity, our business could be adversely affected. Our subsidiaries in the United Kingdom and Canada fund themselves primarily through retail deposits.

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Our deposits were 48.5% of our total liabilities at year-end fiscal 2011 compared to 49.4% of our total liabilities at year-end fiscal 2010. Our borrowings, including preference shares issued by us, were 23.6% of our total liabilities at year-end fiscal 2011 and 2010. Our deposits increased by 7.3% from Rs. 2,415.7 billion at year-end fiscal 2010 to Rs. 2,591.1 billion at year-end fiscal 2011. The increase in deposits was primarily due to increases in current and savings account deposits. Current and savings account deposits increased due to ICICI Bank's conscious strategy of increasing the share of low cost current and savings account deposits and re-balancing the funding mix. Our borrowings (including redeemable non-cumulative preference shares and subordinated debt) increased from Rs. 1,157.0 billion at year-end fiscal 2010 to Rs. 1,258.4 billion at year-end fiscal 2011. The increase in borrowings was primarily due to an increase in capital-eligible borrowings in the nature of subordinated debt and call and term borrowings. The Reserve Bank of India issued a guideline, effective April 1, 2010, requiring market repurchase transactions (previously accounted for as sale and repurchase) to be accounted as borrowings and lending.

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

	At March 31,					
	2009		2010		2011	
	Amount	% to total	Amount	% to total	Amount	% to total
	(in billions, except percentages)					
Current account deposits	Rs. 222.6	8.5 %	Rs. 315.5	13.0 %	Rs. 354.7	13.7 %
Savings deposits	515.2	19.7	622.2	25.8	732.7	28.3
Time deposits	1,880.8	71.8	1,478.0	61.2	1,503.7	58.0
Total deposits	Rs. 2,618.6	100.0 %	Rs. 2,415.7	100.0 %	Rs. 2,591.1	100.0 %

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

	Year ended March 31, (1)						
	2009		2010		2011		
	Amount	Cost(2)	Amount	Cost(2)	Amount	Amount	Cost(2)
	(in billions, except percentages)						
Interest-bearing deposits:							
Savings deposits	Rs. 532.7	3.8 %	Rs. 554.4	2.8 %	Rs. 648.0	US$ 14.5	3.2 %
Time deposits	1,854.5	8.7	1,656.6	7.3	1,531.8	34.4	6.1
Non-interest-bearing deposits:							