ICICI BANK LTD
Form 20-F
July 24, 2015

As filed with the Securities and Exchange Commission on July 24, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

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

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2015.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________.

OR

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

Commission file number: 001-15002

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

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

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

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

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

Title of each class	Name of each exchange on which registered
Equity Shares of ICICI Bank Limited(1)	New York Stock Exchange
American Depositary Shares, each representing ten Equity Shares of ICICI Bank Limited, par value Rs. 2 per share	New York Stock Exchange

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

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

[None]

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

[None]

The number of outstanding Equity Shares of ICICI Bank Limited as of March 31, 2015 was 5,797,244,645.

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

Yes No

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

Yes No

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

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

Yes No

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

Yes No

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

Large Accelerated Filer Accelerated Filer Non-accelerated Filer

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

U.S. GAAP

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

Other

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

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

Item 17 Item 18

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

Yes No

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Certain Definitions

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

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

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

All references to the "Companies Act", the "Banking Regulation Act" and the "Reserve Bank of India Act" are to the Companies Act, 2013 and to the Companies Act, 1956 where notification under the new Act is pending, 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 2011 through 2014, consolidated financial statements prepared according to Indian GAAP, with a reconciliation of net income and stockholders' equity to U.S. GAAP and a description of significant differences between Indian GAAP and U.S. GAAP.

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

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Forward-Looking Statements

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

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

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Exchange Rates

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

During fiscal 2011, the rupee appreciated against the US$ 1.00 by 0.9%, moving from Rs. 44.95 per US$1.00 at year-end fiscal 2010 to Rs. 44.54 at year-end fiscal 2011. During fiscal 2012, the rupee depreciated against the U.S. dollar by 14.3%, moving from Rs. 44.54 per US$1.00 at year-end fiscal 2011 to Rs. 50.89 at year-end fiscal 2012 due to volatility in capital flows on account of increased risk aversion following the European sovereign debt crisis as well as moderation in India's economic growth. During fiscal 2013, the rupee further depreciated against the U.S. dollar by 7.1%, moving from Rs. 50.89 at year-end fiscal 2012 to Rs. 54.52 at year-end fiscal 2013. During fiscal 2014, the rupee further depreciated against the U.S. dollar by 10.1%, moving from Rs. 54.52 per US$1.00 at year-end fiscal 2013 to Rs. 60.00 per US$1.00 at year-end fiscal 2014 due to concern about India's current account deficit and possible implications of the anticipated withdrawal of quantitative easing by the U.S. Federal Reserve. During fiscal 2015, the rupee further depreciated against the U.S. dollar by 3.9%, moving from Rs. 60.00 per US$1.00 at year-end fiscal 2014 to Rs. 62.31 per US$1.00 at year-end fiscal 2015. During fiscal 2016, through June 30, 2015, the rupee further depreciated by 2.1% to Rs. 63.59 per US$1.00. *See also "Risk Factors—Risks Relating to India and Other Economic and Market Risks—Any volatility in the exchange rate and increased intervention by the Reserve Bank of India in the foreign exchange market may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which could adversely impact us"*.

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Indian rupees and U.S. dollars. 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]
2011	44.54	45.46
2012	50.89	48.01
2013	54.52	54.48
2014	60.00	60.76
2015	62.31	61.34
2016 (through June 30, 2015)	63.59	63.37

Month	High	Low
March 2014	62.17	59.89
April 2014	61.17	59.86
May 2014	60.21	58.30
June 2014	60.32	59.15
July 2014	60.55	59.69
August 2014	61.51	60.43
September 2014	61.92	60.26
October 2014	61.81	60.92
November 2014	62.20	61.38
December 2014	63.67	61.78
January 2015	63.57	61.32
February 2015	62.41	61.67
March 2015	63.06	61.76
April 2015	63.58	61.99
May 2015	64.19	63.31
June 2015	64.21	63.43

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(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.

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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, 2015. 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, 2015 was Rs. 62.31 per US$1.00 and at June 30, 2015 was Rs. 63.59 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 March 31, 2015, total 5,797,244,645 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 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),(2)]			
	High	Low	High	Low
Annual prices:				
Fiscal 2011	Rs. 254.67	Rs. 161.87	US$ 5.72	US$ 3.63
Fiscal 2012	225.37	130.68	4.43	2.57
Fiscal 2013	242.54	156.34	4.45	2.87
Fiscal 2014	251.84	156.71	4.20	2.61
Fiscal 2015	384.05	241.83	6.16	3.88
Quarterly prices:				
Fiscal 2014:				
First Quarter	Rs. 246.39	Rs. 197.82	US$ 4.14	US$ 3.32
Second Quarter	215.82	156.71	3.45	2.50
Third Quarter	240.34	182.15	3.88	2.94
Fourth Quarter	251.84	191.61	4.20	3.19
Fiscal 2015:				
First Quarter	Rs. 298.44	Rs. 241.83	US$ 4.97	US$ 4.03
Second Quarter	319.66	268.85	5.16	4.34
Third Quarter	362.20	285.77	5.75	4.53
Fourth Quarter	384.05	307.95	6.16	4.94

Fiscal 2016:				
First Quarter	Rs. 331.15	Rs. 283.15	US$ 5.21	US$ 4.45
Monthly prices:				
March 2014	Rs. 251.84	Rs. 205.96	US$ 4.20	US$ 3.43
April 2014	259.91	241.83	4.32	4.02
May 2014	293.68	250.48	4.96	4.23
June 2014	298.44	276.93	4.97	4.61
July 2014	301.28	268.85	4.98	4.44
August 2014	311.36	287.43	5.06	4.67
September 2014	319.66	286.71	5.16	4.63
October 2014	325.33	285.77	5.30	4.65
November 2014	354.66	329.14	5.70	5.29
December 2014	362.20	330.70	5.75	5.25
January 2015	384.05	336.90	6.19	5.43
February 2015	351.85	320.05	5.71	5.19
March 2015	349.35	307.95	5.61	4.94
April 2015	331.15	302.30	5.21	4.75
May 2015	329.30	304.60	5.17	4.78
June 2015	317.75	283.15	5.00	4.45

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

(2) One equity share of Rs. 10 has been sub-divided into five equity shares of Rs. 2 each effective December 5, 2014. Share prices for all periods in the table have been adjusted accordingly.

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At June 30, 2015, the closing price of equity shares on the NSE was Rs. 308.00 equivalent to US$4.84 per equity share (US$9.69 per ADS on an imputed basis) translated at the exchange rate of Rs. 63.59 per US$1.00 as set forth in the H.10 statistical release of the Federal Reserve Board on June 30, 2015.

At year-end fiscal 2015, there were approximately 791,636 holders of record of our equity shares, of which 483 had registered addresses in the United States and held an aggregate of approximately 583,661 equity shares.

ADSs

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

At year-end fiscal 2015, ICICI Bank had approximately 842 million ADSs, equivalent to about 1,684 million equity shares, outstanding. At March 31, 2015, there were approximately 62,696 record holders of ICICI Bank's ADSs, out of which 117 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[1]	
	High	Low
Annual prices:		
Fiscal 2011	US$11.51	US$6.97
Fiscal 2012	10.13	4.89
Fiscal 2013	9.55	5.60
Fiscal 2014	9.68	5.09
Fiscal 2015	12.98	8.53
Quarterly prices:		
Fiscal 2014:		
First Quarter	US$9.68	US$7.46
Second Quarter	7.79	5.09
Third Quarter	8.10	6.10
Fourth Quarter	8.79	6.20
Fiscal 2015:		
First Quarter	US$10.45	US$9.73
Second Quarter	10.99	9.82
Third Quarter	12.25	11.27
Fourth Quarter	12.98	11.20
Fiscal 2016:		

First Quarter	US$10.94	US$9.36
Monthly prices:		
March 2014	US$8.79	US$7.08
April 2014	8.96	8.53
May 2014	10.43	8.54
June 2014	10.45	9.73
July 2014	10.34	9.40
August 2014	10.78	9.82
September 2014	10.99	9.81
October 2014	11.27	9.56
November 2014	12.02	11.27
December 2014	12.25	11.00
January 2015	12.98	11.20
February 2015	11.89	10.86
March 2015	11.77	10.06
April 2015	10.94	10.16
May 2015	10.84	10.30
June 2015	10.56	9.36

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(1) One equity share of Rs. 10 has been sub-divided into five equity shares of Rs. 2 each effective December 5, 2014. The number of ADSs issued was increased proportionally to maintain the ratio of one ADS to two equity shares. ADS prices for all periods in the table have been adjusted accordingly.

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*".

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Risk Factors

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

Risks Relating to India and Other Economic and Market Risks

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

A slowdown in the Indian economy could adversely affect our business and our borrowers and contractual counterparties, especially if such a slowdown were to be continued and prolonged. The Indian economy in general, and the agricultural sector in particular, are also impacted by the level and timing of monsoon rainfall. Investments by the corporate sector in India are impacted by government policies and decisions including policies and decisions regarding awards of licenses, access to land, access to natural resources and the protection of the environment. After strong growth in fiscal 2010 and fiscal 2011, India's gross domestic product growth declined primarily due to a slowdown in the industrial sector. The Indian economy experienced an increase in the fiscal deficit and current account deficit, high inflation and a significant depreciation of the Indian rupee. These and other factors resulted in a reduction in banking system credit growth from fiscal 2014, especially in the corporate segment, and an increase in additions to non-performing and restructured loans in the banking system, including us.

In fiscal 2015, the Indian government introduced a new methodology for estimating the gross domestic product and also commenced publication of sectoral data on gross value added basis. According to the new methodology, India's gross domestic product grew by 6.9% in fiscal 2014 and 7.3% in fiscal 2015. The agriculture sector accounted for 16.1% of gross value added, industry 31.4% and services 52.5% in fiscal 2015. While economic growth has improved, the fiscal and current account deficit have moderated and the currency has stabilized, the prolonged slowdown and gradual recovery continued to adversely impact credit growth and the level of non-performing and restructured loans during fiscal 2015.

Economic growth in India is influenced by several factors, including inflation, interest rates, government policies, and external trade and capital flows. The level of inflation or depreciation of the Indian rupee may limit monetary easing or cause monetary tightening by the Reserve Bank of India. Any increase in inflation, due to increases in domestic food prices or global prices of commodities, including crude oil, the impact of currency depreciation on the prices of imported commodities and additional pass through of higher fuel prices to consumers, or otherwise, may result in a tightening of monetary policy. Inflationary concerns re-emerged during fiscal 2014, resulting in the Reserve Bank of India increasing the repo rate by 75 basis points through January 2014 to 8.0%. Further, during fiscal 2014, the Reserve Bank of India also took measures to address the volatility in the exchange rate which resulted in a temporary but significant impact through increase in short-term rates and reduced liquidity. The monetary operations were

normalized by November 2013.

In September 2013, the Reserve Bank of India set up a committee to review the monetary policy framework and recommend measures and pre-conditions to improve policy transmission. Key recommendations of the committee included adopting the consumer price index as the key inflation measure for monetary policy action and keeping the economy on a disinflationary glide path with a consumer price index inflation target of 8.0% by January 2015 and 6.0% by January 2016. Subsequent monetary policy announcements by the Reserve Bank of India factored in the recommendations of the committee. In fiscal 2015, the Reserve Bank of India entered into a monetary policy framework agreement with the government of India affirming the target of 8.0% consumer price index inflation by January 2015, 6.0% by January 2016 and 4.0% with a band of +/- 2% for later years to be pursued by the Reserve Bank of India. The consumer price index inflation reduced from 8.3% in March 2014 to 5.2% by January 2015 and 5.3% in March 2015, which resulted in the Reserve Bank of India reducing the repo rate by 50 basis points from 8.0% to 7.5% during the three months ended March 2015. A return to a higher interest rate environment on account of inflation, other market factors, changes in the conduct of monetary policy or otherwise may have an adverse effect on economic growth in India.

Further, in light of the increasing linkage between India and other economies, the Indian economy is increasingly influenced by economic and market conditions in other countries. As a result, unfavorable developments in the United States, European Union and other countries in the developed world and in major emerging markets like China could have an adverse impact on economic growth and financial markets in India. Adverse changes to global liquidity conditions, interest rates and risk appetite could lead to significant capital outflows from India. For instance, due to concerns regarding withdrawal of quantitative easing in the U.S. in June 2013, India saw an outflow of foreign institutional investments from the debt market of about US$ 7.5 billion during June-July 2013. Similarly, a slowdown in global growth may impact India’s exports and, in the event of over-supply or sharp and sustained price reductions of globally traded commodities such as metals and minerals, may negatively impact our borrowers in these sectors.

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

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

Although the proximate cause of the 2008-2009 financial crisis, which was deeper than other recent financial crises, was the U.S. residential mortgage market, investors should be aware that there is a recent history of financial crises and boom-bust cycles in multiple markets in both the emerging and developed economies which leads to risks for all financial institutions, including us. Developments in the Eurozone, including concerns regarding sovereign debt and possible sovereign default leading to a nation's exit from the European Union, recessionary economic conditions as well as concerns related to the withdrawal of quantitative easing in developed markets, may lead to increased risk aversion and volatility in global capital markets. A loss of investor confidence in the financial systems of India or other markets and countries or any financial instability in India or any other market may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector, our business and our future financial performance. See also "*—Risks Relating to Our Business—We experienced rapid international growth in earlier years which has increased the complexity of the risks that we face*". We remain subject to the risks posed by the indirect impact of adverse developments in the global economy, some of which cannot be anticipated and the vast majority of which are not under our control. We also remain subject to counterparty risk to financial institutions that fail or are otherwise unable to meet their obligations to us.

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

While Standard & Poor's, Moody's and Fitch currently have stable outlooks on their sovereign rating for India, they may lower their sovereign ratings for India or the outlook on such ratings, which would also impact our ratings. Further, rating agencies may change their methodology for rating banks which may impact us. For instance, in April 2015, Moody's revised its bank rating methodology and the assessment of government support to banks, following which the rating of several banks globally were revised, including Indian banks. The Bank's senior unsecured debt rating was downgraded by one level to Baa3 following the methodology change. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our business and limit our access to capital markets and adversely impact our liquidity position. See also "*—Risks Relating to Our Business—Our inability to effectively manage credit, market and liquidity risk and inaccuracy of our valuation models and accounting estimates may have an adverse effect on our earnings, capitalization, credit ratings and cost of funds*".

The Bank has certain borrowings that would be affected by a one or two notch downgrade from its current credit rating. These borrowings amount to less than 3% of the total borrowings of the Bank at year-end fiscal 2015. If an international credit rating agency downgrades the Bank's credit rating by one or two notches, the Bank would be required to pay an increased interest rate on certain borrowings, and for certain borrowings, the Bank would be required to re-negotiate a new interest rate with its lenders. If the Bank is not able to reach an agreement for an interest rate with a lender, the lender could require the Bank to prepay the outstanding principal amount of the loan. The Bank has placed a limit on such borrowings.

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

India imports a majority of its requirements of crude oil, which comprised around 31% of total imports in fiscal 2015. The government of India has deregulated prices, and has been reducing the subsidy provided, in respect of certain oil products resulting in international crude prices having a greater effect on domestic oil prices. While global oil prices have declined sharply during fiscal 2015, further increase or volatility in oil prices, as well as the impact of currency depreciation, which makes imports more expensive in local currency, and the pass-through of such increases to Indian consumers or an increase in subsidies (which would increase

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the fiscal deficit) could have a material negative impact on the Indian economy and the Indian banking and financial system in particular, including through a rise in inflation and market interest rates and higher trade and fiscal deficits. This could adversely affect our business including our liquidity, the quality of our assets, our financial performance, our stockholders' equity, our ability to implement our strategy and the price of our equity shares and ADSs.

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

India's trade relationships with other countries and its trade deficit, driven to a major extent by global crude oil prices, may adversely affect Indian economic conditions. For instance, India's current account deficit as a percentage of gross domestic product increased sharply from 2.7% in fiscal 2011 to 4.7% in fiscal 2013, due to volatility in global oil prices and weak exports on lower global demand. Concerns regarding the increase in the current account deficit along with the possibility of a reduction in quantitative easing in the U.S. resulted in a sharp depreciation in the Indian rupee against the U.S. dollar during May 2013 to August 2013. While the current account deficit improved significantly to 1.7% of gross domestic product in fiscal 2014 and 1.4% of gross domestic product in fiscal 2015, driven primarily by the sharp decline in crude oil prices and measures to reduce gold imports, if the current account and trade deficits increase, or are no longer manageable because of factors impacting the trade deficit like a 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.

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

reduction or increased volatility in capital flows may impact the Indian economy and financial markets and increase the complexity and uncertainty in monetary policy decisions in India, leading to volatility in inflation and interest rates in India, which could adversely impact our business, our financial performance, our stockholders' equity and the price of our equity shares and ADSs.

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*".

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As the Indian financial system operates in an emerging market, we face risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme. For example, in April 2003, unsubstantiated rumors, believed to have originated in Gujarat, a state in India, alleged that we were facing liquidity problems. Although our liquidity position was sound, we witnessed higher than normal deposit withdrawals on account of these unsubstantiated rumors for a few days in April 2003. In 2008, following the bankruptcy of Lehman Brothers and the disclosure of our exposure to Lehman Brothers and other U.S. and European financial institutions, negative rumors circulated about our financial position which resulted in concerns being expressed by depositors and higher than normal transaction levels on a few days. We controlled the situation in these instances, but any failure to control such situations in the future could result in high volumes of deposit withdrawals, which would adversely impact our liquidity position, disrupt our business and, in times of market stress, undermine our financial strength. In fiscal 2011, Indian government agencies initiated proceedings against certain financial institutions, alleging bribery in the loans and investment approval process, which impacted market sentiment. Similar developments in the future could adversely impact the financing of proposed investments by the corporate sector and negatively impact confidence in the financial sector.

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

India has experienced natural calamities such as earthquakes, floods and droughts in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy. In particular, climatic and weather conditions, such as the level and timing of monsoon rainfall, impact the agricultural sector, which constituted approximately 16% of India's gross domestic product in fiscal 2015. 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.

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. While a single party achieved majority in the general elections in fiscal 2015, India has been governed by coalition governments in previous years. The leadership of India and the composition of the government are subject to change, and election results are sometimes not along expected lines. It is difficult to predict the economic policies that will be pursued by governments in the future. In addition, investments by the corporate sector in India may be impacted by government policies and decisions, including with respect to awards of licenses and resources, access to land and natural resources and policies with respect to protection of the environment. Such policies and decisions may result in delays in execution of projects, including those financed by us, and also limit new project investments, and thereby impact economic growth. The pace of economic liberalization could change, and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. For instance, the government of India has proposed adopting a uniform goods and services tax structure in India, which may 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.

The Companies Act, 2013 has introduced significant changes which may increase our compliance costs.

The Companies Act, 2013, which has recently come into effect, has introduced significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures, corporate

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governance norms, audit matters, and related party transactions. The Companies Act, 2013 has also introduced a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), and prohibitions on advances to directors. We are also required to spend 2.0% of our average pre-tax profits from domestic operations, excluding dividends from domestic subsidiaries that are also subject to these provisions, computed in accordance with the Companies Act, 2013, during the three immediately preceding financial years on corporate social responsibility activities. While we already spend a portion of our profits on corporate social responsibility activities, we may be required to increase our spending to comply with the requirements. Further, the Companies Act, 2013 imposes greater monetary and other liability on the Bank, directors and officers, for any non-compliance with the requirements. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

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

India has from time to time experienced social and civil unrest and hostilities both internally and with neighboring countries. In the past, there have been military confrontations between India and Pakistan. India has also experienced terrorist attacks in some parts of the country, including in Mumbai, where our headquarters are located. In addition, geo-political events such as the recent developments in the Middle East and Eastern Europe or terrorist or military action in other parts of the world may impact prices of key commodities, financial markets and trade and capital flows. These factors and any political or economic instability in India could adversely affect our business, our future financial performance, our stockholders’ equity and the price of our equity shares and ADSs.

Risks Relating to Our Business

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

Increases in the level of non-performing loans increase the risk of investing in our equity shares and ADSs. Various factors, including a rise in unemployment, prolonged recessionary conditions, our regulators’ assessment and review of our loan portfolio, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates and global competition, could cause an increase in the level of our non-performing assets and have a material adverse impact on the quality of our loan portfolio.

In fiscal 2009 and fiscal 2010, due to an adverse macroeconomic environment and challenges in loan recovery, we experienced an increase in non-performing loans, especially in the non-collateralized retail loan portfolio. In recent years, as a result of a slowdown in economic activity, rising interest rates and the limited ability of corporations to

access capital in view of the volatility in global and domestic financial markets, there has been an increase in non-performing and restructured loans in the corporate sector and small and medium enterprises segment for the banking system as well as for us. This trend accelerated in fiscal 2014 and fiscal 2015. Our standard loan portfolio includes restructured standard loans, and the failure of these borrowers to perform as expected could result in such loans being classified as non-performing. In fiscal 2015, we experienced a significant increase in the downgrade of standard restructured loans to the non-performing category due to the failure of these borrowers to perform as expected. The loan portfolio of our international branches and subsidiaries includes foreign currency loans to Indian companies for their Indian operations (where permitted by regulation) as well as for their overseas ventures, including cross-border acquisitions. This exposes us to specific additional risks including the failure of the acquired entities to perform as expected, and our inexperience in various aspects of the economic and legal framework in overseas markets. See also "*—We experienced rapid international growth in earlier years which has increased the complexity of the risks that we face*". Further, the quality of our long-term project finance loan portfolio could be adversely impacted by several factors. See also "*—Our loan portfolio includes long-term project finance loans, which are particularly vulnerable to completion and other risks*". In certain cases, we have extended loan facilities to clients based on collateral consisting of equity shares and any volatility in the capital markets may impact the value of such collateral. Economic and project implementation challenges, in India and overseas, could result in some of our borrowers not being able to meet their debt obligations, including debt obligations that have already been restructured, resulting in an increase in non-performing loans.

Further, guidelines issued by the Reserve Bank of India relating to identification and classification of non-performing assets could result in an increase in our loans classified as non-performing. For instance, in May 2013, the Reserve Bank of India issued guidelines on the restructuring of loans, which requires all restructured

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loans (other than due to delay in project implementation) from April 1, 2015 onwards to be classified as non-performing. See also "*—The level of restructured loans in our portfolio may increase and the failure of our restructured loans to perform as expected could affect our business*". In January 2014, the Reserve Bank of India issued a framework for early identification and resolution of stressed assets. With effect from April 1, 2014, the guidelines introduced an asset classification category of "special mention accounts", which comprises cases that are not yet restructured or classified as non-performing but which exhibit early signs of stress, as specified through various parameters. Banks are also required to share data on a category of special mention accounts, form joint lenders' forums and devise action plans for resolution of these accounts. The failure to do so within stipulated timeframes attracts accelerated provisioning for such cases. Resolution of stressed accounts could also include converting either part or the entire loan dues to equity shares and introducing a change of ownership which may expose us to additional risks including failure to identify new promoters within the stipulated timelines and volatility in equity markets. See also "*Supervision and Regulation—Loan Loss Provisions and Non-performing Assets—Asset Classification*". We may not be able to adequately control or reduce the level of non-performing assets in our portfolio.

We also have investments in security receipts arising from the sale of non-performing assets by us to Asset Reconstruction Company (India) Limited, a reconstruction company registered with the Reserve Bank of India and other reconstruction companies. See also "*Business — Classification of Loans*". There can be no assurance that Asset Reconstruction Company (India) Limited and other reconstruction companies will be able to recover these assets and redeem our investments in security receipts and that there will be no reduction in the value of these investments.

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

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

Our standard assets include restructured standard loans. See also "*Business—Classification of Loans—Restructured Loans*". As a result of a slowdown in economic activity, rising interest rates and the limited ability of corporations to access capital in view of the volatility in global and domestic financial markets, there has been an increase in restructured loans in the banking system as well as in our portfolio in recent years. The loan portfolio of our international branches and subsidiaries includes foreign currency loans to Indian companies for their Indian operations (where permitted by regulation) as well as for their overseas ventures, including cross-border acquisitions. This exposes us to specific additional risks including the failure of the acquired entities to perform as expected, and our inexperience in various aspects of the economic and legal framework in overseas markets. See also "*—We experienced rapid international growth in earlier years which has increased the complexity of the risks that we face*". Further, the quality of our long-term project finance loan portfolio could be adversely impacted by several factors. See also "*—Our loan portfolio includes long-term project finance loans, which are particularly vulnerable to completion and other risks*". Economic and project implementation challenges, in India and overseas, could result in additions to restructured loans and we may not be able to control or reduce the level of restructured loans in our project and corporate finance portfolio. We experienced a significant increase in the downgrade of standard restructured loans to the non-performing

category, which increased from Rs. 7.3 billion in fiscal 2014 to Rs. 45.1 billion in fiscal 2015, due to the failure of some of our restructured borrowers to perform as expected.

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

The combination of changes in regulations regarding restructured loans and provisioning on such loans, 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.

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

The Indian banking sector has experienced a significant increase in infrastructure sector loans in recent years. We expect long-term project finance to be an area of growth in our business over the medium to long-term, and the quality of this portfolio could be adversely impacted by several factors. The viability of these projects depends upon a number of factors, including market demand, government policies, the processes for awarding government licenses and access to natural resources and their subsequent judicial or other review, the financial condition of the government or other entities that are the primary customers for the output of such projects and the overall economic environment in India and the international markets. These projects are particularly vulnerable to a variety of risks, including risks of delays in regulatory approvals, environmental and social issues, completion risk and counterparty risk, which could adversely impact their ability to generate revenues. Our loans to the power sector were 5.9% of our gross loans at March 31, 2013, 6.0% at March 31, 2014 and 5.8% at March 31, 2015. There are concerns about the availability of fuel to power projects, particularly gas and coal based power plants. Coal based power projects in India have experienced delays primarily due to environmental concerns around coal mining and the de-allocation of coal blocks allocated to companies. While the government has commenced the auction of these de-allocated coal blocks, the commencement of operations and financial performance of projects linked to these coal blocks continues to be uncertain. In addition, power projects inherently have high leverage levels and 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. A change in the ownership and management of these projects could further delay the commencement of operations. We may see an increase in our non-performing assets or restructured assets in case of delays from the scheduled commercial date of operations of such projects, which are longer than that permitted by the Reserve Bank of India guidelines. In addition, any reduction in the output of operational power plants due to lower availability of fuel, or otherwise, higher fuel costs that cannot be passed through to purchasers and inability of state-owned power distribution utilities to purchase or pay for power due to their financial condition, may have an adverse impact on the financial condition of power producers and their ability to service their debt obligations, including to us. For example, we are lenders to a large gas-based power plant in the state of Maharashtra which has been impacted by the non-availability of gas. Our loan portfolio also includes project finance, corporate finance, and working capital loans to commodity-based sectors such as iron and steel, which are also subject to similar risks as well as global commodity price cycles. 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 an increase in Reserve Bank of India requirements on provisioning could adversely affect our business and profitability.

There can be no assurance that the amount of non-performing assets that we will be able to recover will be similar to our past experience of recoveries of non-performing assets. As a result of a slowdown in economic activity, rising interest rates and the limited ability of corporations to access capital in view of the volatility in global markets, there has been an increase in non-performing and restructured loans in the banking system as well as in our portfolio since fiscal 2012. The failure of our standard restructured loans to perform as per the restructured terms would lead to their downgrade to the non-performing category. In fiscal 2015, we experienced a significant increase in the

re-classification of restructured loans as non-performing due to the failure of these borrowers to perform as expected. See also "*—If we are not able to control the level of non-performing assets in our portfolio, our business will suffer*".

The classification of our loans is governed by the Reserve Bank of India's guidelines. Further, the classification of the loan portfolio of our overseas branches and subsidiaries is also subject to the regulations of respective local regulators. Our provisioning requirements are a function of the additions to non-performing and restructured loans as well as the Reserve Bank of India and other regulators' stipulations in this regard. Further, banks in India are also required to maintain general provisions on standard loans at rates prescribed by the Reserve Bank of India. Since November 2012, the Reserve Bank of India has also increased the general provisioning requirements on standard restructured assets. In January 2014, the Reserve Bank of India issued guidelines requiring higher capital and provisioning requirements for banks with respect to their exposures to companies having unhedged foreign currency exposures, based on an assessment of likely losses on such exposure compared to the companies' earnings. In January 2014, the Reserve Bank of India issued a framework for early identification and resolution of stressed assets. With effect from April 1, 2014, the guidelines introduce an asset category of special mention accounts, comprising cases that are not yet restructured or classified as non-

performing but exhibit early signs of stress, as specified through various parameters. Banks are also required to share data on a category of special mention accounts, form joint lenders' forums and come up with action plans for resolution of these accounts. The failure to do so within stipulated timeframes attracts accelerated provisioning for such cases. In March 2012, with the objective of limiting the volatility in loan loss provisioning requirements witnessed during an economic cycle, the Reserve Bank of India released a discussion paper on the dynamic loan loss provisioning framework. The framework proposes to replace existing general provisioning norms and recommends that banks make provisions on their loan books every year based on their historical loss experience in various categories of loans. In years where the specific provision is higher than the computed dynamic provision requirement, the existing dynamic provision balance can be drawn down to the extent of the difference, subject to a minimum specified level of dynamic provision balance being retained. The combination of any mandated increase in provisions, regulators' assessment of our provisions, any change in the definition of non-performing assets by the regulator and any further deterioration or increase in our restructured and 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 a high concentration of loans to certain customers, borrower groups and sectors and if a substantial portion of these loans become non-performing, the overall quality of our loan portfolio, our business and the price of our equity shares and ADSs could be adversely affected.

Our loan portfolio and non-performing asset portfolio have a high concentration in certain types of customers. ICICI Bank's policy is to limit its 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 43.4% of our gross loans and advances at year-end fiscal 2015. Our loans and advances to (i) the non-finance services sector, (ii) the infrastructure sector (excluding power), (iii) the power sector and (iv) the iron and steel sector constituted 6.4%, 5.8%, 5.8% and 5.2%, respectively, of our gross loans and advances at year-end fiscal 2015. See also, *"-Our loan portfolio includes long-term project finance loans, which are particularly vulnerable to completion and other risks"*. Pursuant to the guidelines of the Reserve Bank of India, ICICI Bank's credit exposure to an individual borrower must not exceed 15.0% of its capital funds, unless the exposure is with regards to an infrastructure project. ICICI Bank's exposure to a group of companies under the same management control generally must not exceed 40.0% of its capital funds unless the exposure is towards an infrastructure project, as per the Reserve Bank of India guidelines. Banks may, in exceptional circumstances, with the approval of their boards, enhance the exposure by 5.0% of capital funds (i.e., aggregate exposure can be 20.0% of capital funds for an individual borrower and aggregate exposure can be 45.0% of capital funds for a group of companies under the same management). At year-end fiscal 2015, our largest non-bank borrower accounted for approximately 12.7% of our capital funds. The largest group of companies under the same management control accounted for approximately 32.8% of our capital funds. In March 2015, the Reserve Bank of India released a discussion paper on a framework for large exposures and has proposed limits on exposure of banks based on group of connected counterparties identified on the basis of economic inter-dependence of the companies. These guidelines may restrict our ability to grow our business with some customers, and require us to reduce our exposure to some groups. See also "*Business—Loan Portfolio—Loan Concentration*".

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

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

As a result of certain reserve requirements of the Reserve Bank of India, we are more structurally exposed to interest rate risk than banks in many other countries. See also "*Supervision and Regulation—Legal Reserve Requirements*". These requirements result in our maintaining a large portfolio of fixed income government of India securities, and we could be materially adversely impacted by a rise in interest rates, especially if the rise were sudden or sharp. Realized and marked-to-market gains or losses on investments in fixed income securities, including government of India securities, are an important element of our profitability and are impacted by movements in market yields. A rise in yields on government securities reduces our profits from this activity and the value of our fixed income portfolio. These requirements also have a negative impact on our net interest income and net interest margin because we earn interest on a portion of our assets at rates that are generally less favorable than those typically received on our other interest-earning assets. We are also exposed to interest rate risk through our treasury operations as well as the operations of certain of our subsidiaries, including ICICI Lombard General Insurance Company, which has a portfolio of fixed income securities, and ICICI Securities

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Primary Dealership, which is a primary dealer in government of India securities. In our asset management business, we manage money market mutual funds whose performance is impacted by a rise in interest rates, which adversely impacts our revenues and profits from this business. See also "*—Risks Relating to India and Other Economic and Market Risks—A prolonged slowdown in economic growth or rise in interest rates in India could cause our business to suffer*" and "*—Risks Relating to India and Other Economic and Market Risks—Any volatility in the exchange rate and increased intervention by the Reserve Bank of India in the foreign exchange market may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which could adversely impact us*".

If the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or if our cost of funds does not decline at the same time or to the same extent as the decrease in yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. Any systemic decline in low cost funding available to banks in the form of current and savings account deposits would adversely impact our net interest margin. In its second quarter review of monetary policy in October 2011, the Reserve Bank of India deregulated the interest rate on savings deposits, following which some of the smaller banks in India increased their savings deposit rates by 200-300 basis points. If other banks with whom we compete similarly raise their deposit rates, we may also have to do so to remain competitive and this would adversely impact our cost of funds. If there are increases in our cost of funds and if we are unable to pass on the increases fully into our lending rates, our net interest margins and profitability would be adversely impacted. Further, any tightening of liquidity and volatility in international markets may limit our access to international bond markets and result in an increase in our cost of funding for our international business. Continued volatility in international markets could constrain and increase the cost of our international market borrowings and our ability to replace maturing borrowings and fund new assets. Our overseas banking subsidiaries are also exposed to similar risks.

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

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, banks have sub-targets for lending to key sectors. A proportion of 18.0% of adjusted net bank credit is required to be lent to the agricultural sector. The norms applicable up to and including fiscal 2015 required 18.0% of adjusted net bank credit lent to the agriculture sector to include 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. Loans to identified weaker sections of society must comprise 10.0% of adjusted net bank credit. These requirements are to be met as of the last reporting Friday of the fiscal year with reference to the adjusted net bank credit of the previous fiscal year. These requirements apply to ICICI Bank on a standalone basis. At year end fiscal 2015, ICICI Bank's priority sector lending was Rs. 1,130.1 billion, constituting about 102.6% of the priority sector lending target. However, in fiscal 2015 the Bank met only 56.1% and 34.5% of its direct agriculture lending and "weaker section" category lending requirements respectively.

The Reserve Bank of India has issued revised directed lending norms applicable from fiscal 2016 onwards. The sub-targets for direct and indirect lending to agriculture have been combined. Two new sub-targets, a target of 8.0% lending to small and marginal farmers and a 7.5% lending target to micro-enterprises, have been introduced and will apply in a phased manner over fiscal 2016 and fiscal 2017. The balance of the priority sector lending requirement can be met by lending to a range of sectors, including small businesses, medium enterprises, renewable energy, social infrastructure and residential mortgages satisfying certain criteria. The target for lending to weaker sections continues to be at 10% of adjusted net bank credit. From fiscal 2017, priority sector lending achievements would be evaluated on a quarterly average basis and not just at the fiscal year-end. Further, in July 2015, the Reserve Bank of India has directed banks to maintain direct lending to non-corporate farmers at the banking system's average level for the last three years, failing which banks will attract penalties for shortfall. The Reserve Bank of India would notify the banking system's average level at the beginning of each year. The Reserve Bank of India has also directed banks to continue to pursue the target of 13.5% of adjusted net bank credit towards lending to borrowers who constituted the direct agriculture lending category under the earlier guidelines.

The Reserve Bank of India has from time to time issued guidelines on priority sector lending requirements that restrict the ability of banks to meet the directed lending obligations through lending to specialised financial intermediaries, specified criteria to be fulfilled for investments by banks in securitized assets and outright purchases of loans and assignments to be eligible for classification as priority sector lending and regulate the interest rates charged to ultimate borrowers by the originating entities in such transactions. In September 2013, the Reserve Bank of India set up a committee on comprehensive financial services for small businesses and low income households which, among other recommendations, proposed a new methodology for computation of priority sector targets based on district-level credit penetration and other criteria. This recommendation has not been implemented thus far.

Any shortfall in meeting the priority sector lending requirements may be required to be invested in government schemes that yield low returns, determined depending on the prevailing bank rate and on the level of shortfall, thereby impacting our profitability. The aggregate amount of funding required by such schemes is drawn from banks that have shortfalls in achievement of their priority sector lending targets, with the amounts drawn from each bank determined by the Reserve Bank of India. At year-end fiscal 2015 our total investments in such schemes on account of past shortfalls in achieving the required level of priority sector lending were Rs. 284.5 billion. In May 2014, the Reserve Bank of India issued guidelines allowing banks to include the outstanding mandated investments in government schemes at March 31 of the fiscal year to be treated as part of indirect agriculture and count towards overall priority sector target achievement. Investments at March 31 of the preceding year would be included in the adjusted net bank credit which forms the base for computation of the priority sector and sub-segment lending requirements. These changes were made effective fiscal 2014. Our investments in government schemes are expected to increase in view of the continuing shortfall in agriculture lending sub-targets and weaker section loans.

As a result of priority sector lending requirements, we may experience a higher level of non-performing assets in our directed lending portfolio, particularly due to loans to the agricultural sector and small enterprises, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. The Bank's gross non-performing assets in the priority sector loan portfolio were 2.2% in fiscal 2013, 2.3% in fiscal 2014 and 2.1% in fiscal 2015.

See also "*Supervision and Regulation—Directed lending*". Any future changes by the Reserve Bank of India to the directed lending norms may result in our continued inability to meet the priority sector lending requirements as well as require us to increase our lending to relatively more risky segments and may result in an increase in non-performing loans.

In addition to the directed lending requirements, the Reserve Bank of India has mandated banks in India to have a financial inclusion plan for expanding banking services to rural and unbanked centers and to customers who currently do not have access to banking services. Further, since August 2014, the government has launched a financial inclusion mission which involves opening a bank account for every household along with credit and insurance facilities. The expansion into these markets involves significant investments and recurring costs. The profitability of these operations depends on our ability to generate business volumes in these centers and from these customers, and the level of non-performing loans in the portfolio of loans to such customers.

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

The branch network of ICICI Bank in India has increased from 2,529 branches at March 31, 2011 to 4,050 branches at March 31, 2015. See also "— *We may seek opportunities for growth through acquisitions, divest our existing businesses, or be required to undertake mergers by the Reserve Bank of India and could face integration and other acquisitions risks*". Recently, we have also substantially scaled up our branch network in rural and semi-urban areas and have also established low-cost branches in centers in the country having no bank presence. Our new branches typically operate at lower productivity levels, as compared to our existing branches. Our operating performance depends also on the productivity of our employees. Any inability to achieve or substantial delays in achieving desired levels of productivity would have an adverse impact on our growth and profitability and the price of our equity shares and ADSs.

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

With effect from April 1, 2013, banks in India commenced implementation of the Basel III capital adequacy framework as stipulated by the Reserve Bank of India. The Basel III guidelines, among other things, establish common equity tier 1 as a new tier of capital; impose a minimum common equity tier 1 risk-based capital ratio of 5.5% and a minimum tier 1 risk-based capital ratio of 7.0% while retaining the minimum total risk-based capital ratio of 9.0%; require banks to maintain a common equity tier 1 capital conservation buffer of 2.5% of risk-weighted assets above the minimum requirements to avoid restrictions on capital distributions and discretionary bonus payments; establish new eligibility criteria for capital instruments in each tier of regulatory capital; require more stringent adjustments to and deductions from regulatory capital; provide for more limited recognition of minority interests in the regulatory capital of a consolidated banking group; impose a 4.5% Basel III leverage ratio of tier 1 capital to exposure during a parallel run period from 2013 to 2017; and modify the Reserve Bank of India's Basel II guidelines with respect to credit risk, including counterparty credit risk and credit risk mitigation, and market risk. The guidelines were initially to be fully implemented by year-end fiscal 2018, which was revised to year-end fiscal 2019 in fiscal 2014. Applying the Basel III guidelines, the capital ratios of ICICI Bank on a consolidated basis at year-end fiscal 2015 were: common equity tier 1 risk-based capital ratio of 12.8%; tier 1 risk-based capital ratio of 12.9%; and total risk-based capital ratio of 17.2%.

The capital regulations continue to evolve, both globally and in India. The Reserve Bank of India may require additional capital to be held by banks as a systemic buffer. For instance, in July 2014, the Reserve Bank of India issued guidelines requiring additional common equity tier 1 capital requirements ranging from 0.2% to 0.8% of risk-weighted assets for domestic banks that are identified as systemically important. The systemic importance of a bank would be determined based on the size, inter-connectedness, substitutability and complexity of the bank, with a larger weightage given to size. Further, the Reserve Bank of India also released guidelines on implementation of counter-cyclical capital buffers which propose higher capital requirements for banks, ranging from 0% to 2.5% of risk-weighted assets, during periods of high economic growth. The capital requirement would be determined based on certain triggers such as deviation of long-term average credit-to-GDP ratio and other indicators. While these guidelines are already effective, the Reserve Bank of India has stated that current economic conditions do not warrant activation of the counter-cyclical capital buffer. In addition, with the approval of the Reserve Bank of India, banks in India may migrate to advanced approaches for calculating risk-based capital requirements in the medium term. These evolving regulations may impact the amount of capital that we are required to hold. In December 2013, the Reserve Bank of India issued guidelines on stress testing according to which banks have to carry out stress tests for credit risk and market risk to assess their ability to withstand shocks. Banks are classified into three categories based on size of risk-weighted assets and banks with risk-weighted assets of more than Rs. 2,000.0 billion are required to carry out complex and severe stress testing. Our ability to grow our business and execute our strategy is dependent on our level of capitalization and we typically raise resources from the capital markets to meet our capital requirements.

In June 2014, the Reserve Bank of India released guidelines on liquidity coverage ratio requirements under the Basel III liquidity framework. These guidelines require banks to maintain and report the Basel III liquidity coverage ratio, which is a ratio of the stock of high quality liquid assets and total net cash outflows over the next 30 calendar days. The Reserve Bank of India has also defined categories of assets qualifying as high quality liquid assets and has

mandated a minimum liquidity coverage ratio of 60.0% from January 1, 2015, which would be increased in a phased manner to a minimum of 100.0% from January 1, 2019. The Reserve Bank of India has also issued a leverage ratio framework which is effective from April 1, 2015 and is measured as the ratio of a bank's tier 1 capital and total exposure. Further, the Reserve Bank of India has issued draft guidelines on the net stable funding ratio for banks which is expected to be applicable from January 1, 2018 and would require banks to maintain sufficient funds that are considered as reliable to cover the liquidity requirements and asset maturities coming up over the next one year on an ongoing basis. These requirements together with the existing statutory liquidity ratio and cash reserve requirements may result in Indian banks, including us, holding higher amounts of liquidity, thereby impacting profitability.

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

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

Our credit risk may be higher than the credit risk of banks in some developed economies. Unlike several developed economies, a nation-wide credit bureau has become operational in India only in recent years. This may limit the information available to us about the credit history of our borrowers, especially individuals and small businesses. In addition, the credit risk of our borrowers, particularly small and middle market companies, is higher than borrowers in more developed economies due to the evolving Indian regulatory, political, economic and industrial environment. The directed lending norms of the Reserve Bank of India require us to lend a certain proportion of our loans to "priority sectors", including agriculture and small enterprises, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. Any shortfall may be required to be allocated to investments yielding sub-market returns. See also "*—We are subject to the directed lending requirements of the Reserve Bank of India, and any shortfall in achieving these requirements may be required to be invested in government schemes that yield low returns, thereby impacting our profitability. We may also experience a higher level of non-performing assets in our directed lending portfolio, which could adversely impact the quality of our loan portfolio, our business and the price of 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, high debt burden and high interest rates in the Indian economy, 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. For instance, the slowdown in the economy since fiscal 2012 has led to a rise in non-performing and restructured assets of Indian banks, including us. Such conditions may lead to an increase in the level of our non-performing assets and there could be an adverse impact on our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

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

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

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

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

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

Failure to comply with applicable regulations in various jurisdictions, including unauthorized actions by employees, representatives, agents and third parties, suspected or perceived failures and media reports, and ensuing inquiries or investigations by regulatory and enforcement authorities, has resulted, and may result in the future, in regulatory actions, including financial penalties and restrictions on or suspension of the related business operations. Following the release on the Internet in March 2013 of videos forming part of a sting operation on banks and insurance companies in India that purported to show the Bank's frontline branch employees engaging in conversations that would violate our Group's Code of Business Conduct and Ethics and could have, if any transactions had been consummated, led to violations of anti-money laundering and 'know-your-customer' norms, the Reserve Bank of India undertook investigations at ICICI Bank and over 30 other banks in India. While the Reserve Bank of India's investigations did not reveal any prima facie evidence of money laundering, the Reserve Bank of India imposed an aggregate penalty of Rs. 665 million (US$11 million) on 31 Indian banks, including Rs. 10 million (US$0.2 million) on ICICI Bank, for instances of violation of applicable regulations, which the Bank has paid. A penalty of Rs. 1.4 million was also imposed on the Bank in February 2015 by the Financial Intelligence Unit, India, for failure in reporting the attempted suspicious transactions to which the above sting operations pertained. The Bank has filed an appeal against the penalty. Although we have not received any formal notice of investigation, there can be no assurance that these incidents will not be the subject of further investigation by the regulatory authorities, including the tax enforcement authorities.

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

impact adversely our ability to conduct business.

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

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

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

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

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

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

In addition, for collateral we hold in jurisdictions outside India, the applicable laws and regulations in such jurisdictions may impact our ability to foreclose on collateral and realize its value. Failure to recover the expected value of collateral could expose us to potential losses, which could adversely affect our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

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

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

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

We earn commission, exchange and brokerage income from a variety of activities, including loan processing, syndication and advisory services for corporate clients with respect to their acquisition and project financing, distribution of retail investment and insurance products, transaction banking and retail credit products. Our commission, exchange and brokerage income is therefore impacted by the level of corporate activity including new financing proposals, the demand for retail financial products and the overall level of economic and trade activity. We also earn commission from the distribution of mutual fund and insurance products. Our commission, exchange and brokerage income is also impacted by applicable regulations

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governing various products and segments of financial services and changes in these regulations may adversely impact our ability to grow in this area. For example, in May 2014, the Reserve Bank of India directed banks to remove foreclosure charges on floating rate term loans given to individual borrowers and were prohibited from levying a penalty for non-maintenance of minimum balance in inoperative accounts. The profit on foreign exchange transactions is dependent on foreign exchange market conditions and the risk management strategies of corporate clients. Volatile market conditions may also have an adverse impact on mergers and acquisitions activity by Indian companies, affecting our fee and other incomes related to such activity. Since fiscal 2012, we have witnessed a moderation in growth in our commission, exchange and brokerage income, primarily due to the decline in corporate investment activity and new financing proposals. Various factors could adversely impact our fee income streams in the future and adversely affect our financial performance.

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

Beginning in fiscal 2004, we began international expansion, opening banking subsidiaries in the United Kingdom, Canada and Russia and branches and representative offices in several countries. This international expansion into banking in multiple jurisdictions exposes us to a variety of regulatory and business challenges and risks, including cross-cultural risk and has increased the complexity of our risks in a number of areas including price risks, currency risks, interest rate risks, compliance risk, regulatory and reputational risk and operational risk. In the aftermath of the financial crisis and in light of enhanced regulations in many countries, we expect to face additional scrutiny in all of these areas and in the management of our international operations. We also face risks arising from our ability to manage inconsistent legal and regulatory requirements in the multiple jurisdictions in which we operate. Our businesses are subject to changes in legal and regulatory requirements and it may not be possible to predict the timing or nature of such changes. Business opportunities in these jurisdictions will also determine the growth in our operations. Following a slowdown in our business and limited growth opportunities in Russia, we divested our shareholding in ICICI Bank Eurasia, our wholly owned Russian subsidiary, to a Russia-based bank and exited the Russian market during fiscal 2015.

The loan portfolio of our international branches and subsidiaries includes foreign currency loans to Indian companies for their Indian operations (as permitted by regulation) as well as for their overseas ventures, including cross-border acquisitions. This exposes us to specific additional risks including the failure of the acquired entities to perform as expected, and our inexperience in various aspects of the economic and legal framework in overseas markets. Regulatory changes globally and in specific markets, including increased regulatory oversight following the global financial crisis, may impact our ability to execute our strategy and deliver returns on capital invested in our international subsidiaries. Our banking subsidiaries in the United Kingdom and Canada have in the past focused primarily on leveraging their deposit franchises in these markets to extend financing to Indian companies for their operations in India and globally, including the financing of overseas acquisitions by Indian companies through structured transactions. In view of the position taken by these subsidiaries' respective regulators in connection with cross-border risk and exposure concentration, these subsidiaries have reduced their business volumes, resulting in a high level of capital relative to their assets and impacting their profitability and return on the capital invested by ICICI Bank in these subsidiaries. While these subsidiaries are focused on growing their business within the current regulatory framework, the opportunities to do so may be limited. Further, while we are seeking to rationalize the capital invested in our overseas banking subsidiaries and these subsidiaries have repatriated a part of their excess

capital to ICICI Bank, there can be no assurance that we will be able to achieve further capital rationalization through repatriation or otherwise. See also "*—The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past*" and "*—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment*". Our overseas branches and banking subsidiaries have made investments in bonds, certificates of deposits, mortgage backed securities, treasury bills, credit derivatives and asset-backed commercial paper. The global financial and economic crisis resulted in mark-to-market and realized losses on our overseas and other subsidiaries' investment and derivative portfolios, increased the regulatory scrutiny of our international operations, constrained our international debt capital market borrowings and increased our cost of funding. If we are unable to manage these risks, our business would be adversely affected.

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

Most of our incremental funding requirements are met through short-term funding sources, primarily in the form of deposits including deposits from corporate customers and interbank deposits. Our customer deposits generally have a maturity of less than one year. However, a large portion of our assets have medium-or long-

term maturities, creating the potential for funding mismatches. In addition, we have seen significant growth in project financing in recent years, where the assets would typically be of longer-term maturities, relative to our funding profile. Our ability to raise fresh deposits and grow our deposit base depends in part on our ability to expand our network of branches, which in the past required the prior approval of the Reserve Bank of India. We have recently significantly expanded our branch network pursuant to the Reserve Bank of India's authorizations for establishing new branches, and the Reserve Bank of India has also permitted banks to freely open new branches subject to certain conditions since September 2013. See also "*Supervision and Regulation— Regulations Relating to the Opening of Branches*". Our new branches typically operate at lower efficiency levels, as compared to our existing branches, and although we intend to increase their efficiency over time, any inability to use these branches productively, or substantial delays in achieving desired levels of productivity, may have an impact on our ability to grow our deposit base to the desired extent.

In 2008, following the bankruptcy of Lehman Brothers and the disclosure of our exposure to Lehman Brothers and other U.S. and European financial institutions, negative rumors were circulated about our financial position which resulted in concerns being expressed by depositors and higher than normal transaction levels on a few days.

The deregulation of savings account interest rates in October 2011 may also increase the volatility of this component of our funding. Further, high volumes of deposit withdrawals or failure of a substantial number of our depositors to roll over deposited funds upon maturity or to replace deposited funds with fresh deposits as well as our inability to grow our deposit base, would have an adverse effect on our liquidity position, our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

Furthermore, a part of our loan and investment portfolio, consisting primarily of the loan and investment portfolios of our international branches and subsidiaries is denominated in foreign currencies, including the U.S. dollar. Our international branches are primarily funded by debt capital market issuances and syndicated/bilateral loans, while our international subsidiaries generally raise deposits in their local markets. Volatility in the international debt markets may constrain our international capital market borrowings. There can be no assurance that our international branches and subsidiaries will be able to obtain funding from the international debt markets or other sources in a timely manner on terms acceptable to them or at all. This may adversely impact our ability to replace maturing borrowings and fund new assets. In addition, borrowers who have taken foreign currency loans from us may face challenges in meeting their repayment obligations on account of market conditions and currency movements. See also "*—Risks Relating to India and Other Economic and Market Risks—Financial instability in other countries, particularly emerging market countries and countries where we have established operations, could adversely affect our business and the price of our equity shares and ADSs*", "*—Risks Relating to India and Other Economic and Market Risks—Financial difficulty and other problems in certain financial institutions in India could adversely affect our business and the price of our equity shares and ADSs*" and "*—Risks Relating to Our Business—We experienced rapid international growth in earlier years which has increased the complexity of the risks that we face*".

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

The global financial crisis has led to significant and unprecedented changes in the laws, regulations and regulatory policies of India and the other jurisdictions in which we operate. Changes in laws, regulations or regulatory policies, including changes in the interpretation or application of such laws, regulations and regulatory policies, may adversely affect the products and services we offer, the value of our assets or the collateral available for our loans or our business in general. Recent regulatory changes as well as changes currently under discussion, such as changes with respect to Basel III risk-based and leverage capital requirements, Basel III liquidity requirements; restrictions on cross-border capital flows; enhanced emphasis on local lending obligations in overseas jurisdictions; changes in directed lending regulations in India; using national benchmark indices for pricing bank products; and discussions on management compensation, board governance, consumer protection and risk management, among other areas, are expected to have an impact on our business and our future strategy. These changes could require us to reduce or increase our business in specific segments, impact our overall growth and impact our return on capital. For instance, our wholly owned banking subsidiaries in the United Kingdom and Canada reduced their business volumes after fiscal 2009 in response to the changes in the regulatory environment, which has impacted their growth and profitability. While both these subsidiaries are focused on growing their business within the current regulatory framework, the opportunities to do so may be limited. Further, while both these subsidiaries are focused on optimizing their capital base and have repatriated capital and made dividend payments to ICICI Bank in the recent past, such measures are subject to regulatory approvals. There can be no assurance regarding the timing or grant of such approvals in the future. The Reserve Bank of India has moved to a risk-based supervision approach for Indian banks, including us, and may require banks to hold additional capital over and above the minimum regulatory requirements based on its assessment of risks for individual banks.

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Changes in laws, regulations and regulatory policies, or the interpretation or application thereof, have and we expect will continue to lead to enhanced regulatory oversight and scrutiny and increased compliance costs. In the aftermath of the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past. This increased scrutiny increases the possibility that we will face adverse legal or regulatory actions. The Reserve Bank of India and other regulators regularly review our operations, and there can be no guarantee that any regulator will agree with our internal assessments of asset quality, provisions, risk management, capital adequacy, management functioning or other measures of the safety and soundness of our operations. In addition, regulators may find that we are not in compliance with applicable laws, regulations or regulatory policies, or with the regulators' revised interpretations of such laws, regulations or regulatory policies, and may take formal or informal actions against us. Our ability to predict future legal or regulatory changes is limited and we may face enhanced legal or regulatory burdens without advance notice. For example, the Reserve Bank of India, in its guidelines for new private sector banking licenses issued in February 2013, has mandated all new banks pursuant to the issuance of such licenses, to be set up under a financial holding company structure. In future, such requirements may be extended to existing banks in India, including us. Also, the Reserve Bank of India has released a discussion paper on a new banking structure in India. See also "— *Overview of the Indian Financial Sector—Structural Reforms*". Any such regulatory or structural changes may result in increased expenses, operational restrictions, increased competition or revisions to our business operations, which may reduce our profitability or force us to forego potentially profitable business opportunities. See also "—*The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past*".

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

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

financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of migrations in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses.

To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses and enhanced regulatory scrutiny. See also "*—Further deterioration of our non-performing asset portfolio combined with an increase in Reserve Bank of India requirements on provisioning could adversely affect our business and profitability*". The successful management of credit, market and operational risk is an important consideration in managing our liquidity risk because it

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affects the evaluation of our credit ratings by domestic and international rating agencies. Rating agencies may reduce or indicate their intention to reduce the ratings at any time. See also "*—Risks Relating to India and Other Economic and Market Risks—Any downgrade of India's debt rating by an international rating agency could adversely affect our business, our liquidity and the price of 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 "*Businesss—Risk Management—Quantitative and Qualitative Disclosures about Market Risk—Liquidity Risk*".

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

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

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

We may seek opportunities for growth through acquisitions or be required to undertake mergers mandated by the Reserve Bank of India under its statutory powers. We have undertaken mergers and acquisitions in the past. Most recently, the Bank of Rajasthan, a private sector bank, merged with us effective August 12, 2010. In the past, the Reserve Bank of India has ordered mergers of weak banks with other banks primarily in the interest of depositors of the weak banks. We may in the future examine and seek opportunities for acquisitions in countries where we currently operate. Our non-banking subsidiaries in India may also undertake mergers and acquisitions.

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

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

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

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

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Since fiscal 2012, following the volatility in the global capital markets and the economic challenges in India, the rupee has depreciated sharply against the U.S. dollar. The rupee depreciated by 14.6% in fiscal 2012 and by 6.3% in fiscal 2013. During fiscal 2014, the rupee depreciated sharply against the U.S. dollar following the commencement of tapering of quantitative easing in the United States and the consequent withdrawal of capital flows from many emerging economies. During April to August 2013, the rupee depreciated by 22.4% to Rs. 68.4 per U.S. dollar before stabilising at Rs. 60.0 per U.S. dollar at end-March 2014. During fiscal 2015, the rupee depreciated further by 3.8% to Rs. 62.3 per U.S. dollar. Some of our borrowers with foreign exchange and derivative exposures may be adversely impacted by the depreciation of the rupee. These include borrowers impacted by higher rupee denominated interest or principal repayment on unhedged foreign currency borrowings; increases in the cost of raw material imports where there is limited ability to pass through such escalations to customers; and the escalation of project costs due to higher imported equipment costs; and borrowers that may have taken adverse positions in the foreign exchange markets. The failure of our borrowers to manage their exposures to foreign exchange and derivative risk, particularly adverse movements and volatility in foreign exchange rates, may adversely affect our borrowers and consequently the quality of our exposure to our borrowers and our business volumes and profitability. In January 2014, the Reserve Bank of India issued guidelines requiring higher capital and provisioning requirements for banks on their exposures to companies having unhedged foreign currency exposure, based on an assessment of likely loss on such exposures compared to the earnings of the corporate. An increase in non-performing or restructured assets on account of our borrowers' inability to manage exchange rate risk and any increased capital or provisioning requirement against such exposures may have an adverse impact on our profitability, our business and the price of our equity shares and ADSs. We have adopted certain risk management policies to mitigate such risk. However there is no assurance that such measures will be fully effective in mitigating such risks.

Entry into new businesses or rapid growth in existing loan portfolios may expose us to increased risks that may adversely affect our business.

The rapid growth of our retail loan business and our rural initiative exposes us to increased risks within India including higher levels of non-performing loans in our unsecured retail credit portfolio, increased operational risk, increased fraud risk and increased regulatory and legal risk. Since fiscal 2012 we have focused on scaling up our retail lending volumes and in fiscal 2015, we have also seen an increase in our retail unsecured portfolio. Our retail loan portfolio grew by 20.7% in fiscal 2015 compared to an increase of 13.7% in our overall gross loan portfolio. Further, we are also focusing on scaling up our business and distribution network in rural areas. While we have taken measures to address the risks in these businesses, there can be no assurance that the businesses would perform according to our expectations or that there would not be any adverse developments in these businesses in the future. Our inability to manage such risks may have an adverse impact on our future business and strategy, our asset quality and profitability and the price of our equity shares and ADSs.

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

Within the Indian market, we face intense competition from other commercial banks, investment banks, insurance companies and non-bank finance companies. Some Indian public and private sector banks have experienced higher growth and increase in market shares relative to us. In recent years, the Reserve Bank of India has issued licenses to

two new private sector banks, and has issued guidelines for licensing payment banks and small banks. The Reserve Bank of India has also indicated that it would issue guidelines with respect to a continuous licensing policy for universal banks. The expansion of existing competitors or the entry of new players could increase competition. Further, technology innovations in mobility and digitization of financial services require banks to continuously develop new and simplified models for offering banking products and services. This could increase competitive pressures on banks, including us, to adapt to new operating models and upgrade back-end infrastructure on an ongoing basis. Though we believe that we are in the forefront in leveraging technology in the products and services offered to our customers, there is no assurance that we will be able to continue to respond promptly to new technology developments, and be in a position to dedicate resources to upgrade our systems and compete with new players entering the market. In addition, the moderation of growth in the Indian banking sector may lead to greater competition for business opportunities. Further, in

October 2013, the Reserve Bank of India completely deregulated branch licensing requirements and banks are permitted to open branches across tier 1 to tier 6 centers without the prior approval of the Reserve Bank of India, subject to them maintaining a prescribed proportion of 25% of their incremental branches in rural and semi-urban areas. See also "*Supervision and Regulation-Regulations Relating to the Opening of Branches*". The Reserve Bank of India has also released the framework for the presence of foreign banks in India, and has proposed giving treatment substantively similar to domestic banks for foreign banks, based on the principles of reciprocity and subsidiary mode of presence. In May 2014, the Reserve Bank of India released the report of the committee constituted to review the governance of boards of banks in India which, among others, has proposed several measures aimed at improving the governance, ownership and board oversight of public sector banks. Following these recommendations, the government split the position of chairman and managing director in public sector banks. Any changes in the banking structure in India, including the entry of new banks, greater competition between existing players and improvement in the efficiency and competitiveness of existing banks, may have an adverse impact on our business. Due to competitive pressures, we may be unable to successfully execute our growth strategy or offer products and services at reasonable returns and this may adversely impact our business. See also "*Business—Competition" and "Overview of the Indian Financial Sector—Commercial Banks—Foreign Banks*".

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

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

The Indian financial markets have in recent years experienced, and continue to experience, changes and developments aimed at reducing the cost and improving the quality of service delivery to users of financial services. We may experience an adverse impact on the cash float and fees from our cash management business resulting from the development and increased usage of payment systems, as well as other similar structural changes. Some structural changes in banking transactions in India include free access for a customer of any bank to ATMs of all other banks with restrictions on the amount and number of transactions. Furthermore, the Reserve Bank of India, from time to time, also imposes limits on transaction charges levied by banks on customers, including those on cash and card transactions. Banks were directed to remove foreclosure charges on home loans and floating rate term loans given to individual borrowers. Banks were prohibited from levying penalty on non-operative accounts for non-maintenance of minimum balance. Such developments may adversely impact the profitability of banks, including us, by reducing float balances and fee incomes, and increasing costs. See also "*—The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment*". Our subsidiaries are also subject to similar risks. For example, in the Union Budget for fiscal 2015, the Finance Minister announced an increase in the long-term capital gains tax rate on investments in debt mutual funds from 10% to 20% and also increased the minimum holding period for qualification as a long-term investment from 12 months to 36 months. Further, starting from April 2015, the Association of Mutual Funds of India has introduced a cap of 100 basis points on upfront commission for all mutual fund schemes. These changes may have an impact on the inflows and earnings of asset management companies, including our asset management subsidiary and also affect our fee and other incomes related to such activity. See also "*- While our insurance businesses are an important part of our business, there can be no assurance of their future rates of growth or levels of profitability*".

Additional capital requirements of our insurance subsidiaries or our inability to monetize a part of our shareholding in these subsidiaries may adversely impact our business and the price of our equity shares and ADSs.

Our insurance businesses are profitable and we currently do not anticipate they would require additional capital. However, additional capital may be required to support the business which may arise due to regulatory requirements or any other reason. For instance, in the past, in accordance with the Insurance Regulatory and Development Authority of India's order dated March 12, 2011, all general insurance companies in India, including our general insurance subsidiary, ICICI Lombard General Insurance Company Limited, were required to provide for losses on the third party motor pool (a multilateral arrangement for insurance in respect of third party claims against commercial vehicles, the results of which were shared by all general insurance companies in proportion to their overall market share). Since the losses were allocated to general insurance companies based on their overall market shares, the profitability and solvency ratio of our general insurance subsidiary were adversely impacted. Accordingly, we invested Rs. 2.5 billion of capital into our general insurance subsidiary in fiscal 2011and Rs. 740.0 million in fiscal 2013. Our ability to invest additional capital in these

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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*".

Any additional 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.

The Insurance Laws (Amendment) Act, 2015, increased the foreign shareholding limit in insurance companies from 26.0% to 49.0%, subject to the companies being Indian-controlled and to regulatory and government approval. We currently own approximately 74.0% of each of our insurance subsidiaries, and have stated that we would consider monetizing a part of our shareholding in our insurance subsidiaries. However, there is no assurance that we will be able to do so or of the valuation of the insurance subsidiaries at which such monetization may take place. See also "*Business— Overview of Our Products and Services -Insurance" and "While our insurance businesses are an important part of our business, there can be no assurance of their future rates of growth or levels of profitability*".

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

Our life insurance and general insurance joint ventures are an important part of our business. See also "*Business—Overview of Our Products and Services—Insurance*". These businesses have experienced volatility in growth rates in the past and there can be no assurance of their future rates of growth or profitability.

The Indian life insurance sector has experienced significant regulatory change in recent years. In fiscal 2011, the Insurance Regulatory and Development Authority of India changed the regulations relating to unit-linked life insurance products. Subsequently, the Insurance Regulatory and Development Authority of India also issued revised regulations relating to non-linked life insurance products, which became effective during fiscal 2014. The key changes related to commissions payable to agents and distributors, lapse of policies, surrender values and minimum death benefits. As a result of these changes, the life insurance sector experienced low growth and changes in the product mix in recent years, as life insurance companies were required to modify their products and distribution strategies. While there was initially a shift in the product mix towards non-unit linked products, more recently the share of unit-linked products has increased driven by favourable cost structures of these products from a customer perspective, as well as by improved capital market conditions. Linked products contributed to 84.8% of the retail weighted received premium of ICICI Prudential Life Insurance Company in fiscal 2015 compared to 66.5% in fiscal 2014 and 54.5% in fiscal 2013. The demand for these products may be influenced by any volatility or downturn in capital markets. The regulatory changes have also resulted in reduced profitability margins on life insurance products. In fiscal 2015, the Insurance Laws (Amendment) Act, 2015, amended the existing statute to provide that no policy of life insurance shall

be called in question on any ground whatsoever after the expiry of three years from the date of the policy. The Insurance Regulatory Development Authority of India has from time to time proposed changes to the regulations governing distribution of insurance products by corporate agents, including banks. ICICI Bank is a corporate agent of its insurance subsidiaries and accounts for a significant portion of the business volumes of its life insurance subsidiary. While the latest regulatory proposals are not expected to impact this activity significantly, any future regulatory restrictions may require our insurance subsidiaries to change their distribution strategies, which may result in increased costs and lower business volumes, as well as impacting ICICI Bank's distribution of their products and the associated fee income.

ICICI Lombard General Insurance Company's gross written premiums (excluding its share of declined risk pool and inward reinsurance) decreased by 2.6% from Rs. 68.6 billion during fiscal 2014 to Rs. 66.8 billion during fiscal 2015, as it adopted a cautious approach to growth in certain segments in view of competitive pricing and its perception of risk-reward in those segments. There can be no assurance of the future rates of growth in the insurance business. Further, our general insurance subsidiary has also been adversely impacted by higher losses on the mandated third party motor insurance pool, which resulted in a loss of Rs. 4.2 billion in fiscal 2012 for the subsidiary. This subsidiary has been making profits since fiscal 2013. See also "—*Additional capital requirements of our insurance subsidiaries or our inability to monetize a part of our shareholding in these subsidiaries may adversely impact our business and the price of our equity shares and ADSs*" and "*Supervision and Regulation—Regulations Governing Insurance Companies*".

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A slowdown in the Indian economy, further regulatory changes or customer dissatisfaction with our insurance products could adversely impact the future growth of these businesses. See also "—*The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment*". Any slowdown in these businesses and in particular in the life insurance business could have an adverse impact on our business and the price of our equity shares and ADSs.

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

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

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

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

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

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

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

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

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

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

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

can only provide reasonable assurance of achieving their control objectives. We are committed to continuing to implement and improve internal controls and our risk management processes, and this remains a key priority for us. If, however, we are unable to manage operational risk in India and in the other jurisdictions in which we operate, or if we are perceived as being unable to manage such risk, we may be subject to enhanced regulatory oversight and scrutiny. For a discussion of how operational risk is managed. See also "*Business—Risk Management—Operational Risk*".

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

Our business operations are based on a high volume of transactions. Although we take adequate measures to safeguard against system-related and other fraud, there can be no assurance that we would be able to prevent fraud. Our reputation could be adversely affected by fraud committed by employees, customers or outsiders, or by our perceived inability to properly manage fraud-related risks. Our inability or perceived inability to manage these risks could lead to enhanced regulatory oversight and scrutiny. Our rural initiative, our international growth and our expansion to product lines such as insurance may create additional challenges with respect to

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managing the risk of fraud due to increased geographical dispersion and use of intermediaries. See also "*—Operating and Financial Review and Prospects— Provisions for Restructured Loans and Non-performing Assets*" and "*Business—Risk Management—Operational Risk*". Physical or electronic break-ins, security breaches or other disruptions caused by power disruptions or the increased use of technology could also affect the security of information stored in and transmitted through our computer systems and network infrastructure. Technology has been undergoing a rapid evolution driven by mobility, cloud computing and social networks and this has led to increased cyber threats such as distributed denial of service attacks, spear phishing attacks and proliferation of malware and trojans. Given our focus on technology and presence in diverse geographies, we are exposed to such attacks which may impact the confidentiality, integrity or availability of data pertaining to us or our customers, which in turn may cause damage to our reputation and adversely impact our business and financial results. While ICICI Bank maintains insurance coverage that may, in accordance with the policy terms and conditions, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses. The Bank has a governance framework in place for security and has implemented information security policies, procedures and technologies. However, considering that technology is currently in a phase of rapid evolution and considering that the methods used for cyber attacks are also changing frequently or, in some cases, are not recognised until an actual attack, we may not be able to anticipate or to implement effective preventive measures against all security breaches. The Bank, like many other large global financial institutions, has also experienced distributed denial of services attack which was intended to disrupt customer access to the Bank's main portal. While the Bank's monitoring and mitigating controls were able to detect and effectively respond to this incident, there can be no assurance that these security measures will be successful in the future. A significant failure in security measures could have a material adverse effect on our business, our future financial performance, our stockholders' equity and the price of 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 phones. Our principal delivery channels include ATMs, call centers and the Internet. While we have procedures to monitor for and prevent system failures, and to recover from system failures in the event they occur, there is no guarantee that these procedures will successfully prevent a system failure or allow us to recover quickly from a system failure. Any failure in our systems, particularly for retail products and services and transaction banking, could significantly affect our operations and the quality of our customer service and could result in enhanced regulatory scrutiny and business and financial losses that would adversely affect the price of our equity shares and ADSs. Regulatory scrutiny in this area is increasing. See also "*—The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past*".

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

We are regularly assessed by the government of India's tax authorities, and on account of outstanding tax demands we have included in contingent liabilities Rs. 44.9 billion in additional taxes in excess of our provisions at March 31,

2015. These additional tax demands mainly relate to issues disputed by us and the tax authorities, such as the disallowance of depreciation on leased assets, disallowance of expenditure incurred towards exempt income, withdrawal of a special reserve, marked-to-market losses, double taxation of income of two of our venture capital funds and indirect tax matters. The Rs. 44.9 billion included in our contingent liabilities does not include further disputed tax assessments amounting to Rs. 56.2 billion relating to bad debts written off and penalties levied, where the possibility of liability arising has been considered remote based on favorable Supreme Court decisions in other similar cases. See also "*Business—Legal and Regulatory Proceedings*".

We have appealed all of these demands. While we expect that no additional liability will arise out of these disputed demands based on our consultations with tax counsel and favorable decisions in our own and other cases, there can be no assurance that these matters will be settled in our favor or that no further liability will arise out of these demands. Any additional tax liability may adversely impact our financial performance and the price of our equity shares and ADSs.

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

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

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

Our business has become more complex with both product line expansion into the insurance area and geographic expansion internationally and through the rural initiatives. Our continued success depends in part on the continued service of key members of our management team and our ability to continue to attract, train, motivate and retain highly qualified professionals is a key element of our strategy and we believe it to be a significant source of competitive advantage. The successful implementation of our strategy depends on the availability of skilled management, both at our head office and at each of our business units and international locations and on our ability to attract and train young professionals. A substantial portion of our compensation structure for middle and senior management is in the form of employee stock options, and dependent on the market price of our equity shares. Depending on market and business conditions, we may decide to reduce our employee strength in certain of our businesses. Further, increased competition, including the entry of new banks into an already competitive sector, may affect our ability to hire and retain qualified employees. If we or one of our business units or other functions fail to staff operations appropriately, or lose one or more key senior executives or qualified young professionals and fail to replace them in a satisfactory and timely manner, our business, financial condition and results of operations, including our control and operational risks, may be adversely affected. Likewise, if we fail to attract and appropriately train, motivate and retain young professionals or other talent, our business may likewise be affected. See also "*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 unconsolidated and consolidated financial statements under Indian GAAP. The Institute of Chartered Accountants of India issued Ind AS (a revised set of accounting standards) which converges the Indian accounting standards with International Financial Reporting Standards. The Ministry of Corporate Affairs which is the law making authority for adoption of accounting standards in India has notified these Ind AS for adoption. Further, the ministry has also issued a roadmap for transition to Ind AS by Indian companies in a phased manner starting from April 1, 2016. However, the roadmap does not cover banking companies, non-banking finance companies and insurance companies. The roadmap for transition for these companies would be separately issued by their respective regulators in India. Accordingly, few of our group companies would adopt Ind AS from April 1, 2017 and other group companies, including ICICI Bank, would adopt Ind AS when notified by their respective regulators. Further, we may issue financial statements under International Financial Reporting Standards prior to the schedule that may be announced by Indian regulators, for compliance with regulations in certain jurisdictions where we have operations or where our securities are listed. Financial statements prepared under standards different from existing GAAP may diverge significantly from the financial statements and other financial information included in this annual report. See also "*Operating and Financial Review and Prospects — Convergence of Indian accounting standards with International Financial Reporting Standards*".

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Risks Relating to ADSs and Equity Shares

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

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

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

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

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.

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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, 2015, the Life Insurance Corporation of India held 8.5% and the General Insurance Corporation of India and other government-owned general insurance companies held 1.8% of our outstanding equity shares. See also "*Business—Shareholding Structure and Relationship with the Government of India*". Any substantial sale of our equity shares by these or other large shareholders could adversely affect the price of our equity shares and ADSs. Under the Indian Banking Regulation Act, no person holding shares in a banking company can exercise more than 10.0% of the total voting power. Deutsche Bank Trust Company Americas held approximately 29.0% of our equity shares at June 30, 2015 as depositary for ADS holders and votes on these shares in accordance with the directions of our board of directors. Pursuant to the provisions of the Banking Regulation Act as currently effective, Deutsche Bank Trust Company Americas can only vote 10.0% of our equity shares. After taking into consideration the restriction of 10.0%, the effective outstanding voting rights at June 30, 2015 for Deutsche Bank Trust Company Americas were 10.0%. An amendment to the Banking Regulation Act has increased the voting rights cap from 10.0% to 26.0%. However, this is pending notification by the Reserve Bank of India.

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 caused a decline in the domestic equity markets with the BSE Sensex at 17,404 at March 30, 2012. The markets have recovered subsequently and at March 31, 2015 the BSE Sensex was at 27,957. In recent years, there have been changes in laws and regulations regulating the taxation of dividend income, which have impacted the Indian equity capital markets. See also "*Dividends*". Similar problems or changes in the future could adversely affect the market price and liquidity of our equity shares and ADSs.

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

The Reserve Bank of India has prescribed limits on the dividend payout ratio of banks in India linked to certain parameters such as the risk-based capital ratio and net non-performing assets ratio. Under the Reserve Bank of India's Basel III guidelines, banks are subject to higher minimum capital requirements and must maintain a capital conservation buffer above the minimum requirements to avoid restrictions on capital distributions and discretionary bonus payments. Any change in restrictions on payment of dividend or capital requirements may limit our ability to pay dividends to our equity share and ADS holders.

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

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

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

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

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

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

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

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

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

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

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Business

Overview

We are a diversified financial services group offering a wide range of banking and financial services to corporate and retail customers through a variety of delivery channels. We are the largest private sector bank in India in terms of total assets. Apart from banking products and services, we offer life and general insurance, asset management, securities brokering and private equity products and services through our specialized subsidiaries. Our total assets at year-end fiscal 2015 were Rs. 8,260.8 billion. Our capital and reserves at year-end fiscal 2015 were Rs. 847.0 billion. In fiscal 2015, we earned a net profit of Rs. 122.5 billion compared to Rs. 110.4 billion in fiscal 2014.

Our primary business consists of commercial banking operations for corporate and retail customers. We provide a range of commercial banking and project finance products and services, including loan products, fee and commission-based products and services, deposit products and foreign exchange and derivatives products to India's leading corporations, middle market companies and small and medium enterprises. Our commercial banking operations for retail customers consist of retail lending and deposit taking and distribution of third party investment products. We also offer agricultural and rural banking products. We deliver our products and services through a variety of channels, including bank branches, ATMs, call centers, the internet, social media and mobile phones. ICICI Bank had a network of 4,050 branches and 12,451 ATMs in India at year-end fiscal 2015.

In our international banking operations, our primary focus is on offering products and services to the Indian diaspora, Indian businesses, select local businesses and multi-national corporations, and insured mortgage products in our Canadian subsidiary, as well as offering deposit products to the larger community. ICICI Bank's overseas branches take deposits, raise borrowings and make loans primarily to Indian companies for their overseas operations as well as for their foreign currency requirements in India. They also engage in advisory and syndication activities for fund-raising by Indian companies and their overseas operations. We currently have banking subsidiaries in the United Kingdom and Canada, branches in China, Singapore, Dubai International Finance Centre, Sri Lanka, Hong Kong, Qatar Finance Centre, the United States and Bahrain and representative offices in the United Arab Emirates, Bangladesh, South Africa, Malaysia and Indonesia. Our subsidiary in the United Kingdom has established a branch in each of Antwerp, Belgium and Frankfurt, Germany. We divested our shareholding in ICICI Bank Eurasia, our wholly owned Russian subsidiary, to a Russia-based bank during fiscal 2015, and closed our representative office in Thailand. Our subsidiaries in the United Kingdom and Canada and our branches in Bahrain, Dubai, Singapore and Hong Kong have the largest share of our international assets and liabilities. See also "*Risk factors— Risks Relating to Our Business— We experienced rapid international growth in earlier years which has increased the complexity of the risks that we face*".

Our treasury operations include the maintenance and management of regulatory reserves, proprietary trading in equity and fixed income and a range of foreign exchange and derivatives products and services for corporate customers, such as forward contracts and interest rate and currency swaps. We take advantage of movements in markets to earn

treasury income. Our overseas branches and subsidiaries also have investments in credit derivatives, bonds of non-India financial institutions and asset backed securities.

We are also engaged in insurance, asset management, securities business and private equity fund management through specialized subsidiaries. Our subsidiaries ICICI Prudential Life Insurance Company, ICICI Lombard General Insurance Company and ICICI Prudential Asset Management Company provide a wide range of life and general insurance and asset management products and services to retail and corporate customers. ICICI Prudential Life Insurance Company was the largest private sector life insurance company in India during fiscal 2015, with a market share of 11.3% in new business written (on retail weighted new business premium basis) according to the Life Insurance Council. ICICI Prudential Pension Funds Management Company Limited, a 100% subsidiary of ICICI Prudential Life Insurance Company, is one of the fund managers for the pension assets of Indian citizens (other than the mandated pension funds of government employees) under the National Pension System. This pension scheme was launched by the Indian government in 2004 for all citizens on a voluntary basis, and has allowed professional fund managers to invest the scheme's funds since 2008. ICICI Lombard General Insurance Company was the largest private sector general insurance company in India during fiscal 2015, with a market share of 8.3% in gross written premium according to the General Insurance Council. ICICI Prudential Asset Management Company manages the ICICI Prudential Mutual Fund, which was the second largest mutual fund in India in terms of average funds under management for the three months ended March 31, 2015 according to the Association of Mutual Funds in India. We cross-sell the products of our

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insurance and asset management subsidiaries and of other asset management companies to our retail and corporate customers. Our subsidiaries ICICI Securities Limited and ICICI Securities Primary Dealership Limited are engaged in equity underwriting and brokerage and primary dealership in government securities and fixed income market operations, respectively. ICICI Securities owns *icicidirect.com*, a leading online brokerage platform. ICICI Securities Limited has a subsidiary in the United States, ICICI Securities Holdings Inc. that in turn has an operating subsidiary in the United States, ICICI Securities Inc., which is engaged in brokerage services. Our subsidiary ICICI Venture Funds Management Company, manages funds that make private equity investments. In fiscal 2013, ICICI Bank, in partnership with domestic and international banks and financial institutions, launched India's first infrastructure debt fund structured as a non-banking finance company in which ICICI Bank and a wholly owned subsidiary together have a shareholding of 31.0%.

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

History

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

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

The issue of universal banking, which in the Indian context means conversion of long-term lending institutions such as ICICI into commercial banks, had been discussed at length in the late 1990s. Conversion into a bank offered ICICI

the ability to accept low-cost demand deposits and offer a wider range of products and services, and greater opportunities for earning non-fund based income in the form of banking fees and commissions. ICICI Bank also considered various strategic alternatives in the context of the emerging competitive scenario in the Indian banking industry. ICICI Bank identified a large capital base and size and scale of operations as key success factors in the Indian banking industry. In view of the benefits of transformation into a bank and the Reserve Bank of India's pronouncements on universal banking, ICICI and ICICI Bank decided to merge.

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

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.

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The Bank of Rajasthan, a listed Indian private sector bank, merged with ICICI Bank with effect from the close of business on August 12, 2010. At August 12, 2010, the Bank of Rajasthan had total assets of Rs. 156.0 billion, deposits of Rs. 134.8 billion, loans of Rs. 65.3 billion and investments of Rs. 71.0 billion. The Bank of Rajasthan was also a sponsoring entity of a regional rural bank called Mewar Anchalik Gramin Bank, with a holding of 35%. This holding was transferred to ICICI Bank pursuant to the merger. In fiscal 2014, the Government of India notified that Mewar Anchalik Gramin Bank and another regional rural bank, Marudhara Gramin Bank, be amalgamated into a single regional rural bank, Rajasthan Marudhara Gramin Bank. The amalgamation was effective from April 1, 2014 and ICICI Bank does not have any shareholding in the new bank.

Shareholding Structure and Relationship with the Government of India

The following table sets forth, at June 30, 2015, certain information regarding the ownership of our equity shares.

	Percentage of Total Equity Shares Outstanding		Number of Equity Shares Held
Government Controlled Shareholders:			
Life Insurance Corporation of India	8.5	%	490,204,761
General Insurance Corporation of India and government-owned general insurance companies	1.8		103,264,342
UTI and UTI Mutual Fund	0.8		47,202,876
Other government-controlled institutions, mutual funds, corporations and banks	0.1		7,557,578
Total government-controlled shareholders	11.2		648,229,557
Other Indian investors:			
Individual domestic investors[(1),(2)]	5.8		336,450,315
Mutual funds and banks (other than government-controlled mutual funds and banks) [(2)]	7.8		452,183,944
Other Indian corporations and others[(2)]	5.6		325,102,687
Total other Indian investors	19.2		1,113,736,946
Total Indian investors	30.4		1,761,966,503
Foreign investors:			
Deutsche Bank Trust Company Americas, as depositary for ADS holders	29.0		1,684,441,524
Dodge And Cox International Stock Fund	4.4		257,911,785
Europacific Growth Fund	2.5		147,291,772
Carmignac Gestion A\C Carmignac Patrimoine	1.6		90,881,374
Centaura Investments (Mauritius) PTE Ltd	1.1		62,963,442
Aberdeen Global Indian Equity (Mauritius) Limited	1.1		62,100,000
Other foreign institutional investors, foreign banks, overseas corporate bodies, foreign companies, foreign nationals, foreign institutional investors and non-resident Indians[(2)]	29.9		1,736,457,735
Total foreign investors	**69.6**		**4,042,047,632**

Total	**100.0**	**5,804,014,135**

(1) Executive officers and directors (including non-executive directors) as a group held about 0.08% of ICICI Bank's equity shares at June 30, 2015.

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

The holding of government-controlled shareholders was 11.2% at June 30, 2015 against 11.0% at June 30, 2014 and 10.5% at June 30, 2013. The holding of Life Insurance Corporation of India was 8.5% at June 30, 2015 against 8.3% at June 30, 2014 and 7.5% at June 30, 2013.

We operate as an autonomous 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

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guarantee agreements between the government of India and ICICI, to appoint a representative to our Board. The government of India has appointed one representative to our Board. We have traditionally invited a representative of each of the government-controlled insurance companies that are among our principal institutional shareholders, Life Insurance Corporation of India and General Insurance Corporation of India to join our Board. There is currently a representative of Life Insurance Corporation of India but no representative of General Insurance Corporation of India on our Board. See *"Management—Directors and Executive Officers*" for a discussion of the composition of our Board of Directors.

The holding of other Indian investors was 19.2% at June 30, 2015 against 19.5% at June 30, 2014 and 20.8% at June 30, 2013. The total holding of Indian investors was 30.4% at June 30, 2015 against 30.5% at June 30, 2014 and 31.3% at June 30, 2013. The holding of foreign investors was 69.6% at June 30, 2015 against 69.5% at June 30, 2014 and 68.7% at June 30, 2013. See "*Supervision and Regulation—Reserve Bank of India Regulations—Ownership Restrictions*". Deutsche Bank Trust Company Americas holds the equity shares represented by 842 million American Depositary Receipts outstanding as depositary on behalf of the holders of the American Depositary Shares. The American Depositary Shares are listed on the New York Stock Exchange. Under the Indian Banking Regulation Act, no person holding shares in a banking company can exercise more than 10.0% of the total voting power. This means that Deutsche Bank Trust Company Americas (as depositary), which held approximately 29.0% of our equity shares at June 30, 2015 against 29.1% at June 30, 2014 and 29.2% at June 30, 2013 could only vote 10.0% of our equity shares, in accordance with the directions of our Board of Directors. An amendment to the Banking Regulation Act approved by the Indian Parliament in fiscal 2013 has increased the voting rights cap to 26.0%. However, this is pending notification by the Reserve Bank of India. See "*Overview of the Indian Financial Sector—Structural Reforms—Amendments to the Banking Regulation Act*". Except as stated above, no shareholder has differential voting rights.

Strategy

The key elements of our business strategy are to:

- focus on opportunities for sustainable profitable growth by:
  - enhancing our retail and corporate franchise
  - maintaining the proportion of current and savings accounts and retail term deposits in our domestic deposit base;
  - building a rural & inclusive banking franchise; and
  - strengthening our insurance, asset management and securities businesses;

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

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

From fiscal 2011, we focused on growing our loan book by capitalizing on selected credit segments such as mortgages, secured retail loans and project finance, mobilizing low cost current account and savings deposits, reducing credit costs, optimizing operating expenses and improving our customer service capabilities. Considering the challenging economic environment since fiscal 2013 including a sharp slowdown in economic growth and subdued corporate investments in India, our strategic focus was to maintain an optimal balance among profitability, risk management and growth across various businesses. During this period, we adopted a cautious approach to loan growth in the corporate segment while closely monitoring asset quality, and pursued growth in the retail portfolio.

Our objective going forward will be to leverage our capital base for profitable growth, while sustaining the improvements in our deposit profile and profitability. As we grow our businesses, meeting customer expectations on service quality and leveraging technology to improve our products and services will be a critical element of our strategy.

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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, debit and prepaid cards, depositary share accounts, distribution of third party investment and insurance products, other fee-based products and services, and the issuance of unsecured redeemable bonds.

Retail Lending Activities

Our retail lending activities include home loans, automobile loans, commercial business loans (including primarily commercial vehicle loans), business banking loans (including dealer funding and small ticket loans to small businesses), personal loans, credit cards, loans against time deposits, loans against securities, loans against jewelry and retail lending in rural markets. We also fund dealers who sell automobiles and commercial vehicles. The retail portfolio increased from Rs. 1,621.3 billion constituting 40.9% of gross loans at year-end fiscal 2014 to Rs. 1,956.9 billion constituting 43.4% of gross loans at year-end fiscal 2015. This was driven primarily by growth in secured retail lending categories like mortgages, automobile loans and business banking loans, resulting in an increase in the retail portfolio. We also selectively offer unsecured products such as personal loans and credit cards to our customers. Our retail loans also include rural and agricultural loan products. We believe that retail credit has a robust long-term growth potential due to rising income levels and expansion of the middle class.

Our retail asset products are generally fixed rate products repayable in equated monthly installments other than our floating rate home loan portfolio, where any change in the benchmark rate to which the rate of interest on the loan is referenced is passed on to the borrower on the first day of the succeeding quarter or succeeding month, as applicable. Any decrease in the rate of interest payable on floating rate home loans is generally implemented by an acceleration of the repayment schedule, keeping the monthly installment amount unchanged. Any increase in the rate of interest payable on floating rate home loans is generally effected in the first instance by an extension of the repayment schedule, keeping the monthly installment amount unchanged, and based on certain criteria, by changing the monthly installment amount. See also "*Risk Factors—Risks Relating to Our Business—Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance*".

Commercial Banking for Rural and Agricultural Customers

The Reserve Bank of India's directed lending norms also require us to lend a portion of advances to the rural and agricultural sector. See also "—*Loan Portfolio—Directed Lending*". Our rural banking operations include serving the financial requirements of customers in rural and semi-urban locations, primarily engaged in agriculture and allied activities. We offer a comprehensive product suite covering the entire agricultural value chain including farmers, commodity traders, seed and farm input dealers and processors. We offer financial solutions to micro-finance institutions and also provide loans against warehouse receipts and loans to self-help groups. We provide corporate banking products and services to corporate clients engaged in agriculture-linked businesses and 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 rural banking services through multiple channels including branches, micro ATMs, point of sale terminals, smart cards and mobile banking. Our rural customers can avail the basic banking facilities even at retail outlets like grocery shops. Further, we have tied up with telecom companies to offer mobile based banking services. As per the Reserve Bank of India requirements, we have formulated a board-approved financial inclusion plan to facilitate opening of basic deposit accounts for customers in rural and unbanked areas. During fiscal 2015, we supported the government's financial inclusion initiative to provide a bank account in every household in unbanked areas of the country. We have enabled remittances as well as account based transfers based on Aadhaar, India's unique identification number, for our customers who are beneficiaries of direct benefit transfers under the social security schemes of the government of India. Rural banking presents

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significant challenges in terms of geographical coverage and high unit transaction costs. We are exploring various models for operating through lower cost structures in rural locations, including technology-based channels, and have opened 460 low-cost branches in rural locations, which offer basic banking services to rural customers. See also "*Risk Factors—Risks Relating to Our Business—Entry into new businesses or rapid growth in existing loan portfolios may expose us to increased risks that may adversely affect our business*".

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

	At March 31,				
	2013	2014	2015	2015	2015
	(Rs. in billions)			(% share)	(US$ in millions)
Home loans	Rs. 744.6	Rs. 891.1	Rs. 1,094.0	55.9 %	US$ 17,558
Automobile loans	115.9	155.1	190.0	9.7	3,049
Commercial business loans	151.2	125.3	109.4	5.6	1,755
Business banking[1]	44.7	57.8	73.2	3.7	1,174
Others[2],[3]	139.1	268.5	332.2	17.0	5,332
Total secured retail finance portfolio	1,195.5	1,497.8	1,798.8	91.9 %	28,868
Personal loans	31.8	46.9	71.3	3.7	1,144
Business banking[1]	22.7	25.4	23.9	1.2	384
Credit card receivables	36.4	36.2	41.4	2.1	665
Others[2]	3.8	15.0	21.5	1.1	344
Total unsecured retail finance portfolio	**94.7**	**123.5**	**158.1**	**8.1 %**	**2,537**
Total retail finance portfolio	**Rs. 1,290.2**	**Rs. 1,621.3**	**Rs. 1,956.9**	**100.0 %**	**US$ 31,405**

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

(2) Includes rural loans and loans against securities.

(3) Includes loans against foreign currency non-resident (bank) deposits of Rs. 85.9 billion at March 31, 2015.

Our unsecured retail portfolio primarily includes personal loans and loans against credit card receivables. Following the global financial crisis leading to increase in interest rates, tightening liquidity and challenging macroeconomic environment and also changes in regulations pertaining to the use of recovery agents by banks, we witnessed higher than anticipated losses in the unsecured retail portfolio. We reduced incremental lending in personal loans and credit card issuances, resulting in a decline in the overall unsecured retail lending portfolio. Since fiscal 2013, we have been growing our personal loans and credit card lending portfolio, primarily by offering these products to existing customers of the Bank. During fiscal 2015, ICICI Bank's personal loans disbursements were about 8.3% of total retail loan disbursements at Rs. 58.8 billion and the number of outstanding credit cards increased from around 3.2 million at year-end fiscal 2014 to about 3.3 million at year-end fiscal 2015. ICICI Bank's personal loans typically range from Rs. 100,000 to Rs. 1,000,000 in size with tenors of one to five years and yields ranging from 13-19%. At year-end fiscal

2015, our personal loans portfolio was Rs. 71.3 billion compared to Rs. 46.9 billion at year-end fiscal 2014. The credit card receivables portfolio at year-end fiscal 2015 was Rs. 41.4 billion compared to Rs. 36.2 billion at year-end fiscal 2014. The proportion of unsecured retail loans in the total retail portfolio was 8.1% at year-end fiscal 2015 compared to 7.6% at year-end fiscal 2014 and 7.3% at year-end fiscal 2013.

We offer retail lending products primarily in India through ICICI Bank and our wholly owned subsidiary, ICICI Home Finance Company Limited. Our home loan portfolio includes both loans for the purchase and construction of homes as well as loans against property. Our policies for such loans are based on certain stipulated ratios such as the loan-to-value ratio and the ratio of fixed debt obligations to a borrower's income. The Reserve Bank of India has capped the loan-to-value ratio at 90% for home loans up to Rs. 2.0 million, at 80% for home loans between Rs. 2.0 million and Rs. 7.5 million and at 75% for home loans above Rs 7.5 million. The initial repayment term of such loans is 15 to 20 years with payments in the form of equated monthly installments. We conduct a part of our housing loan business through ICICI Home Finance Company.

Our banking subsidiary in Canada offers residential mortgages in the local market. The mortgages are insured and primarily have federal-backed insurance. At year-end fiscal 2015, ICICI Bank Canada held total residential mortgages amounting to CAD 2,854 million (Rs. 140.0 billion) as compared to CAD 2,365 million (Rs. 128.4 billion) at year-end fiscal 2014. This includes mortgages of CAD 2,567 million (Rs. 125.9 billion) at year-end fiscal 2015 as compared to CAD 1,973 million (Rs. 107.1 billion) at year-end fiscal 2014 securitized under the Canadian National Housing Act – Mortgage Backed Securities program or through participation in the Canada Mortgage Bonds program. We also undertake retail lending activities to a very limited extent in certain of our other overseas branches and subsidiaries.

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Retail Deposits

Our retail deposit products include time deposits and savings account deposits. We also offer targeted products to specific customer segments such as high net worth individuals, defense personnel, trusts and businessmen, and have corporate salary account products. We offer current account (i.e., checking accounts for businesses) products to our small enterprise customers, who maintain balances with us. Further, we offer an international debit card in association with VISA International. At year-end fiscal 2015, we had a debit card base in excess of 27 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 and leveraging technology to improve the customer experience are critical elements of our strategy. We have been expanding our offerings through mobile telephones, including mobile banking applications for account access and various transactions, and a mobile wallet. We open new customer accounts by using tablets to capture customer information digitally. By offering our products and services through technology-enabled channels, we aim to improve the customer experience as well as the efficiency of our operations.

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 "*Business—Funding*".

Fee-Based Products and Services

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

We also offer foreign exchange products to retail customers including sale of currency notes, traveler's checks and travel cards. We also facilitate retail inward remittances from foreign geographies.

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

corporate bodies to trade in shares and convertible debentures on the Indian stock exchanges.

Lending to Small and Medium Enterprises

We have segmented offerings for the small and medium enterprise sector while adopting a cluster based financing approach to fund small enterprises that have a homogeneous profile such as engineering, information technology, transportation and logistics and pharmaceuticals. We also offer supply chain financing solutions to the channel partners of corporate clients and business loans (in the form of cash credit/overdraft/term loans) to meet the working capital needs of small businesses. We are also proactively reaching out to small and medium enterprises through various initiatives such as the "SME toolkit" —an online business and advisory resource for small and medium enterprises; and the "Emerging India Awards" —a small and medium enterprises recognition platform. We also offer fee-based products and services including transaction banking services, documentary credits and guarantees to small and medium enterprises.

Commercial Banking for Corporate Customers

We provide a range of commercial and investment banking products and services to India's leading corporations and middle market companies. Our product suite includes working capital and term loan products, fee and commission-based products and services, deposits and foreign exchange and derivatives products. The

Corporate Banking Group focuses on origination and coverage of all corporate clients. The Corporate Banking Group comprises relationship and credit teams. The Commercial Banking Group is responsible for growing the trade services and transaction banking business through identified branches, while working closely with the corporate relationship teams. The Markets Group provides foreign exchange and other treasury products to corporations. The Project Finance Group focuses on origination of large project finance mandates. We seek to syndicate corporate and project financing among domestic and international banks and institutions.

Corporate Loan Portfolio

We have been engaged in providing loans, especially project financing to the Indian corporate sector since ICICI was formed in 1955. Over, the years, we have diversified into corporate finance, working capital lending and transaction banking products and services. 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*".

Project financing constitutes a significant portion of our loan portfolio. Our project finance business consists principally of extending medium-term and long-term rupee and foreign currency loans to the manufacturing and infrastructure sectors. We also provide financing by way of investment in marketable instruments such as fixed rate and floating rate debentures. We generally have a security interest and first charge on the fixed assets of the borrower. Our working capital financing consists mainly of cash credit facilities, overdraft, demand loans and non-fund based facilities including bill discounting, letters of credit and guarantees. For more details on our credit risk procedures, see "*—Risk Management—Credit Risk*".

During fiscal 2011 and fiscal 2012, our corporate loan portfolio experienced significant growth following an improvement in economic conditions in India. Investments by the Indian corporate sector increased sharply during this period, particularly in the infrastructure sector. The Indian banking sector, including us, pursued lending opportunities in the corporate segment during this period. Following a prolonged period of moderation in growth in the Indian economy, high inflation, rise in interest rates and volatility in exchange rates, the corporate sector has experienced a decline in sales and profit growth, elongation of working capital cycles, delays in completion of projects and generation of cash flows from investments. Due to these factors, there has generally been an increase in corporate non-performing and restructured loans in the Indian banking sector, including us, in recent years.

Fee and Commission-Based Activities

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

and banks to earn fee incomes from structuring and syndication.

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

We also offer commercial banking services such as cash management services (such as collection, payment and remittance services), escrow, trust and retention account facilities, online payment facilities, custodial services and tax collection services on behalf of the government of India and the governments of Indian states. At year-end fiscal 2015, 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. 2,079.0 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 "—*Business—Funding*".

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Foreign Exchange and Derivatives

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

- *Foreign Exchange Products*

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

- *Derivatives*

We offer derivative products including interest rate swaps, currency swaps and options in all major currencies.

Commercial Banking for International Customers

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

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

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

international customers are:

- Remittance services: Remittances into India were US$ 66.0 billion in year-end fiscal 2015, with India being the largest remittance receiving country in the world. We recognized the remittance opportunity early on and started offering a host of remittance services tailored to meet the needs of diverse customer segments. To facilitate easy transfer of funds to India, we offer a suite of online as well as offline money transfer services that enable non-resident Indians from across 50 countries worldwide to send money to any beneficiary in India with a wide choice of delivery channels including electronic transfers to accounts with over 100,000 bank branches in India. With partnerships with over 200 correspondent banks and exchange houses worldwide, ICICI Bank is a significant participant in facilitating cross-border remittance flows into India.

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

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

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

- Foreign currency non-resident deposits: Foreign currency deposits offered in nine main currencies —U.S. dollar, pound sterling, euro, yen, Canadian dollar, Singapore dollar, Australian dollar, Hong Kong dollar and Swiss franc.

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

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

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

Total assets (net of inter-office balances) of ICICI Bank's overseas branches at year-end fiscal 2015 were Rs. 1,203.8 billion and total advances were Rs. 941.2 billion compared to total assets of Rs. 1,046.4 billion and total advances of Rs. 897.0 billion at year-end fiscal 2014. The increase in assets and advances of ICICI Bank's overseas branches at year-end fiscal 2015 compared to year-end fiscal 2014 primarily reflects the depreciation of the rupee against the U.S. dollar by 4.3% during fiscal 2015. The increase in assets was also on account of higher period end balances with banks and money at call and short notice in the overseas operation at year-end fiscal 2015. Our overseas branches are primarily funded by debt capital market borrowings, syndicated/bilateral loans and borrowings from external commercial agencies. See also "*Risk Factors—Risks Relating to Our Business—Our funding is primarily short-term and if depositors do not roll over deposited funds upon maturity, our business could be adversely affected*".

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

At year-end fiscal 2015, ICICI Bank UK PLC had 11 branches, including one in Belgium and one in Germany. At year-end fiscal 2015, total assets of ICICI Bank UK PLC was US$ 4.1 billion. ICICI Bank UK made a net profit of US$ 18 million during fiscal 2015, compared to US$ 25 million during fiscal 2014.

At year-end fiscal 2015, ICICI Bank Canada had nine branches and total assets of CAD 5.9 billion. ICICI Bank Canada made a net profit of CAD 34 million in fiscal 2015 as compared to CAD 48 million in fiscal 2014.

During fiscal 2015, we sold our entire shareholdings in ICICI Bank Eurasia and accordingly ICICI Bank Eurasia was deconsolidated in fiscal 2015.

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

Delivery Channels

We deliver our products and services through a variety of channels, ranging from traditional bank branches to ATMs, call centers and the Internet. At year-end fiscal 2015, we had a network of 4,050 branches across several Indian states.

The following table sets forth the number of branches broken down by area at year-end fiscal 2015.

	At March 31, 2014		At March 31, 2015	
	Number of branches and extension counters	% of total	Number of branches and extension counters	% of total
Metropolitan	935	24.9 %	1,012	25.0 %
Urban	865	23.0 %	932	23.0 %
Semi-urban	1,114	29.7 %	1,218	30.1 %
Rural	839	22.4 %	888	21.9 %
Total branches and extension counters	**3,753**	**100.0 %**	**4,050**	**100.0 %**

As a part of its branch licensing conditions, the Reserve Bank of India has stipulated that at least 25.0% of our branches must be located in tier 5 and tier 6 centers defined on the basis of the population size according to the 2001 census. See also "*Supervision and Regulation—Regulations Relating to the Opening of Branches*". At year-end fiscal 2015, we were in compliance with this condition. During fiscal 2014 and fiscal 2015, we opened a total of 950 branches, of which 424 branches were located in tier 5 and tier 6 centers. At year-end fiscal 2015, we had 12,451 ATMs, of which 4,217 were located at our branches. We view our branch as key points of customer acquisition and service. The branch network serves as an integrated channel for deposit mobilization and selected retail asset origination.

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We believe that developments in technology are changing the way customers engage with banks and meet their banking needs. We offer our products and services through a number of technology-enabled channels. Our customers can perform a wide range of transactions at our ATMs. We are also deploying automated devices, such as cash acceptance machines, at our branches to improve customer experience as well as efficiency of our operations. Our employees open new customer accounts by using tablets to capture customer information digitally. Through our website, www.icicibank.com, we offer our customers, both retail and corporate, online access to account information, payment and fund transfer facilities and various other services including purchase of investment and insurance products. We provide telephone banking facilities through our call centers. We are expanding our suite of services through mobile telephones, including mobile banking applications for account access and various transactions, and a mobile wallet. Our customers can also access their accounts and perform transactions via social media platforms. See also *"Technology"*.

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. At year-end fiscal 2015, ICICI Bank was required to maintain the statutory liquidity ratio requirement percentage at 21.5% 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. The Reserve Bank of India reduced the statutory liquidity ratio by 150 basis points during fiscal 2015 from 23.0% to 21.5% with a 50 basis points reduction each in June 2014, August 2014 and February 2015. Further, as a prudent liquidity management strategy, ICICI Bank generally maintains excess investments in securities eligible for classification under the statutory liquidity ratio requirement. See also "*Supervision and Regulation—Legal Reserve Requirements*".

ICICI Bank engages in domestic investments and foreign exchange operations from a centralized trading floor in Mumbai. As a 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

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amortized over the period until maturity of such securities. At year-end fiscal 2015, 83.2% of ICICI Bank's government securities portfolio was in the held to maturity category. The individual securities in the available-for-sale category are marked to market. Investments under this category are valued security-wise and depreciation/appreciation is aggregated for each classification. Net depreciation, if any, is provided for. Net appreciation, if any, is ignored. The individual securities in the held for trading category are accounted for in a similar manner as those in the available-for-sale category.

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

	At March 31, 2013			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
	(in millions)			
Corporate debt securities	Rs. 169,497	Rs. 3,533	Rs. (505)	Rs. 172,525
Government securities	205,050	432	(152)	205,330
Other securities[(1)]	94,512	708	(1,119)	94,101
Total debt investments	469,059	4,673	(1,776)	471,956
Equity shares	38,374	7,789	(8,090)	38,073
Other investments[(2)]	37,564	2,413	(6,644)	33,333
Total	**Rs. 544,997**	**Rs. 14,875**	**Rs. (16,510)**	**Rs. 543,362**

(1) Includes credit linked notes.

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

	At March 31, 2014			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
	(in millions)			
Corporate debt securities	Rs. 117,214	Rs. 2,260	Rs. (1,909)	Rs. 117,565
Government securities	202,088	745	(535)	202,298
Other securities[(1)]	139,277	1,789	(829)	140,237
Total debt investments	458,579	4,794	(3,273)	460,100
Equity shares	38,307	12,176	(6,999)	43,484
Other investments[(2)]	32,893	3,431	(5,942)	30,382
Total	**Rs. 529,779**	**Rs. 20,401**	**Rs. (16,214)**	**Rs. 533,966**

(1) Includes credit linked notes.

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

	At March 31, 2015			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
	(in millions)			
Corporate debt securities	Rs. 130,904	Rs. 1,882	Rs. (385)	Rs. 132,401
Government securities	207,817	790	(187)	208,420
Other securities	126,776	3,766	(493)	130,049
Total debt investments	465,497	6,438	(1,065)	470,870
Equity shares	46,898	23,767	(8,652)	62,013
Other investments[1]	24,462	3,637	(5,493)	22,606
Total	**Rs.536,857**	**Rs.33,842**	**Rs.(15,210)**	**Rs.555,489**

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

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The investments in corporate debt securities decreased from Rs. 169.5 billion at year-end fiscal 2013 to Rs. 117.2 billion at year-end fiscal 2014, primarily due to the redemption/sale of debentures and corporate bonds held by ICICI Bank and transfer of corporate bonds held by ICICI Bank Canada to loans and receivables during fiscal 2014. The investments in other debt securities increased from Rs. 94.5 billion at year-end fiscal 2013 to Rs. 139.3 billion at year-end fiscal 2014, primarily due to increase in investment in pass through certificate securities with underlying Indian receivables, offset, in part, by decrease in investment in commercial paper. Other investments decreased from Rs. 37.6 billion at year-end fiscal 2013 to Rs. 32.9 billion at year-end fiscal 2014 primarily due to decrease in investment in security receipts and preference shares.

The investments in corporate debt securities increased from Rs. 117.2 billion at year-end fiscal 2014 to Rs. 130.9 billion at year-end fiscal 2015, primarily due to the increase in investment in corporate bonds held by ICICI Bank and ICICI Bank UK. The investments in other debt securities decreased from Rs. 139.3 billion at year-end fiscal 2014 to Rs. 126.8 billion at year-end fiscal 2015, primarily due to decrease in investment in pass through certificate securities with underlying Indian receivables. Other investments decreased from Rs. 32.9 billion at year-end fiscal 2014 to Rs. 24.5 billion at year-end fiscal 2015 primarily due to decrease in investment in preference shares and debt mutual funds.

Net unrealized gain on debt investments was Rs. 1.5 billion at year-end fiscal 2014 as compared to a net unrealized gain of Rs. 2.9 billion at year-end fiscal 2013, primarily due to lower net unrealized gain on corporate debt securities of Rs. 0.4 billion at year-end fiscal 2014 compared to net unrealized gain of Rs. 3.0 billion at year-end fiscal 2013. Net unrealized gain on corporate debt securities decreased primarily due to an increase in yield. The yield on 10-year government of India securities increased from 7.96% at year-end fiscal 2013 to 8.80% at year-end fiscal 2014. Further, there was net unrealized gain on other debt securities of Rs. 1.0 billion at year-end fiscal 2014 compared to net unrealized loss of Rs. 0.4 billion at year-end fiscal 2013. Net unrealized gain on equity securities was Rs. 5.2 billion at year-end fiscal 2014 compared to a net unrealized loss on equity securities of Rs. 0.3 billion at year-end fiscal 2013. The benchmark equity index, the BSE Sensex, increased by 18.8% from 18,836 at year-end fiscal 2013 to 22,386 at year-end fiscal 2014. Net unrealized losses on other investments decreased from Rs. 4.2 billion at year-end fiscal 2013 to Rs. 2.5 billion at year-end fiscal 2014 primarily due to a decrease in net unrealized losses on security receipts issued by asset reconstruction companies as a result of redemption of the security receipts and on preference shares.

Net unrealized gain on debt investments was Rs. 5.4 billion at year-end fiscal 2015 as compared to a net unrealized gain of Rs. 1.5 billion at year-end fiscal 2014, primarily due to a higher net unrealized gain on other debt securities of Rs. 3.3 billion at year-end fiscal 2015 compared to net unrealized gain of Rs. 1.0 billion at year-end fiscal 2014. Further, there was net unrealized gain on corporate debt securities of Rs. 1.5 billion at year-end fiscal 2015 compared to net unrealized gain of Rs. 0.4 billion at year-end fiscal 2014. Net unrealized gain on debt securities increased primarily due to decrease in yield. The yield on 10-year government of India securities decreased from 8.80% at year-end fiscal 2014 to 7.74% at year-end fiscal 2015. Net unrealized gain on equity securities increased from Rs. 5.2 billion at year-end fiscal 2014 to Rs. 15.1 billion at year-end fiscal 2015. The benchmark equity index, the BSE Sensex, increased by 24.9% from 22,386 at year-end fiscal 2014 to 27,957 at year-end fiscal 2015. Net unrealized losses on other investments decreased from Rs. 2.5 billion at year-end fiscal 2014 to Rs. 1.9 billion at year-end fiscal 2015 primarily due to a decrease in net unrealized losses on security receipts issued by asset reconstruction companies.

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

	Year ended March 31,			
	2013	2014	2015	2015
	(in millions)			
Interest	Rs. 35,521	Rs. 35,837	Rs. 31,219	US$ 501
Dividend	3,142	1,393	1,025	16
Total	**Rs. 38,663**	**Rs. 37,230**	**Rs. 32,244**	**US$ 517**
Gross realized gain	6,679	8,031	13,394	US$ 215
Gross realized loss	(1,197)	(2,680)	(1,609)	(26)
Total	**Rs. 5,482**	**Rs. 5,351**	**Rs. 11,785**	**US$ 189**

Interest and dividend income from our available-for-sale securities decreased from Rs. 38.7 billion in fiscal 2013 to Rs. 37.2 billion in fiscal 2014 primarily due to decrease in dividends received on investments in mutual funds in fiscal 2014 compared to fiscal 2013. Interest and dividend income from our available-for-sale securities

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decreased from Rs. 37.2 billion in fiscal 2014 to Rs. 32.2 billion in fiscal 2015 primarily due to decrease in income from the available-for-sale securities portfolio of ICICI Bank. Interest income from the available-for-sale securities portfolio of ICICI Bank decreased from Rs. 33.6 billion in fiscal 2014 to Rs. 30.3 billion in fiscal 2015 primarily due to decrease in yield on investments in debentures and pass through certificates.

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

	At March 31, 2015							
	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. 21,833	8.2%	Rs. 36,984	6.9%	Rs. 60,672	9.4%	Rs. 11,415	9.6%
Government securities	136,487	5.9	4,722	5.9	46,722	8.6	19,886	7.7
Other securities	49,512	8.1	41,813	7.7	25,151	8.8	10,300	6.6
Total amortized cost of interest-earning securities[(1)]	**Rs. 207,832**	**6.7%**	**Rs. 83,519**	**7.2%**	**Rs. 132,545**	**9.0%**	**Rs. 41,601**	**8.0%**
Total fair value	Rs. 208,317		Rs. 83,983		Rs. 136,197		Rs. 42,373	

(1) Includes securities denominated in different currencies.

The amortized cost of our held to maturity portfolio amounted to Rs. 1,154.2 billion at year-end fiscal 2013, Rs. 1,293.0 billion at year-end fiscal 2014 and Rs. 1,447.7 billion at year-end fiscal 2015. Net unrealized gain/loss on held to maturity portfolio was Rs. 0.2 billion at year-end fiscal 2013, net unrealized loss of Rs. 41.9 billion at year-end fiscal 2014 and net unrealized gain of Rs. 20.4 billion at year-end fiscal 2015. Net unrealized gain on government securities increased from a net unrealized loss of Rs. 43.1 billion at year-end fiscal 2014 to a net unrealized gain of Rs. 15.0 billion at year-end fiscal 2015 primarily due to decrease in yield on government securities. The yields on the benchmark 10-year government securities decreased from 8.80% at year-end fiscal 2014 to 7.74% at year-end fiscal 2015.

Investments in held-for-trading securities increased from Rs. 247.3 billion at year-end fiscal 2014 to Rs. 281.4 billion at year-end fiscal 2015 primarily due to increase in investment in government securities and commercial paper, offset, in part, by decrease in investments in certificates of deposits. Interest and dividend income on held-for-trading securities increased from Rs. 15.8 billion in fiscal 2014 to Rs. 18.3 billion in fiscal 2015 reflecting an increase in the held-for-trading portfolio. Net realized and unrealized gains on the held-for-trading portfolio increased from Rs. 1.9 billion in fiscal 2014 to Rs. 6.7 billion in fiscal 2015 primarily due to higher gains on sale of government and other domestic fixed income securities during fiscal 2015.

We have investment in equity shares amounting to Rs. 66.0 billion. The Reserve Bank of India restricts investments in equity securities by banks by prescribing limits linked to capital funds. See also "*Supervision and Regulation—Reserve Bank of India Regulations—Regulations Relating to Investments and Capital Market Exposure Limits*".

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

We deal in several major foreign currencies and take deposits from non-resident Indians in 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*".

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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, 2015										
	Asset backed securities[(1),(2)]		Bonds[(2),(3)]		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-for-sale and held to maturity	Mark-to-market gain/ (loss) in fiscal 2015	Realized gain/(loss)/ Impairment loss in income statement for fiscal 2015	Mark-to-market gain/ (loss) at March 31, 2015
	(Rs. in millions)										
U.S.	–	–	–	671	–	–	–	671	6	0	1
Canada	–	55	–	32,455	–	625	–	33,135	(45)	(19)	311
Europe	–	7,942	–	3,003	–	–	–	10,945	421	(1)	(1,006)
India	–	–	–	30,984	–	–	–	30,984	557	374	377
Rest of Asia	–	–	–	8	–	1,875	–	1,883	0	15	0
Others	–	–	–	–	–	–	–	–	–	–	–
Total portfolio	**–**	**7,997**	**–**	**67,121**	**–**	**2,500**	**–**	**77,618**	**939**	**369**	**(317)**

(1) Includes residential mortgage backed securities, commercial mortgage backed securities and other asset backed securities.

(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.

(3) Includes corporate bonds classified under loans and receivables by our Canadian subsidiary during fiscal 2014.

Investments in corporate and financial sector debt securities and mortgage and asset backed securities by our overseas branches and banking subsidiaries decreased from Rs. 78.8 billion at year-end fiscal 2014 to Rs. 77.6 billion at year-end fiscal 2015. Investment in asset backed securities decreased from Rs. 10.6 billion at year-end fiscal 2014 to

Rs. 8.0 billion at year-end fiscal 2015. The bond portfolio increased from Rs. 64.8 billion at year-end fiscal 2014 to Rs. 67.1 billion at year-end fiscal 2015. At year-end fiscal 2015, our investments in Europe were Rs. 10.9 billion as compared to Rs. 11.0 billion at year-end fiscal 2014. The majority of our investments in Europe are in the United Kingdom. At year-end fiscal 2015, we did not have any exposure to Greece.

The mark-to-market losses on the investment portfolio of our overseas branches and subsidiaries were Rs. 1.2 billion at year-end fiscal 2014 and Rs. 0.3 billion at year-end fiscal 2015. During fiscal 2015, there was a mark-to-market gain of Rs. 0.9 billion compared to a loss of Rs. 0.2 billion during fiscal 2014. Net realized and impairment loss was Rs. 0.4 billion during fiscal 2015 as compared to a net realized and impairment loss of Rs. 0.2 billion during fiscal 2014.

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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 2014	2015
	(in millions)	
Bonds		
Banks and financial institutions	Rs. 17,632	Rs. 25,901
Corporate	47,207	41,221
Total bonds	64,839	67,122
Asset backed securities	10,672	7,997
Funded credit derivatives	..	..
Others[1]	3,295	2,499
Total	**Rs. 78,805**	**Rs. 77,618**

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(1) Includes investments in certificates of deposits.

Our investments in securities of banks and financial institutions are spread over a number of banks and of this the investment in the top 10 banks accounted for approximately 90.6% of the total investments in banks and financial institutions at year-end fiscal 2015 as compared to approximately 84.6% at year-end fiscal 2014. Approximately 24.6% of our investment in securities of corporate entities was India-linked at year-end fiscal 2015 as compared to approximately 32.9% at year-end fiscal 2014.

Our total investment in asset backed securities represents less than 0.5% of our total assets at year-end fiscal 2015. The portfolio size of such securities was Rs. 8.0 billion and primarily comprised retail mortgage backed securities. The retail mortgage backed securities portfolio consists primarily of UK residential mortgage backed securities backed by prime and buy-to-let mortgages.

At year-end fiscal 2015, the fair value of investments in the government securities held by our overseas branches and banking subsidiaries was Rs. 44.5 billion, which was primarily in Canada.

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

ICICI Securities Limited

ICICI Securities Limited is engaged in the business of broking (institutional and retail), merchant banking and advisory services. ICICI Securities Limited has an online share trading portal called icicidirect.com. The primary objective of icicidirect.com is to enable individuals to make investments and to offer a wide range of investment options by providing a seamless structure that integrates a customer's bank account, demat account and trading account. ICICI Securities Limited has a subsidiary in the United States, ICICI Securities Holdings Inc., which in turn has a subsidiary in the United States, ICICI Securities Inc., which is engaged in brokerage services. ICICI Securities Limited (consolidated) made a net profit of Rs. 2.9 billion in fiscal 2015 compared to a net profit of Rs. 0.9 billion in fiscal 2014.

ICICI Securities Primary Dealership

ICICI Securities Primary Dealership is engaged in the primary dealership of Indian government securities. It also deals in other fixed income securities. In addition to this, it has underwriting, portfolio management services and placement of debt and money market operations. ICICI Securities Primary Dealership made a net profit of Rs. 2.2 billion in fiscal 2015 compared to a net profit of Rs. 1.3 billion in fiscal 2014. 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 2015, ICICI Venture managed or advised funds of about Rs. 123.2 billion (based on total commitments). In fiscal 2015,

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ICICI Venture had sought an extension for funds that were expected to conclude during the year and had given a liquidity option to investors who wished to exit from the funds. The company secured bank loans to fund the liquidity option provided to investors. The interest cost incurred on the bank loans impacted the profitability of the company in fiscal 2015. ICICI Venture made a net profit of Rs. 0.01 billion during fiscal 2015 compared to a net profit of Rs. 0.3 billion in fiscal 2014.

Asset Management

We provide asset management services through our subsidiary, ICICI Prudential Asset Management. ICICI Prudential Asset Management is a joint venture with Prudential PLC of UK. We have approximately 51.0% interest in the entity. ICICI Prudential Asset Management also provides portfolio management services and advisory services to clients. ICICI Prudential Asset Management Company had average mutual fund assets under management of Rs. 1,485.6 billion during fiscal 2015. ICICI Prudential Asset Management made a net profit of Rs. 2.5 billion during fiscal 2015 compared to a net profit of Rs. 1.8 billion in fiscal 2014.

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 the United Kingdom and Fairfax Financial Holdings of Canada, respectively. We have approximately 74.0% interest in both of these entities. In fiscal 2015, the Indian parliament approved legislation increasing the foreign shareholding limit in the insurance sector from 26.0% to 49.0%, and removing the requirement that promoters of insurance companies eventually reduce their shareholding to 26.0% following the completion of 10 years of commencement of business by the insurance company. In March 2015, the government of India issued regulations regarding foreign shareholding in the insurance sector, which were subsequently amended in July 2015. Our agreement with Prudential PLC currently provides that on increase in the permissible foreign shareholding in the insurance sector, Prudential PLC would increase its shareholding in ICICI Prudential Life Insurance Company to 49.0% at the market value of the shares to be determined as mutually agreed. Further, we and each of our joint venture partners have a right of first refusal in case the other partner proposes to sell its shareholding in the joint venture to a third party (other than to a permitted affiliate of the seller).

ICICI Prudential Life Insurance Company made a net profit of Rs. 16.3 billion in fiscal 2015 compared to a net profit of Rs. 15.7 billion in fiscal 2014. The retail new business premium increased from Rs. 34.3 billion in fiscal 2014 to 48.2 billion in fiscal 2015. The retail renewal premium increased from Rs. 81.0 billion during fiscal 2014 to Rs. 95.7 billion in fiscal 2015. The total premium increased by 23.2% from Rs. 124.3 billion during fiscal 2014 to Rs. 153.1 billion in fiscal 2015. ICICI Prudential Life Insurance Company maintained its market leadership in the private sector with an overall market share of 11.3% based on retail weighted new business received premium during fiscal 2015 compared to 7.2% in fiscal 2014 and a market share of 23.3% in the private market in fiscal 2015 compared to 18.9%

in fiscal 2014 according to the Life Insurance Council.

In fiscal 2011, the Insurance Regulatory and Development Authority of India changed the regulations relating to unit-linked life insurance products. Subsequently, the Insurance Regulatory and Development Authority of India also issued revised regulations relating to non-linked life insurance products, which became effective during fiscal 2014. The key changes related to commissions payable to agents and distributors, lapse of policies, surrender values and minimum death benefits. As a result of these changes, the life insurance sector experienced low growth and changes in the product mix in recent years, as life insurance companies were required to modify their products and distribution strategies. While there was initially a shift in the product mix towards non-unit linked products, more recently the share of unit-linked products has increased driven by favourable cost structures of these products from a customer perspective, as well as by improved capital market conditions. Linked products contributed to 84.8% of the retail weighted received premium of ICICI Prudential Life Insurance Company in fiscal 2015 compared to 66.5% in fiscal 2014 and 54.5% in fiscal 2013. The regulatory changes have also resulted in reduced profitability margins on life insurance products. See also *"Risk Factors – Risks Relating to Our Business – While our insurance businesses are an important part of our business, there can be no assurance of their future rates of growth or levels of profitability"* and *"Operating and Financial Review and Prospects – Segment Revenues and Assets – Life Insurance"*. Further, the Insurance Regulatory and Development Authority of India has issued draft guidelines on bancassurance (i.e., the practice of banks selling insurance products in a marketing arrangement with insurance companies). As per the guidelines, banks can align with three insurance companies each in life, non-life and health insurance sectors. Final guidelines on bancassurance are awaited.

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ICICI Lombard General Insurance Company's gross written premiums (excluding its share of declined risk pool and inward reinsurance) decreased by 2.6% from Rs. 68.6 billion during fiscal 2014 to Rs. 66.8 billion during fiscal 2015. ICICI Lombard General Insurance Company was the largest private general insurer with a market share of about 8.3% in gross written premiums amongst all general insurance companies during fiscal 2015 according to General Insurance Council of India. ICICI Lombard General Insurance Company made a net profit of Rs. 5.4 billion in fiscal 2015 compared to net profit of Rs. 5.1 billion in fiscal 2014 primarily due to the increase in investment income in fiscal 2015.

ICICI Bank earns commissions and fees from these subsidiaries as a 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. Our primary source of domestic funding is deposits raised from both retail and corporate customers. We also raise funds through short-term rupee borrowings and domestic or overseas bond offerings. Our domestic bond borrowings include long-term bond borrowings for financing infrastructure projects and low-cost housing in accordance with the Reserve Bank of India guidelines.

ICICI prior to the amalgamation 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. 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 2015, the total outstanding loans/bonds of ICICI Bank that are guaranteed by the government of India were Rs. 13.3 billion, constituting approximately 0.8% of the total borrowings of ICICI Bank at that date.

Our overseas branches are primarily funded by bond issuances, syndicated loans from banks, money market borrowings, inter-bank bilateral loans and borrowings from external commercial agencies. See also "*Risk Factors—Risks Relating to Our Business—Our funding is primarily short-term and if depositors do not roll over deposited funds upon maturity, our business could be adversely affected*". Our subsidiaries in the United Kingdom and Canada fund themselves primarily through retail deposits. Our Canadian subsidiary also funds itself through securitization of insured mortgages.

Our deposits were 46.7% of our total liabilities at year-end fiscal 2015 compared to 48.1% of our total liabilities at year-end fiscal 2014. Our borrowings were 25.6% of our total liabilities at year-end fiscal 2015 compared to 24.5% of our total liabilities at year-end fiscal 2014. Our deposits increased by 7.4% from Rs. 3,595.1 billion at year-end fiscal

2014 to Rs. 3,859.6 billion at year-end fiscal 2015. Our borrowings (including redeemable non-cumulative preference shares and subordinated debt) increased by 15.1% from Rs. 1,835.4 billion at year-end fiscal 2014 to Rs. 2,112.5 billion at year-end fiscal 2015 primarily due to an increase in bond borrowings including long-term bonds (for financing infrastructure projects and affordable housing) and foreign currency bond borrowings, refinance borrowings, term borrowings and borrowings under liquidity adjustment facility with the Reserve Bank of India, offset, in part, by a decrease in call money borrowed and commercial paper borrowings. The increase in borrowings of overseas subsidiaries was primarily due to increase in securitization of insured mortgages by ICICI Bank Canada. The increase in overseas borrowings as stated in Indian Rupee term also reflects the depreciation of the rupees vis-à-vis the US dollar.

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

	At March 31, 2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions, except percentages)					
Current account deposits	Rs. 379,705	12.1 %	Rs. 443,647	12.3 %	Rs. 504,596	13.1 %
Savings deposits	921,660	29.3	1,078,310	30.0	1,221,062	31.6
Time deposits	1,846,340	58.6	2,073,170	57.7	2,133,894	55.3
Total deposits	**Rs. 3,147,705**	**100.0 %**	**Rs. 3,595,127**	**100.0 %**	**Rs. 3,859,552**	**100.0 %**

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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]						
	2013		2014		2015		
	Amount	Cost[2]	Amount	Cost[2]	Amount	Amount	Cost[2]
	(in millions, except percentages)						
Interest-bearing deposits:							
Savings deposits	Rs. 822,611	3.7 %	Rs. 947,800	3.7 %	Rs. 1,058,154	US$ 16,982	3.8 %
Time deposits	1,815,828	8.0	1,934,262	7.7	2,155,184	34,588	7.8
Non-interest-bearing deposits:							
Other demand deposits	260,800	–	293,741	–	326,162	5,235	–
Total deposits	**Rs. 2,899,239**	**6.1 %**	**Rs. 3,175,803**	**5.8 %**	**Rs. 3,539,500**	**US$ 56,805**	**5.9 %**

(1) Until September 2014, the average balances are based on daily average balances outstanding, except for the averages of foreign branches of ICICI Bank which are calculated on fortnightly basis. From October 2014, averages of the foreign branches are averages of daily balances.

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

Our average deposits in fiscal 2015 were Rs. 3,539.5 billion at an average cost of 5.9% compared to average deposits of Rs. 3,175.8 billion at an average cost of 5.8% in fiscal 2014. Our average time deposits in fiscal 2015 were Rs. 2,155.2 billion at an average cost of 7.8% compared to average time deposits of Rs. 1,934.3 billion at an average cost of 7.7% in fiscal 2014. The cost of time deposits increased in fiscal 2015 compared to fiscal 2014 primarily due to an increase in cost of foreign currency time deposits. Our savings deposits include retail savings deposits accepted by ICICI Bank UK. See also "*Operating and Financial Review and Prospects—Financial Condition—Deposits*".

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

	At March 31, 2015			
	Up to one year	After one year and within three years	After three years	Total
	(in millions)			
Interest-bearing deposits:				
Savings deposits	Rs. 1,221,062	Rs. –	Rs. –	Rs. 1,221,062
Time deposits	1,536,558	472,117	125,219	2,133,894
Non-interest-bearing deposits:				
Other demand deposits	504,596	–	–	504,596

Total deposits	**Rs. 3,262,216**	**Rs. 472,117**	**Rs. 125,219**	**Rs. 3,859,552**

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

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

	At March 31,[1]						
	2013		2014		2015		
	Amount	% of total	Amount	% of total	Amount		% of total
	(in millions, except percentages)						
Money market borrowings[2],[3]	Rs. 243,415	37.9 %	Rs. 261,461	38.6 %	Rs. 271,944	US$ 4,365	37.9 %
Other borrowings[4],[5]	399,582	62.1	416,756	61.4	446,031	7, 158	62.1
Total	**Rs. 642,997**	**100.0 %**	**Rs. 678,217**	**100.0 %**	**Rs. 717,975**	**US$ 11,523**	**100.0 %**

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(1) Until September 2014, the average balances are based on daily average balances outstanding, except for the averages of foreign branches of ICICI Bank which are calculated on fortnightly basis. From October 2014, averages of the foreign branches are averages of daily balances.

(2) Includes call market, refinance, repurchase agreements and transactions with the Reserve Bank of India under the liquidity adjustment facility.

(3) With an average cost of 8.7% in fiscal 2013, 8.6% in fiscal 2014 and 8.7% in fiscal 2015.

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

(5) With an average cost of 12.2% in fiscal 2013, 12.5% in fiscal 2014 and 11.6% in fiscal 2015.

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

	At March 31,			
	2014	2015		% of total deposits
	(in millions, except percentages)			
Less than three months	Rs. 306,094	Rs. 324,863	US$ 5,214	8.4 %
Above three months and less than six months	163,212	203,562	3,267	5.3 %
Above six months and less than 12 months	315,222	219,505	3,523	5.7 %
More than 12 months	36,805	29,009	466	0.8 %
Total deposits of Rs. 10 million and more	**Rs. 821,333**	**Rs. 776,940**	**US$ 12,469**	**20.1 %**

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

	At March 31, (1)		
	2013	2014	2015
	(in millions, except percentages)		
Year-end balance	Rs. 283,998	Rs. 228,815	Rs. 348,867
Average balance during the year (2)	243,415	261,461	271,944
Maximum quarter-end balance	300,095	301,622	348,867
Average interest rate during the year (3)	8.7 %	8.6 %	8.7 %

Average interest rate at year-end [4]	8.4	%	9.3	%	8.7	%

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

(2) Until September 2014, the average balances are based on daily average balances outstanding, except for the averages of foreign branches of ICICI Bank which are calculated on fortnightly basis. From October 2014, averages of the foreign branches are averages of daily balances.

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

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

Our short term rupee borrowings increased from Rs. 228.8 billion at year-end fiscal 2014 to Rs. 348.9 billion at year-end fiscal 2015 primarily due to an increase in borrowings from the Reserve Bank of India under the liquidity adjustment facility and repo borrowings.

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

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	For year ended March 31,[1]						
	2013		2014		2015		
	Amount	% of total	Amount	% of total	Amount	Amount	% of total
	(in millions, except percentages)						
Bond borrowings [2]	Rs. 407,005	40.1 %	Rs. 442,757	38.8 %	Rs. 510,239	US$ 8,189	42.9 %
Other borrowings [3]	606,858	59.9	699,657	61.2	678,076	10,882	57.1
Total	**Rs. 1,013,863**	**100.0 %**	**Rs. 1,142,414**	**100.0 %**	**Rs. 1,188,315**	**US$ 19,071**	**100.0 %**

(1) Until September 2014, the average balances are based on daily average balances outstanding, except for the averages of foreign branches of ICICI Bank which are calculated on fortnightly basis. From October 2014, averages of the foreign branches are averages of daily balances.

(2) With an average cost of 5.5% in fiscal 2013, 5.2% in fiscal 2014 and 5.1% in fiscal 2015.

(3) With an average cost of 2.5% in fiscal 2013, 2.2% in fiscal 2014 and 2.0% in fiscal 2015.

At year-end fiscal 2015, the outstanding debt capital instruments raised by us were Rs. 425.0 billion. The outstanding debt capital instruments include debt that is classified either as Additional Tier I or Tier II capital in calculating the capital adequacy ratio as per the grandfathering rules in accordance with the Reserve Bank of India's regulations on capital adequacy as per Basel III. See also "*Supervision and Regulation—Reserve Bank of India Regulations*".

Risk Management

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

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

- The Board of Directors has oversight of all the risks assumed by the Bank.

- Specific committees of the Board have been constituted to facilitate focused oversight of various risks. For a discussion of these and other committees, see "Management".

- The Risk Committee reviews risk management policies in relation to various risks (including credit risk, market risk, liquidity risk, interest rate risk and operational risk), key risk indicators and risk profile templates (covering areas including credit risk, market risk, liquidity risk, operational risk, compliance risk, capital at risk, earning at risk and group risk). A calendar of reviews includes periodic review of policies such as credit and recovery policy, investment policy, derivative policy, and asset liability management policy, outsourcing policy, operational risk management policy, broker empanelment policy and liquidity contingency plan. The Committee reviews the stress-testing framework that includes a wide range of Bank-specific and market (systemic) scenarios. The Risk Committee also assesses our capital adequacy position, based on the risk profile of our balance sheet and reviews the implementation status of capital regulations.

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

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

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

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

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

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

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

Credit Risk

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

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

Credit Approval Authorities -

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

The Bank has established several levels of credit approval authorities for its corporate banking activities - the Credit Committee, the Committee of Executive Directors, the Committee of Senior Management, the Committee of Executives and Regional Committees. For certain exposures to small and medium enterprises and rural and agricultural loans under programs, separate forums have been established for approval. These forums sanction programs formulated through a cluster-based approach wherein a lending program is implemented for a homogeneous group of individuals or business entities that comply with certain norms. To be eligible for funding under the programs, borrowers need to meet the stipulated credit norms and obtain a minimum score on a scoring model. ICICI Bank has incorporated control norms, borrower approval norms and review triggers in all such programs.

Retail credit facilities are required to comply with approved product policies. All products policies are approved by the Committee of Executive Directors. The individual credit proposals are evaluated and approved by individual officers/forums on the basis of the product policies.

Credit Risk Assessment Methodology for Standalone Entities-

All credit proposals other than retail products, program lending, score card-based lending to small and medium enterprises and agri-businesses and certain other specified products are rated internally by the Credit Risk Management Group, prior to approval by the appropriate forum.

The Credit Risk Management Group rates proposals, carries out industry analysis, tracks the quality of the credit portfolio and reports periodically to the Credit Committee and the Risk Committee. For non-retail exposures, the Credit Middle Office Group verifies adherence to the terms of the approval prior to the

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commitment and disbursement of credit facilities. The Bank also manages credit risk through various limit structures, which are in line with the Reserve Bank of India's prudential guidelines. The Bank has set up various exposure limits, including the single borrower exposure limit, the group borrower exposure limit, the industry exposure limit, the unsecured exposure limit, the long tenor exposure limit and limits on exposure to sensitive sectors such as capital markets, non-banking finance companies and real estate. Rating based thresholds on incremental sanctions have also been put in place.

ICICI Bank has an established credit analysis procedure leading to appropriate identification of credit risk both at the individual borrower and the portfolio level. Appropriate appraisal and credit rating methodologies have been established for various types of products and businesses. The methodology involves assessment of quantitative and qualitative parameters. For example, for any large corporate, the rating methodology entails a comprehensive evaluation of the industry, borrower's business position in the industry (benchmarking), financial position and projections, quality of management, impact of projects being undertaken by the borrower and structure of the transaction. The credit rating process has been certified as being compliant with ISO 9001:2008 quality management system requirements.

Borrower risk is evaluated by considering:

- the risks and prospects associated with the industry in which the borrower is operating (industry risk);
- the financial position of the borrower by analyzing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy (financial risk);
- the borrower's relative market position and operating efficiency (business risk);
- the quality of management by analyzing their track record, payment record and financial conservatism (management risk); and-
- the risks with respect to specific projects, both pre-implementation, such as construction risk and funding risk, as well as post-implementation risks such as industry, business, financial and management risks related to the project (project risk).

After conducting an analysis of a specific borrower's risk, the Credit Risk Management Group assigns a credit rating to the borrower. ICICI Bank has a scale of 12 ratings ranging from AAA to B. A borrower's credit rating is a critical input for the credit approval process. The borrower's credit rating and the default pattern corresponding to that credit rating, forms an important input in the risk-based pricing framework of the Bank. Every proposal for a financing facility is prepared by the relevant business unit and reviewed by the Credit Risk Management Group before being submitted for approval to the appropriate approval authority. The approval process for non-fund facilities is similar to

that for fund-based facilities. The credit rating for every borrower is reviewed periodically. The Bank also reviews the ratings of all its borrowers in a particular industry upon the occurrence of any significant event impacting that industry.

On the Bank's current rating scale, ratings of below BBB- (i.e., BB and B ratings) are considered to be relatively high-risk categories. The current credit policy of the Bank does not expressly provide a minimum rating required for a borrower to be considered for a loan. All corporate loan proposals with an internal rating of below BBB- are sent to our Credit Committee for its approval, which is constituted by a majority of non-executive directors.

The following table sets forth a description of our internal rating grades linked to the likelihood of loss:

Grade	**Definition**
(I) Investment grade	Entities/obligations are judged to offer moderate to high safety with regard to timely payment of financial obligations.
AAA, AA+, AA, AA-	Entities/obligations are judged to offer high safety with regard to timely payment of financial obligations.
A+, A, A-	Entities/obligations are judged to offer an adequate degree of safety with regard to timely payment of financial obligations.
BBB+, BBB and BBB-	Entities/obligations are judged to offer moderate safety with regard to timely payment of financial obligations.
(II) Below investment grade (BB and B)	Entities/obligations are judged to carry inadequate safety with regard to timely payment of financial obligations.

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At year-end fiscal 2015, our net non-investment grade loans constituted about 12.2% of our total net loans.

Working capital loans are generally approved for a period of 12 months. At the end of the 12-month validity period, ICICI Bank reviews the loan arrangement and the credit rating of the borrower. On completion of this review, a decision is made on whether to renew the working capital loan arrangement.

The following sections detail the risk assessment process for various business segments:

Assessment of Project Finance Exposures-

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

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

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

ICICI Bank's project finance loans are generally fully secured and have full recourse to the borrower. In most cases, ICICI Bank has a security interest and first lien on all the fixed assets. Security interests typically include property, plant and equipment as well as other tangible assets of the borrower, both present and future. ICICI Bank's borrowers are required to maintain comprehensive insurance on their assets where ICICI Bank is recognized as payee in the

event of loss. In some cases, ICICI Bank also takes additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project or a pledge of the sponsors' equity holding in the project company. In certain industry segments, ICICI Bank also takes security interest in relevant project contracts such as concession agreements, off-take agreements and construction contracts as part of the security package.

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

Assessment of Corporate Finance Exposures-

As part of the corporate loan approval procedures, ICICI Bank carries out a detailed analysis of funding requirements, including normal capital expenses, long-term working capital requirements and temporary

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imbalances in liquidity. ICICI Bank's funding of long-term core working capital requirements is assessed on the basis, among other things, of the borrower's present and proposed level of inventory and receivables. In case of corporate loans for other funding requirements, ICICI Bank undertakes a detailed review of those requirements and an analysis of cash flows. A substantial portion of ICICI Bank's corporate finance loans are secured by a lien over appropriate assets of the borrower. Corporate finance loans are generally secured by a first charge on fixed assets, which normally consists of property, plant and equipment. We may also take as security a pledge of financial assets, such as marketable securities, and obtain corporate guarantees and personal guarantees wherever appropriate. In certain cases, the terms of financing include covenants relating to sponsors' shareholding in the borrower and restrictions on the sponsors' ability to sell all or part of their shareholding.

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

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

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

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

- assessment of the industry structure in the target's host country and the complexity of the business operations of the target;
- financial, legal, tax, technical due diligence (as applicable) of the target;
- appraisal of potential synergies and likelihood of their being achieved;

- assessment of the target company's valuation by comparison with its peer group and other transactions in the industry;
- analysis of regulatory and legal framework of the overseas geographies with regard to security creation, enforcement and other aspects;
- assessment of country risk aspects and the need for political insurance; and
- the proposed management structure of the target post-takeover and the ability and past experience of the acquirer in completing post-merger integration.

Assessment of Working Capital Finance Exposures-

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

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

Assessment of Retail Loans-

The sourcing and approval of retail credit exposures are segregated to achieve independence. The Credit Risk Management Group, Retail Strategy and Policy Group and credit teams are assigned complementary roles to facilitate effective credit risk management for retail loans.

The Retail Strategy and Policy Group is responsible for preparing credit policies/operating policies. The Credit Risk Management Group oversees the credit risk issues for retail assets including the review of all credit policies and operating policies proposed for approval by the Board or forums authorized by the Board. The Credit Risk Management Group is involved in portfolio monitoring of all retail assets and in suggesting and implementing policy

changes. Independent units within retail banking, focus on customer-segment specific strategies, policy formulation, portfolio tracking and monitoring, analytics, score card development and database management. The credit team, which is independent from the business unit, oversees the underwriting function and is organized geographically to support the retail sales and service structure.

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

The Bank's credit officers evaluate credit proposals on the basis of operating policies approved by the Committee of Executive Directors. The criteria vary across product segments but typically include factors such as the borrower's income, the loan-to-value ratio and demographic parameters. External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes in the case of loans made to retail borrowers. In making its credit decisions, ICICI Bank draws upon a centralized database on delinquent loans and reports from the credit bureau to review the borrower's profile. For mortgage loans and used vehicle loans, a valuation agency or an in-house technical team carries out the technical valuations. In the case of credit cards, in order to limit the scope of individual discretion, ICICI Bank has implemented a credit-scoring program that assigns a credit score to each applicant based on certain demographic and credit bureau variables. The credit score then forms one of the criteria for loan evaluation. For loans against gold ornaments and gold coins, emphasis is given on ownership and authenticity (purity and weight) of the jewelry for which an external appraiser is appointed by the Bank. Certain norms like a cap on the gross weight of certain kinds of jewelry have been set to reduce jewelry evaluation risks.

ICICI Bank has lending programs for business banking customers, based on various financial and non-financial parameters and target market norms. The program criteria are approved by the Committee of Executive Directors and individual credit proposals are assessed by the credit team based on these approved criteria. The Committee of Executive Directors of ICICI Bank reviews the portfolio on a periodic basis. The renewal of programs is approved by the Committee of Executive Directors.

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

Assessment Procedures of Small Enterprises Loans-

ICICI Bank finances small enterprises, which include individual cases and financing dealers and vendors of companies by implementing structures to enhance the base credit quality of the vendor/dealer. Small enterprise credit also includes financing extended directly to small enterprises as well as financing extended on a cluster-based approach in which credit is extended to small enterprises that have a homogeneous profile, such as apparel manufacturers and manufacturers of pharmaceuticals. The risk assessment of such a cluster involves the identification of appropriate credit norms for target market, the use of scoring models for enterprises that satisfy these norms and a comprehensive appraisal of those enterprises which are awarded a minimum required score in the scoring model. A detailed appraisal is performed based on the financial as well as non-financial parameters

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to identify the funding needs of the enterprise in all the cases. There are appropriate credit structures built in based on the assessment of each case. The group also finances small businesses based on analysis of the business and financials. The assessment includes a scoring model with a minimum score requirement before appraisal of these enterprises is conducted.

ICICI Bank also finances small and medium enterprises, dealers and vendors linked to these entities by implementing structures to enhance the base credit quality of the vendor or dealer. The process involves an analysis of the base credit quality of the vendor or dealer pool and an analysis of the linkages that exist between the vendor or dealer and the company.

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

Assessment Procedures of Rural and Agricultural Loans-

The rural and agricultural portfolio consists of loans to retail customers in the rural sector through programs and direct loans to corporations, small & medium enterprises and intermediaries linked to these entities. The programs offered include lending to farmers for crop cultivation and other allied agricultural activities (in the form of Kisan credit cards and agricultural term loans), farm equipment financing (for purchase of equipment such as tractors and harvesters), lending to self-help groups, loans against gold ornaments and gold coins, commodity based funding and rural business enterprise credit. ICICI Bank has adopted specific risk assessment methodologies for each of these segments.

The sales and approval functions are segregated to achieve independence in retail loan assessment procedures. The Retail Strategy and Policy Group is responsible for preparing credit policies/operating policies. The Credit Risk Management Group oversees the credit risk issues for retail agricultural assets including the review of all credit policies and operating policies proposed for approval by the Board of Directors or forums authorized by the Board. The Credit Risk Management Group monitors portfolio trends and suggests and implements policy changes. The credit team, which is independent from the business unit, oversees the underwriting function and is organized geographically in line with the rural sales and service structure.

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

For corporations, borrower risk is evaluated by analyzing the industry risk, the borrower's market position, financial performance, cash flow adequacy and the quality of management. The credit risk of intermediaries (including vendors, dealers, harvester & transporter, seed organizers, micro finance institutions) and retail customers is evaluated by analyzing the base credit quality of such borrowers or the pool of borrowers and also the linkages between the borrowers and the companies to which they are supplying their produce.

For loans against gold ornaments and gold coins, the credit norms focus on establishing ownership and authenticity (purity and weight) of the jewelry for which an external appraiser is appointed by the Bank. Certain norms like a cap on the gross weight of certain kinds of jewelry have been set to reduce jewelry evaluation risks.

Commodity based financing caters to the needs of farmers, aggregators & processors, where the facility is based on collateral of the commodity pledged in favour of the Bank and stored in designated warehouses. The credit norms focus on the quality, quantity and price volatility of the underlying commodity. A dedicated group evaluates the quantity and quality of the commodity at the time of funding, directly or through the agencies appointed by it, and also undertakes periodic checks post funding. ICICI Bank also has a centralized system for daily monitoring of the prices of the commodities funded by it and raising a margin call in case of a shortfall in margins due to decline in the prices. Various norms like initial margins and the price caps for various commodities have been set to reduce the risk arising out of price volatility of the underlying commodities.

See also "*Risk Factors—Risks Relating to Our Business—Entry into new businesses or rapid growth in existing loan portfolios may expose us to increased risks that may adversely affect our business*".

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Risk Monitoring and Portfolio Review-

We ensure effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is higher for cases with higher outstanding balances and/or lower credit ratings. For corporate, small enterprises and agri-business related borrowers, the Credit Middle Office Group verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities. These borrower accounts are generally reviewed at least once a year.

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

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

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

Quantitative and Qualitative Disclosures About Market Risk

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

Market Risk Management Procedures

Market risk policies include the Investment Policy, the Asset Liability Management Policy and the Derivative Policy. The policies are approved by the Board of Directors. The Asset Liability Management Policy stipulates liquidity and interest rate risk limits and Asset Liability Management Committee monitors adherence to limits and determines the

strategy in light of the current and expected environment. The Investment Policy addresses issues related to investments in various treasury products. The policies are designed to ensure that operations in the securities and foreign exchange and derivatives areas are conducted in accordance with sound and acceptable business practices and are as per current regulatory guidelines, laws governing transactions in financial securities and the financial environment. The policies contain the limit structures that govern transactions in financial instruments. The Board has authorized the Asset Liability Management Committee and Committee of Executive Directors (Borrowing, Treasury and Investment Operations) to grant certain approvals related to treasury activities, within the broad parameters laid down by policies approved by the Board.

The Asset Liability Management Committee, comprising managing director, wholetime directors and senior executives, meets periodically and reviews the positions of trading groups, interest rate and liquidity gap positions on the banking book, sets deposit and benchmark lending rates, reviews the business profile and its impact on asset liability management and determines the asset liability management strategy, as deemed fit, taking into consideration the current and expected business environment. The Asset Liability Management Policy provides guidelines to manage liquidity risk and interest rate risk in the banking book.

The Market Risk Management Group is responsible for the identification, assessment and measurement of market risk. Risk limits including position limits and stop loss limits are reported on a daily basis by the Treasury Control and Services Group and reviewed periodically. Foreign exchange risk is monitored through the net overnight open foreign exchange limit. Interest rate risk is measured through the use of repricing gap analysis and duration analysis. Interest rate risk is further monitored through interest rate risk limits approved by the Board of Directors.

Interest Rate Risk

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

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Our balance sheet consists of Indian rupee and foreign currency assets and liabilities, with a predominantly higher proportion of rupee-denominated assets and liabilities. Thus, movements in Indian interest rates are our main source of interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristics of balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/behavioral maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. ICICI Bank monitors interest rate risk through the above measures on a fortnightly basis. The duration of equity and interest rate sensitivity gap statements are submitted to the Reserve Bank of India on a monthly basis. These interest rate risk limits are approved by the Board of Directors. The Bank also monitors Greeks of its interest rate options.

Our primary source of funding is deposits and, to a smaller extent, borrowings. In the rupee market, most of our deposit taking is at fixed rates of interest for fixed periods, except for savings account deposits and current account deposits, which do not have any specified maturity and can be withdrawn on demand. We usually borrow for a fixed period with a one-time repayment on maturity, with some borrowings having European call/put options, exercisable only on specified dates, attached to them. However, we have a mix of floating and fixed interest rate assets. Our loans are generally repaid gradually, with principal repayments being made over the life of the loan. Our housing loans at year-end fiscal 2015 were primarily floating rate loans where any change in the benchmark rate with reference to which these loans are priced, is generally passed on to the borrower on the first day of the succeeding quarter or succeeding month, as applicable. Since January 1, 2004, we have used a single benchmark prime lending rate structure for all loans other than specific categories of loans advised by the Indian Banks' Association. Effective July 1, 2010, as required by the Reserve Bank of India, our new loans are priced with reference to a base rate, called the ICICI Bank Base Rate. The Asset Liability Management Committee sets the ICICI Bank Base Rate based on the cost of funds, cost of operations, credit charge and likely changes in the Bank's cost of funds, market rates, interest rate outlook and other systemic factors. Pricing for fresh approvals and renewal of rupee facilities is linked to the ICICI Bank Base Rate. The lending rates comprise the ICICI Bank Base Rate, term premium and transaction-specific credit and other charges. As specified by the Reserve Bank of India, the lending rates for loans and advances are not permitted to be lower than the ICICI Bank Base Rate with the exception of certain categories of loans specified by the Reserve Bank of India from time to time. Existing loans, other than cases where the borrower migrates to base rate, continue to be linked to a benchmark as stipulated in the existing loan agreements. We generally seek to eliminate interest rate risk on undisbursed commitments by fixing interest rates on rupee loans at the time of loan disbursement. Pursuant to regulatory reserve requirements, we maintain a large part of our assets in government of India securities and in interest-free balances with the Reserve Bank of India, which are funded mainly by wholesale deposits and borrowings. This exposes us to the risk of differential movement in the yield earned on statutory reserves and the related funding cost.

We use the duration of our government securities portfolio as a key variable for interest rate risk management. We increase or decrease the duration of our government securities portfolio to increase or decrease our interest rate risk

exposure. In addition, we also use interest rate derivatives to manage asset and liability positions. We are an active participant in the interest rate swap market and are one of the largest counterparties in India.

Almost all our foreign currency loans in our overseas branches are floating rate loans. These loans are generally funded with foreign currency borrowings and deposits in our overseas branches. We generally convert all our foreign currency borrowings into floating rate dollar liabilities through the use of interest rate and currency swaps with leading international banks. Our overseas subsidiaries in the UK and Canada have fixed rate retail term deposits and fixed/floating rate wholesale borrowings as their funding sources. They also have fixed and floating rate assets. Interest rate risk is generally managed by entering into swaps whenever required.

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

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

	At March 31, 2015[1]			
	Less than or equal to one year	Greater than one year and up to five years	Greater than five years	Total
	(in millions)			
Loans, net	Rs. 3,656,136	Rs. 615,231	Rs. 113,534	Rs. 4,384,901
Investments	560,252	513,998	1,953,366	3,027,616
Other assets[2]	191,088	2,817	597,984	791,889
Total assets	4,407,476	1,132,046	2,664,884	8,204,406
Stockholders' equity and preference share capital	–	–	847,045	847,045
Borrowings	1,123,935	718,706	269,879	2,112,520
Deposits	2,898,661	770,786	190,105	3,859,552
Other liabilities	–	–	1,441,674	1,441,674
Total liabilities	**4,022,596**	**1,489,492**	**2,748,703**	**8,260,792**
Total gap before risk management positions	384,880	(357,446)	(83,819)	(56,386)
Off-balance sheet positions[3]	(441,529)	303,739	64,571	(73,218)
Total gap after risk management positions	**Rs. (56,649)**	**Rs. (53,707)**	**Rs. (19,248)**	**Rs. (129,604)**

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(1) Assets and liabilities are classified into the applicable categories based on residual maturity or re-pricing whichever is earlier. Classification methodologies are generally based on Asset Liability Management Guidelines, including behavioral studies, as per local policy/regulatory norms of the entities. Items other than current and savings account deposits that neither re-price nor have a defined maturity are included in the 'greater than five years' category. This includes investments in the nature of equity, cash and cash equivalents and miscellaneous assets and liabilities. Fixed assets (other than leased assets) have been excluded from the above table. Current and savings account deposits are classified based on behavior study.

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

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

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

At March 31, 2015		
Fixed rate loans	Variable rate loans	Total
(in millions)		

Loans	Rs. 721,511	Rs. 2,514,256	Rs. 3,235,767

The following table sets forth, using the balance sheet at year-end fiscal 2015 as the base, one possible prediction of the impact of adverse changes in interest rates on net interest income for fiscal 2016, assuming a parallel shift in the yield curve at year-end fiscal 2015.

	At March 31, 2015			
	Change in interest rates (in basis points)			
	(100)	(50)	50	100
	(in millions)			
Rupee portfolio	Rs. (7,010)	Rs. (3,505)	Rs. 3,505	Rs. 7,010
Foreign currency portfolio	(1,387)	(694)	694	1,387
Total	**Rs. (8,397)**	**Rs. (4,199)**	**Rs. 4,199**	**Rs. 8,397**

Based on our asset and liability position at year-end fiscal 2015, the sensitivity model shows that net interest income from the banking book for fiscal 2016 would rise by Rs. 8.4 billion if interest rates increased by 100 basis points during fiscal 2016. Conversely, the sensitivity model shows that if interest rates decreased by 100 basis points during fiscal 2016, net interest income for fiscal 2016 would fall by an equivalent amount of Rs. 8.4 billion. Based on our asset and liability position at year-end fiscal 2014, the sensitivity model showed that net interest income from the banking book for fiscal 2015 would rise by Rs. 8.9 billion if interest rates increased by 100 basis points during fiscal 2015. Conversely, the sensitivity model showed that if interest rates decreased by 100 basis points during fiscal 2015, net interest income for fiscal 2015 would fall by an equivalent amount of Rs. 8.9 billion.

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

Price Risk (Trading Book)

The following table sets forth, using the fixed income portfolio at year-end fiscal 2015 as the base, one possible prediction of the impact of changes in interest rates on the value of our fixed income held for trading portfolio for fiscal 2015, assuming a parallel shift in interest rate curve.

	At March 31, 2015				
		Change in interest rates (in basis points)			
	Portfolio Size	(100)	(50)	50	100
	(in millions)				
Indian government securities	Rs. 132,567	Rs. 5,444	Rs. 2,747	Rs. (2,747)	Rs. (5,444)
Corporate debt securities	136,730	1,867	945	(945)	(1,867)
Total	**Rs. 269,297**	**Rs. 7,311**	**Rs. 3,692**	**Rs. (3,692)**	**Rs. (7,311)**

	At March 31, 2015				
		Change in interest rates (in basis points)			
	Portfolio Size	(100)	(50)	50	100
	(in millions)				
Foreign government securities	Rs. 7,797	Rs. 70	Rs. 35	Rs. (35)	Rs. (70)

At year-end fiscal 2015, the total value of our fixed income trading portfolio was Rs. 277.1 billion. The sensitivity model shows that if interest rates increase by 100 basis points during fiscal 2016, the value of this portfolio would fall by Rs. 7.4 billion. Conversely, if interest rates fall by 100 basis points during fiscal 2016, the value of this portfolio would rise by Rs. 7.4 billion. At year-end fiscal 2014, the total value of our fixed income trading portfolio was Rs. 248.4 billion. The sensitivity model showed that if interest rates increased by 100 basis points during fiscal 2015, the value of this portfolio would fall by Rs. 3.1 billion. Conversely, if interest rates fell by 100 basis points during fiscal 2015, the value of this portfolio would rise by Rs. 3.1 billion. The sensitivity for fixed income trading portfolio increased in fiscal 2015 compared to fiscal 2014 primarily due to increase in the duration as well as portfolio size of the securities.

At year-end fiscal 2015, the total outstanding notional principal amount of our trading interest rate derivatives portfolio was Rs. 3,971.7 billion compared to Rs. 3,137.1 billion at year-end fiscal 2014. The sensitivity model shows that if interest rates increase by 100 basis points, the value of this portfolio would rise by Rs. 0.2 billion. At year-end

fiscal 2015, the total outstanding notional principal amount of our trading currency derivatives (such as futures, options and cross currency interest rate swaps) portfolio was Rs. 1,020.3 billion compared to Rs. 1,019.5 billion at year-end fiscal 2014. The sensitivity model shows that if interest rates increase by 100 basis points, the value of this portfolio would rise by Rs. 1.0 billion. At year-end fiscal 2015, the total outstanding notional principal amount of our trading foreign exchange portfolio was Rs. 2,529.6 billion compared to Rs. 2,342.1 billion at year-end fiscal 2014. The sensitivity model shows that if interest rates increase by 100 basis points, the value of this portfolio would fall by Rs. 4 million.

Equity Risk

We assume equity risk both as part of our investment book and our trading book. At year-end fiscal 2015, we had a total equity investment portfolio of Rs. 66.0 billion, primarily comprising Rs. 18.2 billion of investments by ICICI Bank and Rs. 45.0 billion of investments by our insurance subsidiaries. Additionally, ICICI Securities and ICICI Securities Primary Dealership also have a small portfolio of equity derivatives. The equity investments of ICICI Bank include the equity portfolio of its proprietary trading group amounting to Rs. 4.3 billion and other equity investments amounting to Rs. 13.9 billion. These other equity investments are primarily unlisted and long-term in nature. We also invest in private equity and venture capital funds, primarily those managed by our subsidiary ICICI Venture Funds Management Company. These funds invest in equity and equity linked instruments. Our investments through these funds are similar in nature to our other equity

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investments and are subject to the same risks. In addition, they are also subject to risks in the form of changes in regulation and taxation policies applicable to such equity funds. For further information on our trading and available-for-sale investments, see "*—Overview of Our Products and Services—Investment Banking—Treasury*".

The risk in the equity portfolio of the proprietary trading group, which manages the equity trading book of ICICI Bank, is controlled through a value-at-risk approach and stop loss limits, as stipulated in the Investment Policy. Value-at-risk measures the statistical risk of loss from a trading position, given a specified confidence level and a defined time horizon.

ICICI Bank computes value-at-risk using historical simulation model for limit monitoring purposes. The value-at-risk is calculated using a 99% confidence level and a holding period of one day.

The following table sets forth the high, low, average and period-end value-at-risk for fiscal 2015.

	High	Low	Average	At March 31, 2015
	Rs. in million			
Value-at-risk	306.9	51.7	133.8	110.7

We monitor the effectiveness of the value-at-risk model by regularly back-testing its performance. Statistically, we would expect to see losses in excess of value-at-risk only 1% of the time over a one-year period. During fiscal 2015, hypothetical losses exceed the value-at-risk estimates for four days. An analysis of these four outliers revealed that these losses occurred on days when actual movement in the stocks for the day was more than the scenario used to compute VaR for the day.

The following table sets forth a comparison of the hypothetical daily profit/loss, computed on the assumption of no intra-day trading, and value-at-risk calculated using the historical simulation model during fiscal 2015.

	Average	On March 31, 2015
	Rs. in million	
Hypothetical daily profit/(loss)	4.3	57.2

Value-at-risk	133.8	110.7

The high and low hypothetical daily profit/(loss) during fiscal 2015 was Rs. 283 million and Rs. (227) million respectively.

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

Exchange Rate Risk

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

The Reserve Bank of India has permitted banks to offer foreign currency-rupee options for hedging foreign currency exposures including hedging of balance sheet exposures to the users. We offer such products primarily to corporate clients and other inter-bank counterparties. All the options positions are maintained within the limits specified in the Investment Policy. The trading activities in the foreign currency markets expose the Bank to exchange rate risks. The foreign exchange rate risk is monitored through the net overnight open position limit approved by the Reserve Bank of India.

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Assuming 1% increase/decrease in each of the foreign currencies against the respective base currency, our exchange rate sensitivity comes to Rs. 11 million and Rs. 22 million at year-end fiscal 2015 and year-end fiscal 2014 respectively. The above numbers are without any netting benefit across base currencies. The Bank also monitors Greeks of its currency options.

Derivative Instruments Risk

The Bank offers various derivative products, including options and swaps, to clients for their risk management purposes. The Bank also enters into interest rate and currency derivative transactions for the purpose of hedging interest rate and foreign exchange mismatches and also engages in trading of derivative instruments on its own account.

The Bank generally does not carry market risk on client derivative positions as the Bank covers its positions in the inter-bank market. Profits or losses on account of currency movements on these transactions are borne by the clients. However, for the transactions which are not covered in the inter-bank market, the Bank has open positions within the limits prescribed in its Investment Policy. The derivative transactions are subject to counterparty risk to the extent particular obligors are unable to make payment on contracts when due.

Credit Spread Risk

Credit spread risk arises out of investments in fixed income securities. Hence, volatility in the level of credit spreads would impact the value of these portfolios held by the Bank. The Bank closely monitors its portfolio and risk is monitored by setting investment limits, rating-wise limits, single issuer limit, maturity limits and stipulating daily and cumulative stop-loss limits.

The following table sets forth, using our held for trading portfolio at year-end fiscal 2015 as the base, one possible prediction of the impact of changes in credit spreads on the value of the trading portfolio, assuming a parallel shift in credit spreads.

	At March 31, 2015				
		Change in credit spread (in basis points)			
	Portfolio Size	(100)	(50)	50	100
	(in millions)				
Corporate debt securities	Rs. 136,730	Rs. 1,867	Rs. 945	Rs. (945)	Rs. (1,867)

At year-end fiscal 2015, our held for trading portfolio (excluding government securities) was Rs. 136.7 billion. The sensitivity model showed that if credit spreads increased by 100 basis points during fiscal 2016, the value of this portfolio would fall by Rs. 1.9 billion. Conversely, if credit spreads fall by 100 basis points during fiscal 2016, the value of this portfolio would rise by Rs. 1.9 billion. At year-end fiscal 2014, our held for trading portfolio (excluding government securities) was Rs. 181.0 billion. The sensitivity model shows that if credit spreads increase by 100 basis points during fiscal 2015, the value of this portfolio would fall by Rs. 1.9 billion. Conversely, if credit spreads fall by 100 basis points during fiscal 2015, the value of this portfolio would rise by Rs. 1.9 billion.

Liquidity Risk

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

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

The Bank manages liquidity risk in accordance with its Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Management Committee of the Bank formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy. The Asset Liability Management Committee

comprises Managing Director and CEO, Executive Directors, Presidents, Chief Financial Officer, Senior General Managers in charge of Risk and Treasury and heads of business groups. The Risk Committee of the Board, a Board Committee, has oversight of the Asset Liability Management Committee.

The Bank uses various tools for the measurement of liquidity risk including the statement of structural liquidity, dynamic liquidity cash flow statements, liquidity ratios and stress testing through scenario analysis. The statement of structural liquidity is used as a standard tool for measuring and managing net funding requirements and the assessment of a surplus or shortfall of funds in various maturity buckets in the future. The cash flows pertaining to various assets, liabilities and off-balance sheet items are placed in different time buckets based on their contractual or behavioral maturity. The statement of structural liquidity of rupee currency for domestic operations, and statement of structural liquidity all currencies together for international operations of the Bank (country-wise and in aggregate) are prepared on daily basis. The statement of structural liquidity of foreign currency for domestic operations, consolidated statement for domestic operations and for the Bank as a whole are prepared on fortnightly basis. The utilization against gap limits laid down for each bucket is reviewed by Asset Liability Management Committee of the Bank.

The Bank also prepares dynamic liquidity cash flow statements, which in addition to scheduled cash flows, also consider the liquidity requirements pertaining to incremental business and the funding thereof. The dynamic liquidity cash flow statements are prepared in close coordination with the business groups, and cash flow projections based on the statements are periodically presented to the Asset Liability Management Committee. As a part of the stock and flow approach, the Bank monitors various liquidity ratios, and limits are laid down for these ratios in the Asset Liability Management Policy. The Bank also monitors liquidity coverage ratio which has been applicable from January 1, 2015.

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

For domestic operations, the Bank also has the option of managing liquidity by borrowing in the inter-bank market on a short-term basis. The overnight market, which is a significant part of the inter-bank market, is susceptible to volatile interest rates. To limit the reliance on such volatile funding, the Asset Liability Management Policy stipulates limits for borrowing and lending in the inter-bank market.

For its overseas branches, the Bank also has a well-defined borrowing program. In order to maximize borrowings at a reasonable cost through its branches, liquidity in different markets and currencies is targeted. The wholesale borrowings are in the form of bond issuances, syndicated loans from banks, money market borrowings, interbank bilateral loans and deposits, including structured deposits. The Bank also raises refinance from other banks against the

buyers' credit and other trade assets. Those loans that meet the Export Credit Agencies' criteria are refinanced as per the agreements entered into with these agencies. The Bank also mobilizes retail deposits, in accordance with the regulatory framework in place in the respective host country.

The Bank maintains prudential levels of liquid assets in the form of cash, balances with the central bank and government securities, money market and other fixed income securities. Currently, as stipulated by the regulator, banks in India are required to maintain their statutory liquidity ratio at a level of 21.5% of its net demand and time liabilities in India and their cash reserve ratio at a level of 4.0% of its net demand and time liabilities in India. The Bank generally holds additional securities over and above the stipulated level. Further, banks in India are required to maintain a liquidity coverage ratio at a minimum of 60.0% for the calendar year 2015. Effective January 1, 2016, the liquidity coverage ratio requirement will rise to a minimum of 70.0% for the calendar year 2016, and will further increase in a phased manner to 100.0% from January 1, 2019. During fiscal 2015, the Bank maintained a liquidity coverage ratio above the stipulated level.

Further, the Bank has a board approved liquidity stress testing framework, under which the Bank estimates its liquidity position under a range of stress scenarios, and considers possible measures that the Bank could take to mitigate the outflows under each scenario. These scenarios cover bank specific, market-wide and combined stress situations and have been separately designed for the domestic and international operations of the Bank. Each scenario included in the stress-testing framework covers a time horizon of 28 days. The stress-testing framework measures the impact on profit due to liquidity outflows for each scenario, considering possible measures that the Bank could take to mitigate the stress. The impact on profits is subject to a stress tolerance

limit specified by the Board of Directors. The results of liquidity stress testing are reported to the Asset Liability Management Committee on a monthly basis. During fiscal 2015, the results of each of the stress scenarios were within the Board-approved limits.

The Risk Committee of the Board has approved a Liquidity Contingency Plan, which lays down a framework for ongoing monitoring of potential liquidity contingencies and an action plan to meet such contingencies. The Liquidity Contingency Plan lays down several liquidity indicators, which are monitored on a pre-defined (daily or weekly) basis and also defines the protocol and responsibilities of various teams in the event of a liquidity contingency.

Similar frameworks to manage liquidity risk have been established at each of the overseas banking subsidiaries of the Bank addressing the risks they run as well as incorporating host country regulatory requirements as applicable.

Our subsidiary in the United Kingdom raises funding through wholesale and retail sources. Wholesale sources comprise issuance of bonds through an MTN programme, bilateral and club loans as well as repo borrowings. In the retail segment, it raises deposits through its branch network as well as its internet platform. A buffer of high quality liquid assets/central bank reserves is maintained against these deposits. Our subsidiary in Canada is funded through diversified funding sources from retail as well as wholesale sources like borrowings through securitization of insured mortgages across tenor buckets.

The Prudential Regulation Authority classifies ICICI Bank UK as an individual liquidity adequacy standards firm, which means it is required to meet certain quantitative requirements set out in the Prudential sourcebook for banks, building societies and investment firms. In addition, effective June 27, 2012, the Prudential Regulation Authority issued liquidity guidelines which specify the quantity of liquid assets (in any currency that the Prudential Regulation Authority deems material with respect to ICICI Bank UK and also on an all currency combined basis) that the Prudential Regulation Authority believes is appropriate for ICICI Bank UK to hold.

Canadian regulations impose no liquidity pool requirements or liquidity buffer requirements on regulated Canadian banks, including ICICI Bank Canada. However, the Office of the Superintendent of Financial Institutions expects each such bank to have an internal liquidity policy articulating and defining the role of liquid assets within the bank's overall liquidity management system and establishing minimum targets for liquid asset holdings. ICICI Bank Canada has a liquidity management policy and market risk management policy that are approved by its board of directors. These policies require ICICI Bank Canada to maintain a certain percentage of its customer liabilities in liquid assets and to maintain sufficient liquidity to cover net outflows in the "up to 30 days" maturity bucket.

See also "*Operating and Financial Review and Prospects—Liquidity Risk*".

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risks. Legal risk includes, but is not limited to, exposure to fines, penalties or punitive damages resulting from supervisory actions, as well as private settlements. For a discussion on our vulnerability to operational risk, see "*Risk Factors—Risks Relating to Our Business—There is operational risk associated with the financial industry which, when realized, may have an adverse impact on our business*".

The management of operational risk is governed by the Operational Risk Management Policy approved by the Board of Directors. The policy is applicable across the Bank including overseas branches, ensuring a clear accountability and responsibility for management and mitigation of operational risk, developing a common understanding of operational risk and assisting the business and operation groups units to improve internal controls. The Board has constituted an Operational Risk Management Committee for analyzing and monitoring the risks associated with the various business activities of the Bank. The principal objective of the Committee is to mitigate operational risk within the Bank by creation and maintenance of explicit operational risk management process. The Operational Risk Management Committee reviews the risk profile of various functions, the tools used for management of operational risk and implementation of the operational risk management policies and framework as approved by the Board. The Board has also approved a framework for approval of all new products/processes, which requires all new products/process or modifications to existing products/processes are approved by the Product and Process Approvals Committee.

Operational risk can result from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. Operational risk is sought to be mitigated by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking regular contingency planning. The key elements in the operational risk management process in the Bank are risk identification and assessment, risk measurement, risk monitoring and risk mitigation.

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

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Operational Controls and Procedures in Retail Banking

Retail banking is organized into a zonal structure and each of the zones are headed by senior officials of the Bank. There are designated product, sales, credit and operations structure for customer sourcing and servicing. The branches are supported by regional/centralized processing centers which ensure adequate operational controls.

The Bank has put in place comprehensive operating manuals detailing procedures for the processing of various banking transactions. Amendments to these manuals are implemented through circulars, which are accessible to our branch employees on the intranet of the Bank. In addition, our branches are supported by product, marketing, audit and compliance teams.

Our core banking application software has multiple security features to protect the integrity of applications and data.

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

Operational Controls and Procedures for Internet Banking

The Bank has put in place adequate authentication and authorization controls for transactions through internet banking by customers. In addition to login password, transactions are authorized through grid-level value authentication (a grid is a unique set of numbers printed on the debit card). Additionally, a one-time password is sent to the customer's registered mobile number for the addition of a payee for fund transfers. Additionally, one-time password (sent to registered mobile number) authentication is also required in certain case like, if the login is from a different system, browser or blacklisted IP addresses. Internet transactions using credit cards require additional password-based authentication besides other authentications present on the card. Text message alerts are also sent to the customer for internet-based transactions beyond a threshold level. To prevent phishing and internet-related fraud, the Bank also regularly communicates with customers. The internet banking infrastructure is secured through the multi-layer information security controls, including firewalls, intrusion prevention systems and network level access controls. These are supplemented by periodic penetration tests, vulnerability assessments and continuous security incident monitoring of internet banking servers.

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

The Bank has designated regional processing centers located at various cities across the country. These regional processing centers engage in activities like processing clearing checks and inter-branch transactions, outstation check collections, and engage in back-office activities for account opening, renewal of deposits and salary transaction processing of corporations. There are currency chests located at 35 locations in various cities across India, which cater to the cash requirements of branches and ATMs.

The Bank has two processing centers, one each in Mumbai and Hyderabad, process the transactions on a nationwide basis for the issuance of debit cards, mailing of personal identification numbers, issuance of passwords to internet banking customers and internet banking bill payments and processing of credit card transactions. Centralized processing has also been extended to activities like issuance of personalized checkbooks and the activation of newly opened accounts.

Operational Controls and Procedures in Treasury

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

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Operational Controls and Procedures in Retail Asset Operations

Retail asset operations comprise decentralized retail asset operations and central asset operations. Activities of decentralized operations include disbursement and regular banking activities. Decentralized retail asset operations support operations relating to retail asset products across the country. Disbursements are done through automated processes with sufficient internal checks and controls like fund transfers through the National Electronic Funds Transfer system and Real Time Gross Settlement system. An independent team conducts regular banking activity, reconciliation and publishes management reports to the senior management.

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

Operational Controls and Procedures for Corporate Banking

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

Operational Controls and Procedures for Commercial Banking

Commercial banking products and services are offered through identified commercial and retail branches, which are spread across all major business centers throughout the country. The commercial branches are led by senior branch heads, who are experienced commercial bankers. The transactions initiated at the mega branches are processed by independent and centralized operation units responsible for the execution of trade finance, cash management and general banking transactions.

Operational Controls and Procedures for Rural Banking

The Bank's rural banking operations include meeting the financial requirements of customers in rural and semi-urban locations, primarily engaged in agriculture and allied activities. The Bank also focuses on enrollment of beneficiaries under government social schemes. There are designated product, sales, credit and operations structure for the rural banking segment. The customers are offered various products by the sales and business teams and there are various processes and controls performed by independent teams such as Credit Middle Office Group and Operations Group with well-defined process ownership. There are independent monitoring and controls on the quality of the commodities pledged and title of the land considered as collateral. Hind sighting is also carried out to check the effectiveness of the processes.

Anti-Money Laundering Controls

The Bank has implemented the Know Your Customer/Anti-Money Laundering/Combating of Financing of Terrorism guidelines in accordance with the provisions under Prevention of Money Laundering Act, 2002, rules promulgated thereunder and guidelines issued by the regulators from time to time.

Implementation of these guidelines includes the formulation of a Group Anti-money Laundering Policy with the approval of the Board of Directors of the Bank which also covers the overseas branches/subsidiaries; oversight by the Audit Committee on the implementation of the Anti-Money Laundering framework; appointment of a senior level officer as Money Laundering Reporting Officer who has the day-to-day responsibility for implementation of the anti-money laundering framework; implementation of adequate Know Your Customer procedures based on risk categorization of customer segments, screening of names of customers with negative lists issued by the regulators and customer risk categorization for classifying the customers into high, medium and low risk segments; risk-based transaction monitoring and regulatory reporting procedures through automated applications; implementing appropriate mechanisms to train employees and to create customer awareness on this subject.

Our Know-Your-Customer procedures take into account the risk assessment of product and customer segments, with basic due diligence performed for low risk, enhanced due diligence performed for high risk customers pursuant to the Reserve Bank of India guidelines.

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The Bank also adheres to the anti-money laundering requirements as specified by the regulators of respective geographies. The Bank's anti-money laundering framework is subject to audit by the Internal Audit Department and their observations are reported to the Audit Committee at regular intervals.

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

Anti-Money Laundering/Combating Financing of Terrorism Policy is approved by the Board of Directors of the life insurance subsidiary. The Policy is also in accordance with the Group Anti-Money-Laundering policy and includes oversight by the Audit Committee on the implementation of the Anti-Money Laundering framework. It provides for appointment of a senior level officer as Money Laundering Prevention Officer who has the day-to-day responsibility for implementation of the anti-money laundering framework, adoption of a risk-based Anti-Money-Laundering framework, implementation of adequate Know-Your-Customer procedures based on risk categorization of customer segments, screening of customers against sanctioned lists, risk-based transaction monitoring, regulatory reporting procedures and appropriate mechanisms to train employees and to create customer awareness on this subject.

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

Following the release on the internet of videos in March-April 2013 forming part of a sting operation on banks and insurance companies in India, that purported to show the Bank's frontline branch employees engaging in conversations that would violate the Group Code of Business Conduct and Ethics and could have, if any transactions had been consummated, led to violations of anti-money laundering and know your customer norms, the Reserve Bank of India undertook investigations at ICICI Bank and over 30 other banks in India. While the Reserve Bank of India's investigations did not reveal any prima facie evidence of money laundering, the Reserve Bank of India has imposed an aggregate penalty of Rs. 665 million (US$11 million) on 31 Indian banks, including Rs. 10 million (US$ 0.2 million) on ICICI Bank, for instances of violation of applicable regulations. A penalty of Rs. 1.4 million was also imposed on the Bank in February 2015 by the Financial Intelligence Unit, India for failure in reporting the attempted suspicious transactions to which the above sting operations pertained. The Bank has filed an appeal against the penalty.

In July 2014, the Reserve Bank of India imposed a penalty, for violation of instructions /directions/guidelines issued by the Reserve Bank of India, on 12 Indian banks, including us, following its scrutiny of the loan and current accounts of a corporate borrower with these banks. The penalty imposed on us was Rs. 4.0 million.

In December 2014, the Reserve Bank of India imposed penalties on two Indian banks, including us, for non-compliance with the know your customer/anti-money laundering directions/guidelines issued by the Reserve

Bank of India in respect of fraudulent opening of fictitious accounts with certain banks. The penalty imposed on us was Rs. 5.0 million. See "*Risk Factors—Risks Relating to Our Business—The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action, whether formal or informal. Following the financial crisis, regulators are increasingly viewing us, as well as other financial institutions, as presenting a higher risk profile than in the past*." and "*Risk Factors—Risks Relating to Our Business—Negative publicity could damage our reputation and adversely impact our business and financial results and the price of our equity shares and ADSs*."

Audit

The Internal Audit Group provides independent, objective assurance on the effectiveness of internal controls, risk management and corporate governance and suggests improvements. It helps us accomplish our objectives by evaluating and improving the effectiveness of risk management, internal controls and governance processes, through a systematic and disciplined approach. The Internal Audit Group acts as an independent entity and reports to the Audit Committee of the Board.

The Internal Audit Group maintains staff with sufficient knowledge, skills, experience and professional certifications. It deploys audit resources with expertise in audit execution and adequate understanding of business activities. The processes within Internal Audit Group are certified under ISO 9001-2008. Further, an assessment of the quality of assurance provided by the Internal Audit Group is conducted through an independent external firm once in three years.

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The Internal Audit Group has adopted a risk based audit methodology in accordance with the Reserve Bank of India guidelines. The risk-based audit methodology is outlined in the Internal Audit Policy approved by the Board of Directors. An annual risk-based audit plan is drawn up based on the risk-based audit methodology and is approved by the Audit Committee of the Board. Accordingly, the Internal Audit Group undertakes a comprehensive audit of all branches, business groups and other functions in accordance with the risk-based audit plan.

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

The Reserve Bank of India requires banks to have a process of concurrent audits at business groups dealing with treasury functions and branches handling large volumes, to cover a minimum of 50.0% of credit, deposits and other risk exposures of the Bank. Accordingly, the Internal Audit Group has formulated a strategy for concurrent audits at treasury-related functions and branches. Concurrent audits are also carried out at centralized and regional processing centers and at centralized operations with a focus on areas that are identified as needing transaction testing and also to ensure existence of and adherence to internal controls.

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

Legal and Regulatory Risk

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

Risk Management Framework for International Operations

ICICI Bank has adopted a risk management framework for its international banking operations, including overseas branches and offshore banking unit. Under the framework, the Bank's credit, investment, asset liability management and anti-money laundering policies apply to all the overseas branches and offshore banking units, with modifications to meet local regulatory or business requirements. These modifications may be made with the approval of our Board of Directors or the committees designated by the Board of Directors. The Board of Directors/designated committee of the Board approve their respective risk management policies, based on applicable laws and regulations as well as the Bank corporate governance and risk management framework. Policies at the overseas banking subsidiaries are approved by Board of Directors of the respective subsidiaries and are framed in consultation with the related groups in the Bank as per the risk management framework.

The Compliance Group oversees regulatory compliance at the overseas branches and offshore banking subsidiaries. Compliance risk assessment along with the key risk indicators pertaining to our domestic and international banking operations are presented to the Risk Committee of our Board of Directors on a periodic basis. Management of regulatory compliance risk is considered as an integral component of the governance framework at the Bank and its subsidiaries along with the internal control mechanisms. We have therefore adopted an appropriate framework for compliance, by formulating the Group Compliance Policy, which is approved by the Board of Directors and is reviewed from time to time. The Group Compliance Policy outlines a framework for identification and evaluation of the significant compliance risks, on a consolidated basis, in order to assess how these risks might affect our safety and soundness.

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Risk Management in Key Subsidiaries

ICICI Bank UK

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

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

All credit risk related issues are governed by ICICI Bank UK's Credit Risk Management Policy. ICICI Bank UK takes a two-tier approach to assessment of credit risk with the first review by the commercial officer proposing the transaction and the proposal is then reviewed independently and assessed by a credit officer from within the risk team. Credit risk is also managed at the portfolio level by monitoring the key parameters of risk concentration such as industry exposures, country exposures, rating category based exposures, product specific exposures and large exposures.

ICICI Bank UK has board/board committee approved policies for managing market risk such as its treasury policy manual and mandate, valuation policy, model validation policy and independent price verification policy. For monitoring and managing market risk, it uses various risk metrics, including the duration of equity, price value of one basis point change in interest rate, price value of one basis point change in credit spread and stop loss limits.

ICICI Bank UK uses various tools for measurement of liquidity risk including the statement of structural liquidity, liquidity ratios and stress testing through scenario analysis. In line with its liquidity risk appetite, ICICI Bank UK maintains adequate high quality liquid assets/central bank reserves to cover projected stressed outflows under various scenarios as approved by the Board in the Individual Liquidity Adequacy Assessment framework. Additionally, the Prudential Regulation Authority also issues individual liquidity guidance to ICICI Bank UK, based on which ICICI Bank UK maintains liquid assets.

The management of operational risk (including fraud and conduct risks) is governed by the Operational Risk Management Policy approved by the Board Risk Committee. Operational risk elements covered in the Operational Risk Management Policy include operational incident management, techniques for risk identification and

measurement, monitoring through key risk indicators and risk mitigation techniques.

ICICI Bank Canada

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

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

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

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

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

ICICI Securities Primary Dealership

ICICI Securities Primary Dealership is a primary dealer and has government of India securities as a significant proportion of its portfolio. The Corporate Risk Management Group at ICICI Securities Primary Dealership has developed comprehensive risk management policies which seek to minimize risks generated by the activities of the organization. The Corporate Risk Management Group develops and maintains models to assess market risks which are constantly updated to capture the dynamic nature of the markets. The Corporate Risk Management Group also monitors credit risk and ensures compliance with exposure limits.

ICICI Securities Primary Dealership has constituted a Risk Management Committee with an independent Director as Chairman and other members of the Board of Directors of the company. The Committee reviews various aspects of risk management and among other things decides risk and investment policies for its various businesses and ensures compliance with regulatory guidelines on risk management as well as with all the prudential and exposure limits set by the Board of Directors.

ICICI Prudential Life Insurance Company

The risk governance structure of ICICI Prudential Life Insurance Company consists of the Board, Board Risk Management Committee, Executive Risk Committee and its sub-committees. The Board Risk Management Committee consists of non-executive directors. The Board, on recommendation of Board Risk Management Committee, has approved a policy (the Board Risk Policy) to address various risks such as market risk, credit risk, liquidity risk, insurance risk and operational risk. In addition, the Board has also approved fraud prevention, reinsurance, underwriting and outsourcing policies.

The risk policy sets out the governance structure for risk management in ICICI Prudential Life Insurance Company. The Executive Risk Committee is responsible for assisting the Board and the Board Risk Management Committee in their risk management duties and, in particular, is responsible for the approval of all new products launched by ICICI Prudential Life Insurance Company.

The Investment Risk Committee assists the Executive Risk Committee in identification, measurement, monitoring and control of market, liquidity and credit risks, including asset liability management through regular monitoring of the equity backing ratios and asset liability duration mismatch. ICICI Prudential Life Insurance Company has a liquidity contingency plan in place. The Insurance Risk Committee assists the Executive Risk Committee in identification, measurement, monitoring and control of insurance risks such as persistency, mortality, morbidity and expense risks.

The Operational Risk Committee assists the Executive Risk Committee in identification, measurement, monitoring and control of operational risks such as risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Outsourcing Committee assists the Executive Risk Committee on management of outsourcing risk arising due to use of services provided by a third party to perform activities on a continuous basis that would have been otherwise undertaken by ICICI Prudential Life Insurance Company.

The risk management model of ICICI Prudential Life Insurance Company comprises a four-stage continuous cycle, namely identification and assessment, measurement, monitoring and control of risks. ICICI Prudential Life Insurance Company's risk policy details the strategy and procedures adopted to follow the risk management cycle at the enterprise level. A risk report detailing the key risk exposures faced by ICICI Prudential Life Insurance Company and mitigation measures is placed before the Board Risk Management Committee on a periodic basis.

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ICICI Lombard General Insurance Company

ICICI Lombard General Insurance Company is principally exposed to risks arising out of the nature of business underwritten and credit risk on its investment portfolio as well as the credit risk it carries on its reinsurers. In respect of business risk, ICICI Lombard General Insurance seeks to diversify its insurance portfolio across product classes, industry sectors and geographical regions. ICICI Lombard General Insurance focuses on achieving a balance between the corporate and retail portfolio mix to achieve favorable claim ratio and risk diversification. ICICI Lombard General Insurance has a risk retention and reinsurance policy whereby tolerance levels are set as per risk and on a per event basis. ICICI Lombard General Insurance also has the ability to limit its risk exposure by way of re-insurance arrangements. Investments of the company are governed by the investment policy approved by its Board of Directors within the norms stipulated by the Insurance Regulatory and Development Authority of India. The Investment Committee oversees the implementation of this policy and reviews it periodically. Exposure to any single entity is restricted to 5.0% of the portfolio and to any industry to 15.0% of the portfolio.

Controls and Procedures

We have carried out an evaluation under the supervision and with the participation of management, including the Managing Director and Chief Executive Officer and the Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Securities Exchange Act at year-end fiscal 2015.

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

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

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

objectives.

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

Management's Report on Internal Control Over Financial Reporting

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

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

Our internal controls include policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect in reasonable detail the transactions and dispositions of our assets;

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- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are made only in accordance with authorizations of management and the executive directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

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

Management assessed the effectiveness of internal control over financial reporting at year-end fiscal 2015 based on criteria set by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (1992). Based on the assessment, management concluded that our internal control over financial reporting was effective at year-end fiscal 2015. Effectiveness of our internal control over financial reporting at year-end fiscal 2015 has been audited by KPMG, an independent registered public accounting firm, as stated in their attestation report, which is included herein.

Change in Internal Control Over Financial Reporting

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

Loan Portfolio

Our gross loan portfolio was Rs. 4,507.5 billion at year-end fiscal 2015, an increase of 13.7% over the gross loan portfolio of Rs. 3,964.9 billion at year-end fiscal 2014. The gross loan portfolio increased by 17.1% to Rs. 3,964.9 billion at year-end fiscal 2014 from Rs. 3,385.6 billion at year-end fiscal 2013. At year-end fiscal 2015, approximately 67.2% of our gross loans were rupee loans.

Loan Portfolio by Categories

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

	At March 31, 2011	2012	2013	2014	2015	2015
	(in millions)					
Consumer loans and credit card receivables[(1)]	Rs. 910,952	Rs. 1,040,975	Rs. 1,181,588	Rs. 1,470,783	Rs. 1,762,154	US$ 28,280
Rupee	888,953	946,778	1,068,305	1,251,032	1,534,281	24,623
Foreign currency[(2)]	21,999	94,197	113,283	219,751	227,873	3,657
Commercial[(3)]	1,732,675	1,967,210	2,204,054	2,494,150	2,745,376	44,060
Rupee	853,920	1,006,863	1,193,433	1,310,457	1,493,578	23,970
Foreign currency	878,755	960,347	1,010,621	1,183,693	1,251,798	20,090
Leasing and related activities[(4)]	7	–	–	-	-	-
Rupee	7	–	–	-	-	-
Foreign currency		–	–	-	-	-
Gross loans	2,643,634	3,008,185	3,385,642	3,964,933	4,507,530	72,340
Rupee	1,742,880	1,953,641	2,261,738	2,561,488	3,027,859	48,593
Foreign currency	900,754	1,054,544	1,123,904	1,403,445	1,479,671	23,747
Total gross loans	2,643,634	3,008,185	3,385,642	3,964,933	4,507,530	72,340
Allowance for loan losses	(83,441)	(86,931)	(85,901)	(91,515)	(122,629)	(1,968)
Net loans	**Rs. 2,560,193**	**Rs. 2,921,254**	**Rs. 3,299,741**	**Rs. 3,873,418**	**Rs. 4,384,901**	**US$ 70,372**

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

(2) Includes loans against foreign currency non-resident (bank) deposits of Rs. 85.9 billion at March 31, 2015.

(3) Includes builder financing and dealer financing.

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

Our gross rupee loans increased from Rs. 2,561.5 billion constituting 64.6% of our total gross loans at year-end fiscal 2014 to Rs. 3,027.8 billion constituting 67.2% of our total gross loans at year-end fiscal 2015 primarily due to an increase in consumer loans and credit card receivables. Our gross foreign currency loans increased from Rs. 1,403.4 billion, constituting 35.4% of our total gross loans at year-end fiscal 2014 to Rs. 1,479.7 billion, constituting 32.8% of our total gross loans at year-end fiscal 2015 primarily due to rupee depreciation of the rupee vis-à-vis the US dollar, an increase in the insured mortgage portfolio of ICICI Bank Canada and an increase in corporate loans of ICICI Bank UK. See also "*Operating and Financial Review and Prospects—Financial Condition—Advances*".

At year-end fiscal 2015, we did not have outstanding cross-border loans (defined as loans made to borrowers outside of India) exceeding 1.0% of our assets in any country except Canada, which were between approximately 2.5% to 3.0% of our assets. We had outstanding cross-border loans to U.S. borrowers amounting to between 0.5% and 1.0% of our assets.

Collateral —Completion, Perfection and Enforcement

Our loan portfolio largely consists of project and corporate finance and working capital loans to corporate borrowers, loans to retail customers, including home loans, automobile loans, commercial business loans, personal loans and credit card receivables and agricultural financing. In general, other than personal loans, credit card receivables and some forms of corporate and agricultural financing, which are unsecured, we stipulate that the loans should be collateralized at the time of loan origination. However, it should be noted that obstacles within the Indian legal system can create delays in enforcing collateral. *See "Risk Factors—Risks Relating to Our Business— If we are not able to control the level of non-performing assets in our portfolio, our business will suffer"*. In India, there are no regulations stipulating loan-to-collateral limits, except in the case of home loans. The Reserve Bank of India, through a guideline has capped the loan-to-value ratio at 90% for home loans up to Rs. 2.0 million, at 80% for home loans between Rs. 2.0 million and Rs. 7.5 million and at 75% for home loans above Rs 7.5 million.

Secured consumer loan portfolio

Secured consumer loans for the purchase of assets, such as mortgage loans and automobile loans are secured by the assets being financed (predominantly property and vehicles).

Depending on the type of borrower and the asset being financed, the borrower may also be required to contribute towards the cost of the asset. Accordingly, the security value is generally higher than the loan amount at the date of loan origination.

For other secured consumer loans, such as loans against property and property overdrafts, we generally require collateral of 125% of the loan amount at origination.

Commercial loans

We generally seek collateral valued at 125% to 150% of the loan amount at origination for commercial loans. The collateral for project and other corporate loans are usually immovable assets, which are typically mortgaged in the Bank's favor, or movable assets, which are typically hypothecated in the Bank's favor. These security interests must be perfected by the registration of these interests within time limits stipulated under the Companies Act with the Registrar of Companies pursuant to the provisions of the Companies Act when borrowers are constituted as companies. This registration amounts to a constructive public notice to other business entities of the security interests created by such companies. Prior to creation of security interests on all

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assets, which are not stock-in-trade for the company, a no-objection certificate from the income tax authorities is required to create a charge on the asset. We may also take security of a pledge of financial assets like marketable securities (for which perfection of security interests by registration with the Registrar of Companies is not mandatory for companies under the Companies Act), and obtain corporate guarantees and personal guarantees wherever appropriate. In certain cases, the terms of financing include covenants relating to sponsor shareholding in the borrower and restrictions on the sponsors' ability to sell all or part of their shareholding. Covenants involving equity shares have a top-up mechanism based on price triggers. See also "*Risk factors—Risks Relating to Our Business—The value of our collateral may decrease or we may experience delays in enforcing our collateral when borrowers default on their obligations to us which may result in failure to recover the expected value of collateral security exposing us to a potential loss*".

We generally require collateral valued at 150% of the loan amounts at origination for loans to real estate companies and lease rental discounting facilities. Our lease rental discounting facility is a loan facility offered to borrowers where the loans are granted against confirmed future lease rental payments to be received by the borrowers.

For working capital facilities, the current assets of borrowers are taken as collateral. Each borrower is required to declare the value of current assets periodically. The borrower's credit limit is subject to an internally approved ceiling that applies to all borrowers. We calculate a borrower's credit limits as a certain percentage of the value of the collateral, which provides the Bank with an adequate margin, should the borrower default.

Additionally, in some cases, we may take further security of a first or second charge on fixed assets, a pledge of financial assets like marketable securities, or obtain corporate guarantees and personal guarantees wherever appropriate. We also accept post-dated checks and cash as additional comfort for the facilities provided to various entities.

The Bank has an internal framework for updating the collateral values of commercial loans on a periodic basis. Generally, for commercial loans, the value of moveable property held as collateral is updated annually and the value of immovable property held as collateral is updated every three years.

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

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

or tribunals to challenge such enforcement.

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

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

We recognize that our ability to realize the full value of the collateral in respect of current assets is difficult due to, among other things, delays on our part in taking immediate action, delays in bankruptcy foreclosure proceedings, defects in the perfection of collateral (including due to inability to obtain approvals that may be required from various persons, agencies or authorities) and fraudulent transfers by borrowers and other factors,

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including current legislative provisions or changes thereto and past or future judicial pronouncements. However, cash credit facilities are so structured that we are generally able to capture the cash flows of our customers for recovery of past due amounts. In addition, we generally have a right of set-off for amounts due to us on these facilities. We require our working capital loan customers to submit data on there working capital position on a regular basis, so that we can take any actions required before the loan becomes impaired. On a case-by-case basis, we may also stop or limit the borrower from drawing further credit from its facility.

Loan Concentration

We follow a policy of portfolio diversification and evaluate our total financing exposure in a particular industry in light of our forecasts of growth and profitability for that industry. Our Credit Risk Management Group monitors all major sectors of the economy and specifically tracks industries in which we have credit exposures. We seek to respond to economic weakness through active portfolio management, by restricting exposure to weak sectors and increasing exposure to the segments that are growing and have been resilient. ICICI Bank’s policy is to limit its loan portfolio to any particular industry (other than retail loans) to 15.0% of its total exposure.

Pursuant to the guidelines of the Reserve Bank of India, credit exposure of banks to an individual borrower generally must not exceed 15.0% of our capital funds, unless the exposure is in respect of an infrastructure project. Capital funds comprise Tier 1 and Tier 2 capital calculated pursuant to the guidelines of the Reserve Bank of India, under Indian GAAP. Credit exposure to individual borrowers may exceed the exposure norm of 15.0% of our capital funds by an additional 5.0% (i.e. the aggregate exposure can be 20.0%) provided the additional credit exposure is on account of infrastructure financing. Our exposure to a group of companies under the same management control generally must not exceed 40.0% of our capital funds unless the exposure is in respect of an infrastructure project. The exposure to a group of companies under the same management control, including exposure to infrastructure projects, may be up to 50.0% of our capital funds. Banks may, in exceptional circumstances, with the approval of their boards, enhance the exposure by 5.0% of capital funds (i.e., the aggregate exposure can be 20.0% of capital funds for an individual borrower and the aggregate exposure can be 45.0% of capital funds for a group of companies under the same management), making appropriate disclosures in their annual reports. Exposure for funded and non-funded credit facilities is calculated as the total committed amount or the outstanding amount whichever is higher (for term loans, as the sum of undisbursed commitments and the outstanding amount). Investment exposure is considered at book value. At year-end fiscal 2015, we were in compliance with these guidelines.

At year-end fiscal 2015, our largest non-bank borrower accounted for approximately 12.7% of our capital funds. The largest group of companies under the same management control accounted for approximately 32.8% of our capital funds.

The following table sets forth, at the dates indicated, the composition of our gross advances.

	At March 31,								
	2011		2012		2013		2014		2015
	Amount	**As a %**	**Amount**	**As a %**	**Amount**	**As a %**	**Amount**	**As a %**	**Amount**
	(in millions, except percentages)								
Retail finance[1],[2]	Rs. 1,004,970	38.0%	Rs. 1,183,925	39.4%	Rs. 1,290,184	38.1%	Rs. 1,621,267	40.9%	Rs. 1,956,8
Services —non finance	232,627	8.8	233,325	7.8	243,298	7.2	266,016	6.7	286,84
Roads, port, telecom, urban development & other infrastructure	151,499	5.7	196,855	6.5	227,966	6.7	271,869	6.9	260,52
Power	109,745	4.2	153,841	5.1	200,452	5.9	237,912	6.0	260,20
Iron/steel and iron/steel products	109,092	4.1	132,311	4.4	173,350	5.1	200,754	5.1	233,71
Services —finance	160,163	6.1	152,184	5.1	155,201	4.6	127,735	3.2	146,87
Crude petroleum/refining & petrochemicals	157,500	6.0	77,804	2.6	95,729	2.8	127,887	3.2	140,85
Wholesale/retail trade	53,367	2.0	54,985	1.8	70,752	2.1	83,757	2.1	137,03
Metal & products (excluding iron & steel)	46,171	1.7	68,587	2.3	63,650	1.9	93,121	2.3	112,76

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	At March 31,									
	2011		2012		2013		2014		2015	
	Amount	**As a %**	**Amount**	**As a %**	**Amount**	**As a %**	**Amount**	**As a %**	**Amount**	
	(in millions, except percentages)									
Construction	51,423	1.9	60,408	2.0	73,443	2.2	89,316	2.3	107,610	
Cement	24,921	0.9	48,149	1.6	72,156	2.1	79,019	2.0	92,581	
Electronics & engineering	60,635	2.3	65,576	2.2	73,835	2.2	96,717	2.4	81,599	
Mining	56,253	2.1	86,802	2.9	83,086	2.5	65,455	1.7	80,037	
Food & beverages	83,376	3.2	86,473	2.9	92,257	2.7	82,020	2.1	77,592	
Shipping	23,035	0.9	42,894	1.4	45,257	1.3	59,459	1.5	67,480	
Gems & jewellery	25,736	1.0	32,749	1.1	38,001	1.1	44,845	1.1	45,047	
Chemicals and fertilizers	31,275	1.2	42,924	1.4	43,070	1.3	38,299	1.0	31,254	
Others[3]	261,846	9.9	288,393	9.6	343,955	10.2	379,485	9.5	388,654	
Gross loans	**2,643,634**	**100.0**	**3,008,185**	**100.0**	**3,385,642**	**100.0**	**3,964,933**	**100.0**	**4,507,530**	
Allowance for loan losses	(83,441)		(86,931)		(85,901)		(91,515)		(122,629)	
Net loans	**Rs.2,560,193**		**Rs.2,921,254**		**Rs.3,299,741**		**Rs.3,873,418**		**Rs.4,384,901**	

(1) Includes home loans, automobile loans, commercial business loans, dealer financing and small ticket loans to small businesses, personal loans, credit cards, rural loans and loans against securities.

(2) Includes loans against foreign currency non-resident (bank) deposits of Rs. 85.9 billion at March 31, 2015.

(3) Primarily include developer financing portfolio, manufacturing products (excluding metal),automobiles, drugs and pharmaceuticals, textile and fast moving consumer goods .

Our gross loan portfolio increased by 13.7% from Rs. 3,964.9 billion at year-end fiscal 2014 to Rs. 4,507.5 billion at year-ended fiscal 2015. Retail finance was 38.1% of gross loans at year-end fiscal 2013, 40.9% of gross loans at year-end fiscal 2014 and 43.4% of gross loans at year-end fiscal 2015. Our gross loans to the services – non-finance sector as a percentage of gross loans were 6.7% at year-end fiscal 2014 and 6.4% at year-end fiscal 2015. Our gross loans to the road, port, telecom, urban development & other infrastructure sector as a percentage of gross loans were 6.9% at year-end fiscal 2014 and 5.8% at year-end fiscal 2015. Our gross loans to the power sector as a percentage of gross loans were 6.0% at year-end fiscal 2014 and 5.8% at year-end fiscal 2015.

At year-end fiscal 2015, our 20 largest borrowers accounted for approximately 12.5% of our gross loan portfolio, with the largest borrower accounting for approximately 1.6% of our gross loan portfolio. The largest group of companies

under the same management control accounted for approximately 4.8% of our gross loan portfolio.

Geographic Diversity

Our portfolios are geographically diversified. The state of Maharashtra accounted for the largest proportion of our domestic gross loans outstanding at year-end fiscal 2015.

Directed Lending

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

Priority Sector Lending

The Reserve Bank of India guidelines on priority sector lending require banks to lend 40.0% of their adjusted net bank credit, to fund certain types of activities carried out by specified borrowers. The definition of adjusted net bank credit includes certain investments and is computed with reference to the outstanding amount at March 31 of the previous year. Further, the Reserve Bank of India allowed loans extended in India against incremental foreign currency non-resident (bank)/non-resident external deposits from July 26, 2013 and outstanding at March 7, 2014 to be excluded from adjusted net bank credit . In May 2014, the Reserve Bank of India issued guidelines allowing banks to include the outstanding investments in Rural Infrastructure Development Fund and other specified funds at March 31 of the fiscal year to be classified as "indirect agriculture" and count towards overall priority sector target achievement. Investments at March 31 of the preceding year would be included in the adjusted net bank credit which forms the base for computation of the priority sector and sub-segment lending requirements. In fiscal 2015, the Reserve Bank of India allowed banks to issue long-term bonds for financing infrastructure and low-cost housing. The amount raised by way of these bonds is permitted to be excluded from the adjusted net bank credit for the purpose of computing priority sector lending targets.

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The priority sectors include the agricultural sector, food and agri-based industries, small enterprises/businesses and housing finance up to certain limits. Out of the 40.0%, banks are required to lend a minimum of 18.0% of their adjusted net bank credit to the agriculture sector and the balance to certain specified sectors. Banks are also required to lend 10.0% of their adjusted net bank credit, to certain borrowers under the "weaker section" category.

ICICI Bank is required to comply with the priority sector lending requirements prescribed by the Reserve Bank of India from time to time. The shortfall in the amount required to be lent to the priority sectors and weaker sections may be required to be deposited in funds with government sponsored Indian development banks like the National Bank for Agriculture and Rural Development, the Small Industries Development Bank of India and the National Housing Bank, the MUDRA Limited and other financial institutions as decided by the Reserve Bank from time to time based on the allocations made by the Reserve Bank of India. These deposits have a maturity of up to seven years and carry interest rates lower than market rates. At year-end fiscal 2015, our total investment in such funds was Rs. 284.5 billion of which Rs.243.2 billion was classified as "indirect agriculture" and would be considered for calculating adjusted net bank credit for priority sector lending target for fiscal 2016.

At year-end fiscal 2015, ICICI Bank's priority sector lending was Rs. 1,130.1 billion, constituting about 102.6% of the target. At that date, the qualifying total agriculture loans were Rs. 332.7 billion, constituting about 67.1% of the target. The advances to "direct agriculture" were Rs. 208.7 billion constituting about 56.1% of the target. ICICI Bank's loans to weaker sections were Rs. 94.9 billion, constituting about 34.5% of the target. See also "*Supervision and Regulation—Directed Lending—Priority Sector Lending*".

The following table sets forth ICICI Bank's priority sector loans, classified by the type of borrower, at the last day of fiscal 2015.

	At March 31, 2015			
	Amount		% of total priority sector lending	% of adjusted net bank credit
	(in billion, except percentages)			
Agricultural sector[1]	Rs. 332.7	US$ 5	29.5 %	12.1 %
Small enterprises[2]	408.3	7	36.1	14.8
Others including eligible residential mortgage loans less than Rs 2.5 million	389.1	6	34.4	14.1
Total	**Rs. 1,130.1**	**US$ 18**	**100.0 %**	**41.0 %**

(1) Includes direct agriculture lending of Rs. 208.7 billion constituting 7.8% of our adjusted net bank credit against the requirement of 13.5%.

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

In April 2015, Reserve Bank of India issued revised guidelines on priority sector lending. Under the revised guidelines, the overall target for priority sector lending would continue to be 40% of the adjusted net bank credit; sub-targets for direct and indirect lending to agriculture were combined; and sub-targets of 8.0% for lending to small & marginal farmers and 7.5% lending target to micro-enterprises were introduced. These sub-targets are to be achieved in a phased manner by March 2017. Sectors qualifying for priority sector lending have been broadened to include medium enterprises, social infrastructure and renewable energy. Priority sector lending achievement would be evaluated on a quarterly average basis from fiscal 2017 instead of only at year-end. Further, in July 2015, the Reserve Bank of India has directed banks to maintain direct lending to non-corporate farmers at the banking system's average level for the last three years, failing which banks will attract penalties for shortfall. The Reserve Bank of India would notify the banking system's average level at the beginning of each year. The Reserve Bank of India has also directed banks to continue to pursue the target of 13.5% of adjusted net bank credit towards lending to borrowers who constituted the direct agriculture lending category under the earlier guidelines.

Export Credit

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

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required to be in the form of export credit. This requirement is in addition to the priority sector lending requirement but credits extended to exporters that are small scale industries or small businesses may also meet part of the priority sector lending requirement. The Reserve Bank of India provides export refinancing to banks for an eligible portion of total outstanding export loans in rupees in line with the current Reserve Bank of India guidelines in India as amended from time to time. The interest income earned on export credits is supplemented through fees and commissions earned from these exporter customers from other fee-based products and services taken by them from us, such as foreign exchange products and bill handling. At March 31, 2015, ICICI Bank's export credit was Rs. 55.8 billion, which amounted to 2.5% of the Bank's adjusted net bank credit.

Loan Pricing

As required by the Reserve Bank of India guidelines effective July 1, 2010, ICICI Bank prices its loans with reference to a base rate, called the ICICI Bank Base Rate. The Asset Liability Management Committee sets the ICICI Bank Base Rate based on ICICI Bank's current cost of funds, likely changes in the Bank's cost of funds, market rates, interest rate outlook and other systemic factors. Pricing for floating rate fresh approvals and renewal of rupee facilities are linked to the ICICI Bank Base Rate and comprise the ICICI Bank Base Rate, transaction-specific credit and other charges. The Reserve Bank of India has also stipulated that a bank's lending rates for rupee loans cannot be lower than its base rate, except for certain categories of loans as may be specified by the Reserve Bank of India from time to time. ICICI Bank has set its base rate at 9.70% per annum payable monthly, effective June 26, 2015 (ICICI Bank's base rate was 10.00% during fiscal 2015). As prescribed in the guidelines of the Reserve Bank of India, existing borrowers at July 1, 2010 have an option to migrate to the base rate mechanism. All loans approved before July 1, 2010, and where the borrowers choose not to migrate to the base rate mechanism, would continue to be based on the earlier benchmark rate regimes.

Classification of Loans

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

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

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

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

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

Restructured Loans

The Reserve Bank of India has separate guidelines for restructured loans. A fully secured standard loan (other than that classified as a commercial real estate exposure, a capital market exposure or a personal loan) can be restructured with asset classification benefits by the rescheduling of principal repayments and/or the interest element, but must be separately disclosed as a restructured loan. The diminution in the fair value of the loan, if any, measured in present value terms, is either written off or provision is made to the extent of the diminution involved. A restructured loan is also subject to higher standard asset provisioning and higher risk weight for capital adequacy purposes than a non-restructured standard loans upto the period specified in the guidelines. The loan continues to be classified as restructured until it reverts to the normal level of standard asset provisions/risk weights for capital adequacy purposes. Banks are required to disclose the aggregate fund based credit facilities of borrowers whose loans were restructured. The guidelines also prescribe measures with respect to the terms of restructuring that may be approved for borrowers.

See also "*Supervision and Regulation—Loan Loss Provisions and Non-Performing Assets—Asset Classification*".

As per the Reserve Bank of India guidelines issued in May 2013, general provisions on standard accounts restructured from June 1, 2013 have been increased to 5.0%. The general provision required on standard accounts restructured before June 1, 2013 has been increased to 3.5% from March 31, 2014, 4.25% from March 31, 2015 and would be further increased to 5.0% from March 31, 2016.

Loans that are restructured (other than due to delay up to a specified period in the infrastructure sector and non-infrastructure sector) from April 1, 2015 onwards would be classified as non-performing, other than loans already restructured prior to March 31, 2015 or where the restructuring was proposed prior to April 1, 2015 and is effected subsequently.

Provisioning and Write-Offs

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

Standard assets:

The allowances on the performing portfolios are based on guidelines issued by the Reserve Bank of India. The provisioning requirement is a uniform rate of 0.4% for all standard assets except –

- direct advances to agricultural and the Small and Micro Enterprise sectors, which attract a provisioning requirement of 0.25%,

- advances to commercial real estate residential and non-residential sectors which attract a provisioning requirement of 0.75% and 1.0% respectively,

- housing loans, where such loans are made at comparatively lower interest rates for the first years of the loan after which the rates are reset at higher rates, which attract a provisioning requirement of 2.0%.

In May 2011, the Reserve Bank of India increased the standard asset provisioning on restructured loans to 2.0% in the first two years from the date of restructuring. Loans restructured with a moratorium on payment of interest/principal attracted a standard asset provision of 2.0% for the period covering the moratorium and two years thereafter. Restructured accounts classified as non-performing advances when upgraded to the standard category carry a provision of 2.0% in the first year from the date of up-gradation. In November 2012, the Reserve Bank of India increased the standard asset provision on restructured loans from 2.00% to 2.75%.

Standard asset provisions on accounts restructured from June 1, 2013 have been increased to 5.0%. The standard asset provision required on accounts restructured before June 1, 2013 has been increased to 3.5% from March 31, 2014, 4.25% from March 31, 2015 and would be further increased to 5.0% from March 31, 2016.

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	Under the guidelines issued by the Reserve Bank of India, additional provision of up to 0.80% is required to be made starting April 1, 2014, on amounts due from entities having unhedged foreign currency exposure. Further, accelerated provision of 5.0% is required on the outstanding amount for loans with principal or interest payment overdue between 61-90 days where there is a delay in forming Joint Lenders Forum or delay in finalising Corrective Action Plan as per the extant guidelines of the Reserve Bank of India. A provision of 5.0% is also required in respect of standard loans to companies having director(s) whose name(s) appear more than once in the list of wilful defaulters.
Sub-standard assets:	A provision of 15.0% is required for all sub-standard assets. A provision of 25.0% is required for accounts that are unsecured. Unsecured infrastructure loan accounts classified as sub-standard require provisioning of 20.0%.
Doubtful assets:	A 100.0% provision/write-off is required against the unsecured portion of a doubtful asset and is charged against income. With effect from fiscal 2012, for the secured portion of assets classified as doubtful, a 25.0% provision is required for assets that have been classified as doubtful for a year, a 40.0% provision is required for assets that have been classified as doubtful for one to three years and a 100.0% provision is required for assets classified as doubtful for more than three years. The value assigned to the collateral securing a loan is the amount reflected on the borrower's books or the realizable value determined by third party appraisers.
Loss assets:	The entire asset is required to be written off or provided for.
Restructured loans:	The provision on restructured loans is required to be equal to the difference between the fair value of the loan before and after restructuring. The fair value of the loan before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the loan before restructuring and the principal. The fair value of the loan after restructuring is computed as the present value of cash flows representing the interest at the rate charged under the loan's restructured terms and the principal. Both sets of cash flows are discounted at the Bank's Base Rate as on the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of restructuring.

Our Policy

ICICI Bank provides for non-performing corporate loans in line with the Reserve Bank of India guidelines. ICICI Bank provides for non-performing consumer loans at the borrower levels in accordance with provisioning policy of ICICI Bank, subject to minimum provision requirements set by the Reserve Bank of India. Loss assets and the unsecured portion of doubtful assets are fully provided for or written off. The Bank holds specific provisions against non-performing loans, general provisions against performing loans and floating provision taken over from the erstwhile Bank of Rajasthan upon amalgamation.

For restructured loans, provisions are made in accordance with the restructuring guidelines issued by the Reserve Bank of India. The Bank's provisioning coverage ratio at year-end fiscal 2015 computed as per the Reserve Bank of India guidelines mentioned above was 58.6%.

The Reserve Bank of India guidelines does not specify the conditions under which assets may be written-off. The Bank has internal policies for writing-off non-performing loans against loan loss allowances. Consumer loans other than mortgage loans are generally charged off against allowances after pre-defined periods of delinquency. Other loans, including mortgage loans, are generally charged off against allowances when, based on a borrower-specific evaluation of the possibility of further recovery, the Bank concludes that the balance cannot be collected. The Bank evaluates whether a balance can be collected based on the realizable value of collateral, the results of the Bank's past recovery efforts, the possibility of recovery through legal recourse and the possibility of recovery through settlement.

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Impact of Economic Environment on Commercial and Consumer Loan Borrowers

In 2008, the deterioration in the global economic environment, in particular following the bankruptcy of Lehman Brothers, adversely impacted the operations of several Indian companies. Indian businesses were impacted by the lack of access to financing/refinancing from global debt capital markets, losses on existing inventories due to the sharp decline in commodity prices, reduction in demand for and prices of output and reduction in cash accruals and profitability. This led to additional restructuring of loans in the Indian banking system, including us, in fiscal 2009 and fiscal 2010. The Indian economy experienced a strong recovery in fiscal 2010 and fiscal 2011, resulting in a reduction in the level of restructured loans.

During fiscal 2011 and fiscal 2012, our corporate loan portfolio experienced significant growth following an improvement in economic conditions in India. Investments by the Indian corporate sector increased sharply during this period, particularly in the infrastructure sector. The Indian banking sector, including us, pursued lending opportunities in the corporate segment during this period. The Indian economy thereafter experienced a moderation in growth. During fiscal 2012 to fiscal 2014, interest rates increased following a tightening of monetary policy in response to high inflation. The Indian rupee depreciated sharply against the U.S. dollar following global economic challenges and a deterioration in key external sector parameters for India. The Indian government's fiscal position declined. The corporate sector experienced a decline in sales and profit growth and also an elongation of working capital cycles and a high level of receivables. Corporate investment activity declined due to concerns over administrative clearances and issues around access to land and natural resources. For example, there were concerns over the availability of fuel for thermal and gas-based power plants. Given the concerns over growth, companies found it difficult to access equity capital markets and leverage levels for several companies and sectors increased. In fiscal 2015, there was an improvement in key macroeconomic trends. Economic growth improved, inflation moderated leading to the Reserve Bank of India reducing the repo rate by 50 basis points. The current account deficit reduced and exchange rates remained stable during the year. The formation of a stable government with a strong electoral mandate in May 2014 led to an improvement in market sentiment. However, the corporate sector continues to experience challenges. The government has announced several reforms during the year, with a focus on strengthening the operating environment for the corporate sector. However, these measures are expected to show results only in the medium term. See also "*Risk Factors—Risks Relating to Our Business—If we are not able to control the level of non-performing assets in our portfolio, our business will suffer*" and "*Business—Strategy*" and *"Operating and Financial Review and Prospects— Executive Summary-Business environment —Trends in fiscal 2015"*.

The Indian retail credit market (comprising consumer loans, credit card receivables and unsecured personal loans) expanded rapidly from fiscal 2002 to fiscal 2007 driven by growth in household incomes, decline in interest rates and increased availability of retail credit. Since fiscal 2007, the retail credit market slowed down significantly following increases in systemic interest rates and home prices, which reduced affordability for borrowers. During fiscal 2008 and fiscal 2009, we experienced an increase in non-performing loans in our consumer loans and credit card receivables portfolio. The primary reasons for this increase were the seasoning of the overall portfolio and the increase in defaults on the unsecured personal loans and credit card receivables due to challenges in collections and deterioration in the macroeconomic environment. While additions to gross non-performing assets in our retail portfolio remained at a high level in fiscal 2010, we experienced a sharp decline in net additions to gross retail

non-performing loans from fiscal 2011, due to the measures initiated by the Bank to curb delinquencies and improve collection practices from the second half of fiscal 2009. These measures included strengthening loan eligibility requirements for retail loans, reducing emphasis on unsecured lending and realigning credit limits for certain credit card holders. The measures also covered improved collection practices by integrating collections across products and using technology more efficiently. In addition, there was increased usage of customer-facing call center operations, interactions through local dialects and regional languages and use of early reminders of the amounts due by the borrowers. Further, disputed claims of certain delinquent borrowers were resolved through alternative dispute resolution techniques such as mediation and through centralization of certain legal processes.

Various factors, including a rise in unemployment, prolonged recessionary conditions, our regulators' assessment and review of our loan portfolio, a sharp and sustained rise in interest rates, developments in the global and Indian economy, movements in global commodity markets and exchange rates and global competition could cause a further increase in the level of non-performing assets on account of retail and other loans and have a material adverse impact on the quality of our loan portfolio. See also "*Risk Factors—Risks Relating to Our Business—If we are not able to control the level of non-performing assets in our portfolio, our business will suffer*" and "*Business—Strategy*".

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Restructured Loans

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

	At March 31, 2011	2012	2013	2014	2015	
	Amount	Amount	Amount	Amount	Amount	Amount
	(in millions, except percentages)					
Consumer loans & credit card receivables	Rs. 1,847	Rs. 164	Rs. 388	Rs. 297	Rs. 221	US$4
Rupee	1,623	13	152	185	221	4
Foreign currency	224	151	236	112	—	—
Commercial[1]	27,256	52,553	66,919	133,151	130,566	2,095
Rupee	17,934	40,319	47,314	83,258	86,694	1,391
Foreign currency	9,322	12,234	19,605	49,893	43,872	704
Total restructured loans	29,104	52,717	67,307	133,448	130,787	2,099
Rupee	19,558	40,333	47,466	83,443	86,915	1,395
Foreign currency	9,546	12,385	19,841	50,005	43,872	704
Gross restructured loans[2]	29,104	52,717	67,307	133,448	130,787	2,099
Provision for loan losses	(940)	(4,642)	(5,294)	(11,235)	(9,458)	(152)
Net restructured loans	**Rs. 28,164**	**Rs. 48,075**	**Rs. 62,013**	**Rs. 122,213**	**Rs. 121,329**	**US$1,947**
Gross customer assets[2]	Rs. 3,108,740	Rs. 3,531,625	Rs. 4,001,517	Rs. 4,615,808	Rs. 5,149,278	US$82,640
Net customer assets	Rs. 3,024,694	Rs. 3,443,817	Rs. 3,914,869	Rs. 4,523,471	Rs. 5,026,019	US$80,662
Gross restructured loans as a percentage of gross customer assets	0.9%	1.5%	1.7%	2.9%	2.5%	
Net restructured loans as a percentage of net customer assets	0.9%	1.4%	1.6%	2.7%	2.4%	

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(1) Includes working capital finance.

(2) Includes loans of ICICI Bank and its subsidiaries and credit substitutes of ICICI Bank.

(3) Based on the Reserve Bank of India guidelines effective fiscal 2013, restructured loans include all loans to a borrower where any of the loan facilities have been restructured. Accordingly, numbers for earlier years presented have also been re-classified.

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

	At March 31, 2011		2012		2013		2014		2015	
	Amount	As a percentage of restructured loans	Amount	As a percentage of restructured loans	Amount	As a percentage of restructured loans	Amount	As a percentage of restructured loans	Amount	Amo
	(in millions, except percentages)									
Construction	Rs. 305	1.0 %	Rs. –	–%	Rs. 5,453	8.1 %	Rs. 19,168	14.4%	Rs. 34,718	US$5
Roads, port, telecom, urban development & other infrastructure	3,851	13.2	6,695	12.7	16,282	24.2	24,214	18.1	13,580	2
Power	554	1.9	2,648	5.0	3,828	5.7	7,879	5.9	13,378	2
Drugs and pharmaceuticals	2,373	8.2	7,200	13.7	6,993	10.4	12,574	9.4	12,364	1
Services-non finance	8,954	30.8	10,891	20.7	8,632	12.8	15,930	11.9	10,515	1
Iron/steel & products	1,555	5.3	2,268	4.3	1,913	2.8	11,072	8.3	9,006	1
Electronics & engineering	393	1.4	457	0.9	3,642	5.4	6,364	4.8	8,351	1
Chemicals & fertilizers	2,664	9.2	5,676	10.8	6,261	9.3	7,196	5.4	7,737	1
Services-finance	–	0.0	6,137	11.6	5,595	8.3	4,967	3.7	5,054	8
Mining	–	–	–	–	–	–	–	–	3,502	5
Shipping	1,612	5.5	500	1.0	881	1.3	9,688	7.3	2,270	3
Textiles	887	3.1	1,432	2.7	1,510	2.2	4,435	3.3	1,845	3
Food & beverages	1,929	6.6	2,069	3.9	720	1.1	1,898	1.4	1,494	2
Wholesale/retail trade	–	–	2,177	4.1	1,588	2.4	1,716	1.3	1,269	2
Metal & products (excluding iron & steel)	–	–	–	–	–	–	217	0.2	251	4
Retail finance	1,847	6.3	164	0.3	388	0.6	297	0.2	221	4
Manufacturing products (excluding metals)	145	0.5	2,608	5.0	3,004	4.5	76	0.1	202	3
Cement	101	0.4	341	0.6	320	0.5	–	–	–	-
Automobile (including	37	0.1	19	–	–	–	–	–	–	-

trucks)											
Crude petroleum/ refining & petrochemicals		18	–		–	–		–	–		–	–		–	–
Others		1,879	6.5		1,435	2.7		297	0.4		5,757	4.3		5,030	8
Gross restructured loans	Rs.	29,104	100.0	Rs.	52,717	100.0	Rs.	67,307	100.0	Rs.	133,448	100	Rs.	130,787	US$2
Aggregate provision for loan losses		(940)			(4,642)			(5,294)			(11,235)			(9,458)	(
Net restructured loans	**Rs.**	**28,164**		**Rs.**	**48,075**		**Rs.**	**62,013**		**Rs.**	**122,213**		**Rs.**	**121,329**	**US$1**

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(1) Others primarily include real estate.

During fiscal 2011 and fiscal 2012, our corporate loan portfolio experienced significant growth following an improvement in economic conditions in India. Investments by the Indian corporate sector increased sharply during this period, particularly in the infrastructure sector. The Indian banking sector, including us, pursued lending opportunities in the corporate segment during this period. The Indian economy thereafter experienced a moderation in growth. During fiscal 2012 to fiscal 2014, interest rates increased following a tightening of monetary policy in response to high inflation. The Indian rupee depreciated sharply against the U.S. dollar following global economic challenges and a deterioration in key external sector parameters for India. The Indian government's fiscal position declined. The corporate sector experienced a decline in sales and profit growth and also an elongation of working capital cycles and a high level of receivables. Corporate investment activity declined due to concerns over administrative clearances and issues around access to land and natural resources. For example, there were concerns over the availability of fuel for thermal and gas-based power plants. Given the concerns over growth, companies found it difficult to access equity capital markets and leverage levels for several companies and sectors increased. Due to these and other factors, there has generally been an increase in the non-performing and restructured loans of Indian banks, including us. In fiscal 2015, there was an improvement in key macroeconomic trends. Economic growth improved, inflation moderated leading to the Reserve Bank of India reducing the repo rate by 50 basis points. The current account deficit reduced and exchange rates remained stable during the year. The formation of a stable government with a strong electoral mandate in May 2014 led to an improvement in market sentiment. However, the corporate sector continues to experience challenges. The government has announced several reforms during the year, with a focus on strengthening the operating environment for the corporate sector. However, these measures are expected to show results only in the medium term. The prolonged slowdown and relatively gradual recovery resulted in an acceleration in additions to non-performing and restructured loans during fiscal 2014 and fiscal 2015 as well as increase in classification of standard restructured loans as non-performing loans due to failure of the borrowers to perform as per the restructured debt terms. See also "*Operating and Financial Review and Prospects—Executive Summary-Business environment—Trends in fiscal 2015*".

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We restructured loans amounting to Rs. 50.2 billion (including increase in loans to borrowers restructured in earlier periods) in fiscal 2015 compared to Rs. 76.5 billion in fiscal 2014. In fiscal 2015, standard restructured loans amounting to Rs. 45.1 billion were classified as non-performing loans due to failure of the borrowers to perform as per the restructured debt terms as compared to Rs. 7.3 billion in fiscal 2014. During fiscal 2015, in line with applicable regulations, we upgraded certain borrower accounts with outstanding loans totaling Rs. 2.1 billion as compared to Rs. 0.9 billion during fiscal 2014. During fiscal 2015, restructured loans in the construction sector increased by Rs. 15.5 billion, power sector by Rs. 5.5 billion, mining sector by Rs. 3.5 billion and electronics & engineering sector by Rs. 2.0 billion. Restructured loans in the roads, port, telecom, urban development & other infrastructure sector decreased by Rs. 10.6 billion, shipping sector by Rs. 7.4 billion, services-non finance sector by Rs. 5.4 billion, textiles sector by Rs. 2.6 billion and iron & steel and products sector by Rs. 2.1 billion. This decrease was primarily due to downgrades of standard restructured loans to the non-performing category. As a result, the gross restructured loans decreased by 2.0% to Rs. 130.8 billion at year-end fiscal 2015 from Rs. 133.4 billion at year-end fiscal 2014 and the net restructured loans decreased by 0.7% to Rs. 121.3 billion at year-end fiscal 2015 from Rs. 122.2 billion at year-end fiscal 2014.

The net restructured loans were 2.4% of net customer assets at year-end fiscal 2015, compared to 2.7% at year-end fiscal 2014. At year-end fiscal 2015, the outstanding provision for diminution in fair value of restructured loans (including the provision for funded interest) was Rs. 9.5 billion compared to Rs. 11.2 billion

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at year-end fiscal 2014. At year-end fiscal 2015, we held a general provision of Rs. 4.3 billion against standard restructured loans as per guidelines issued by the Reserve Bank of India. See also "*Risk Factors—Risks Relating to Our Business—The level of restructured loans in our portfolio may increase and the failure of our restructured loans to perform as expected could affect our business*". *See also "Operating and Financial Review and Prospects—Provisions for Restructured Loans and Non-performing Assets*".

Non-Performing Assets

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

	At March 31,					
	2011	2012	2013	2014	2015	
	Amount	Amount	Amount	Amount	Amount	Amount
	(in millions, except percentages)					
Consumer loans & credit card receivables[1]	Rs. 71,778	Rs. 67,356	Rs. 49,156	Rs. 32,968	Rs. 25,504	US$ 409
Rupee	71,296	66,915	48,891	32,701	25,504	409
Foreign currency	482	441	265	267	–	–
Commercial[2]	39,641	39,673	57,914	89,929	**148, 296**	2,380
Rupee	29,058	27,616	42,939	61,481	99,288	1,593
Foreign currency	10,583	12,057	14,975	28,448	49,008	787
Leasing and related activities	156	95	95	97	70	1
Rupee	156	95	95	97	70	1
Foreign currency	–	–	–	–	–	–
Total non-performing assets	111,575	107,124	107,165	122,994	173,870	2,790
Rupee	100,510	94,626	91,925	94,279	124,862	2,003
Foreign currency	11,065	12,498	15,240	28,715	49,008	787
Gross non-performing assets[3],[4]	111,575	107,124	107,165	122,994	173,870	2,790
Provision for loan losses	(79,501)	(79,875)	(78,016)	(78,366)	(96,655)	(1,551)
Net non-performing assets	**Rs. 32,074**	**Rs. 27,249**	**Rs. 29,149**	**Rs. 44,628**	**Rs. 77,215**	**US$ 1,239**
Gross customer assets[3]	Rs. 3,108,740	Rs. 3,531,625	Rs. 4,001,517	Rs. 4,615,808	Rs. 5,149,278	US$ 82,640
	Rs. 3,024,694	Rs. 3,443,817	Rs. 3,914,869	Rs. 4,523,471	Rs. 5,026,019	US$ 80,662

Net customer assets										
Gross non-performing assets as a percentage of gross customer assets	3.6	%	3.0	%	2.7	%	2.7	%	3.4	%
Net non-performing assets as a percentage of net customer assets	1.1	%	0.8	%	0.7	%	1.0	%	1.5	%

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

(2) Includes working capital finance.

(3) Includes loans of ICICI Bank and its subsidiaries and credit substitutes of ICICI Bank.

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

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

Particulars	2011	2012	2013	2014	2015	2015
	(in millions)					
A. Consumer loans & credit card receivables[2],[3]						
Non-performing assets at the beginning of the fiscal year	Rs. 69,462	Rs. 71,778	Rs. 67,356	Rs. 49,156	Rs. 32,968	US$ 529
Addition: New non-performing assets during the year	18,535	18,604	9,927	12,759	13,030	209
Less:						
Upgradations[4]	(5,817)	(4,927)	(3,995)	(3,314)	(4,425)	(71)
Recoveries (excluding recoveries made from upgraded accounts)	(9,785)	(11,461)	(8,793)	(6,049)	(7,505)	(121)
Write-offs	(617)	(6,638)	(15,339)	(19,584)	(8,564)	(137)
Non-performing assets at the end of the fiscal year	**Rs. 71,778**	**Rs. 67,356**	**Rs. 49,156**	**Rs. 32,968**	**Rs. 25,504**	**US$ 409**
B. Commercial[5]						
Non-performing assets at the beginning of the fiscal year	Rs. 35,923	Rs. 39,641	Rs. 39,673	Rs. 57,914	Rs. 89,929	US$ 1,443
Addition: New non-performing assets during the year	14,561	17,183	28,992	40,839	77,915	1,250
Less:						
Upgradations[4]	(1,765)	(3,485)	(4,083)	(1,055)	(1,500)	(24)
Recoveries (excluding recoveries made from upgraded accounts)	(7,806)	(7,995)	(3,947)	(5,200)	(7,434)	(119)
Write-offs	(1,272)	(5,671)	(2,721)	(2,569)	(10,614)	(170)
Non-performing assets at the end of the fiscal year	**Rs. 39,641**	**Rs. 39,673**	**Rs. 57,914**	**Rs. 89,929**	**Rs. 148,296**	**US$ 2,380**
C. Leasing and related activities						
Non-performing assets at the beginning of the fiscal year	Rs. 436	Rs. 156	Rs. 95	Rs. 95	Rs. 97	US$ 2
Addition: New non-performing assets during the year	–	–	–	2	–	–
Less:						
Upgradations[4]	–	–	–	–	–	–
Recoveries (excluding recoveries made from upgraded accounts)	(280)	(61)	–	–	(27)	(1)
Write-offs	–	–	–	–	–	–
Non-performing assets at the end of the fiscal year	**Rs. 156**	**Rs. 95**	**Rs. 95**	**Rs. 97**	**Rs. 70**	**US$ 1**
D. Total non-performing assets (A+B+C)						
Non-performing assets at the beginning of the fiscal year	Rs. 105,821	Rs. 111,575	Rs. 107,124	Rs. 107,165	Rs. 122,994	US$ 1,974
Addition: New non-performing assets during the year	33,096	35,787	38,919	53,600	90,945	1,459

Less:						
Upgradations[4]	(7,582)	(8,412)	(8,078)	(4,369)	(5,925)	(95)
Recoveries (excluding recoveries made from upgraded accounts)	(17,871)	(19,517)	(12,740)	(11,249)	(14,966)	(241)
Write-offs	(1,889)	(12,309)	(18,060)	(22,153)	(19,178)	(307)
Non-performing assets at the end of the fiscal year[5]	**Rs.111,575**	**Rs.107,124**	**Rs.107,165**	**Rs.122,994**	**Rs.173,870**	**2,790**

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

(2) Upto 2014, for "Credit card receivables", the difference between the opening and closing balances of non-performing assets is included in additions to gross non-performing assets on a net basis, except with respect to accounts written-off during the year, which were included in the "Write-offs" row.

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

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

(5) Includes working capital finance.

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

	At March 31,								
	2011		2012		2013		2014		2015
	Amount	As a percentage of non-performing assets	Amount	As a percentage of non-performing assets	Amount	As a percentage of non-performing assets	Amount	As a percentage of non-performing assets	Amount
	(in millions, except percentages)								
Retail finance(1)	Rs. 83,691	75.0 %	Rs. 78,790	73.6 %	Rs. 59,786	55.8 %	Rs. 42,793	34.8 %	Rs. 35,199
Services—non finance	804	0.7	398	0.4	9,144	8.5	15,598	12.7	25,890
Roads, ports, telecom, urban development & other infrastructure	73	0.1	146	0.1	142	0.1	9,922	8.1	22,781
Shipping	1,173	1.1	448	0.4	376	0.4	674	0.5	15,000
Iron/steel and products	102	0.1	913	0.9	1,993	1.9	3,795	3.1	9,871
Electronics and engineering	334	0.3	1,805	1.7	3,025	2.8	3,406	2.8	8,775
Construction	703	0.6	893	0.8	2,237	2.1	3,188	2.6	8,686
Textile	1,605	1.4	1,527	1.4	2,646	2.5	5,078	4.1	7,204
Food and beverages	4,240	3.8	4,045	3.8	4,595	4.3	7,097	5.8	6,102
Gems & jewelry	1,960	1.8	2,904	2.7	3,008	2.8	4,081	3.3	5,311
Wholesale/retail trade	2,697	2.4	1,152	1.1	4,165	3.9	4,064	3.3	4,840
Crude petroleum/ refining and petrochemicals	18	–	2,819	2.6	2,467	2.3	2,637	2.1	2,750
Chemicals & fertilizers	1,830	1.6	1,515	1.4	1,772	1.7	1,737	1.4	1,791
Metal & products (excluding iron & steel)	1,334	1.2	1,366	1.3	1,336	1.2	1,350	1.1	1,719
Mining	–	–	611	0.6	804	0.8	900	0.7	1,629
Power	18	–	92	0.1	91	0.1	654	0.5	667
Services—finance	1,213	1.1	1,265	1.2	1	–	569	0.5	558
Cement	359	0.3	–	–	–	–	300	0.2	300
Other Industries(2)	9,421	8.5	6,435	6.0	9,577	8.9	15,151	12.3	14,797
	Rs. 111,575	**100.0 %**	**Rs. 107,124**	**100.0 %**	**Rs. 107,165**	**100.0 %**	**Rs. 122,994**	**100.0 %**	**Rs. 173,870**

Gross non-performing assets					
Aggregate provision for loan losses	(79,501)	(79,875)	(78,016)	(78,366)	(96,655
Net non-performing assets	**Rs. 32,074**	**Rs. 27,249**	**Rs. 29,149**	**Rs. 44,628**	**Rs. 77,215**

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(1) Includes home loans, commercial business loans, rural loans, automobile loans, business banking, credit cards, personal loans, loans against securities and dealer financing portfolio.

(2) Other industries primarily include developer financing portfolio, automobiles, manufacturing products (excluding metal), drugs and pharmaceuticals and FMCG.

(3) From March 31, 2013, we have changed the classification of the domestic loan portfolio to better reflect the nature of the underlying loans. Accordingly, our loan portfolio for earlier years presented is also reclassified.

Gross additions to non-performing consumer loans were Rs. 13.0 billion in fiscal 2015 as compared to Rs. 12.8 billion in fiscal 2014. During fiscal 2015, we upgraded non-performing consumer loans of Rs. 4.4 billion as compared to Rs. 3.3 billion in fiscal 2014. During fiscal 2015, we made recoveries against non-performing consumer loans of Rs. 7.5 billion as compared to Rs. 6.0 billion in fiscal 2014. During fiscal 2015, consumer loans amounting to Rs. 8.6 billion were written-off as compared to Rs. 19.6 billion in fiscal 2014 and Rs. 15.3 billion in fiscal 2013. Write-offs of consumer loans were higher in fiscal 2013 and fiscal 2014, primarily due to ageing of non-performing loans. *See – “Business – Classification of Loans – Provisioning and write-Offs – Our policy”*. Gross non-performing consumer loans decreased from Rs. 33.0 billion at year-end fiscal 2014 to Rs. 25.5 billion at year-end fiscal 2015.

Gross additions to aggregate non-performing assets in fiscal 2015, including classification of standard restructured loans as non-performing loans due to failure of the borrowers to perform as per the restructured debt terms, were higher at Rs. 90.9 billion as compared to Rs. 53.6 billion in fiscal 2014. During fiscal 2015, we upgraded non-performing assets amounting to Rs. 5.9 billion and made recoveries against non-performing assets amounting to Rs. 15.0 billion. During fiscal 2015, loans amounting to Rs. 19.2 billion were written-off as compared to Rs. 22.2 billion in fiscal 2014. As a result, gross non-performing assets increased from Rs. 123.0 billion at year-end fiscal 2014 to Rs. 173.9 billion at year-end fiscal 2015. As a percentage of net customer assets, net non-performing assets were 1.5% at year-end fiscal 2015 compared to 1.0% at year-end fiscal 2014.

As discussed in *“—Classification of Loans—Restructured Loans”*, there has generally been an increase in the non-performing commercial loans of Indian banks, including us. This has reflected in the increase in gross additions to non-performing commercial loans from Rs. 17.2 billion in fiscal 2012 to Rs. 29.0 billion in fiscal

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2013, Rs. 40.8 billion in fiscal 2014 and further to Rs. 77.9 billion in fiscal 2015. During fiscal 2015, gross additions to non-performing loans increased significantly primarily due to the increase in the classification of standard restructured loans as non-performing loans from Rs. 7.3 billion during fiscal 2014 to Rs. 45.1 billion during fiscal 2015 due to failure of the borrowers to perform as per the restructured debt terms. During fiscal 2015, there was an increase in non-performing loans in the shipping sector by Rs. 14.3 billion, road, ports, telecom, urban development & other infrastructure sector by Rs. 12.9 billion, services – non-finance sector by Rs. 10.3 billion, iron/steel and products sector by Rs. 6.1 billion, construction sector by Rs. 5.5 billion and electronics and engineering sector by Rs. 5.4 billion. During fiscal 2015, we upgraded non-performing commercial loans amounting to Rs. 1.5 billion and made recoveries against non-performing commercial loans amounting to Rs. 7.4 billion. During fiscal 2015, based on the borrower-specific evaluation of the possibility of further recovery, commercial loans amounting to Rs. 10.6 billion were written-off. See – "Business – Classification of Loans – Provisioning and write-Offs – Our policy". As a result, gross non-performing commercial loans increased from Rs. 89.9 billion at year-end fiscal 2014 to Rs. 148.3 billion at year-end fiscal 2015.

Non-Performing Asset Strategy

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

Our strategy for resolution of non-performing assets includes sales of financial assets to asset reconstruction companies in exchange for receipt of securities in the form of pass-through instruments issued by asset reconstruction companies, wherein payments to holders of the securities are based on the actual realized cash flows from the transferred assets. Under Indian GAAP, these instruments are valued at the net asset values as declared by the asset reconstruction companies in accordance with the Reserve Bank of India guidelines. Under U.S. GAAP, the assets we sell in exchange for security receipts are not accounted for as sales either because transfers do not qualify for sale accounting under FASB ASC Topic 860, "Transfers and servicing", or transfers were impacted by FASB ASC Subtopic 810-10, "Consolidation – overall", whereby, because the Bank is the 'primary beneficiary' of certain of these funds/trusts, it is required under U.S. GAAP to consolidate these entities. These assets are considered restructured assets under U.S. GAAP. See also "*Supervision and Regulation—Reserve Bank of India Regulations—Regulations relating to Sale of Assets to Asset Reconstruction Companies*". We sold our net non-performing assets to asset reconstruction companies amounting to Rs. 0.04 billion in fiscal 2012, Rs. 0.1 billion in fiscal 2013, Rs. 1.5 billion in fiscal 2014 and Rs. 3.3 billion in fiscal 2015. At year-end fiscal 2015, we had an outstanding net investment of Rs. 8.4 billion in security receipts issued by asset reconstruction companies in relation to sales of our non-performing assets.

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

take prompt remedial measures.

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

We generally stipulate that corporate loans should be collateralized at the date of the loan's origination. However, recoveries may be subject to delays of up to several years, due to the long legal process in India. This leads to delay in enforcement and realization of collateral. We may also take as security a pledge of financial assets, including marketable securities, and obtain corporate guarantees and personal guarantees wherever appropriate. In certain cases, the terms of financing include covenants relating to sponsors' shareholding in the borrower and restrictions on the sponsors' ability to sell all or part of their shareholding. Covenants involving equity shares have top-up mechanism based on price triggers. We maintain the non-performing assets on our books for as long as the enforcement process is ongoing. Accordingly, a non-performing asset may continue for a long time in our portfolio until the settlement of loan account or realization of collateral, which may be longer

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than that for U.S. banks under similar circumstances. See also "*—Loan portfolio—Collateral—Completion, Perfection and Enforcement*".

Provision for Loan Losses

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

	At March 31,					
	2011	2012	2013	2014	2015	2015
	(in millions)					
A. Consumer loans & credit card receivables [2],[3]						
Aggregate provision for loan losses at the beginning of the year	Rs. 42,087	Rs. 56,507	Rs. 56,928	Rs. 42,642	Rs. 25,587	US$ 411
Add: Provision made during the year	19,696	13,839	7,630	7,015	4,580	73
Less: Provision utilized for write-off	(617)	(6,638)	(15,339)	(19,584)	(8,609)	(138)
Less: Write-back of excess provision	(4,659)	(6,780)	(6,577)	(4,486)	(4,806)	(77)
Aggregate provision for loan losses at the end of the year	**Rs. 56,507**	**Rs. 56,928**	**Rs. 42,642**	**Rs. 25,587**	**Rs. 16,752**	**US$ 269**
B. Commercial [4]						
Aggregate provision for loan losses at the beginning of the year	Rs. 16,834	Rs. 22,838	Rs. 22,852	Rs. 35,279	Rs. 52,682	US$ 845
Add: Provision made during the year	9,466	8,548	16,658	21,977	38,278	614
Less: Provision utilized for write-off	(759)	(4,930)	(1,996)	(2,454)	(9,107)	(146)
Less: Write-back of excess provision	(2,703)	(3,604)	(2,235)	(2,120)	(2,020)	(32)
Aggregate provision for loan losses at the end of the year	**Rs. 22,838**	**Rs. 22,852**	**Rs. 35,279**	**Rs. 52,682**	**Rs. 79,833**	**US$ 1,281**
C. Leasing and related activities						
Aggregate provision for loan losses at the beginning of the year	Rs. 162	Rs. 156	Rs. 95	Rs. 95	Rs. 97	US$ 2
Add: Provision made during the year	80	–	–	2	–	–
Less: Provision utilized for write-off	–	–	–	–	–	–
Less: Write-back of excess provision	(86)	(61)	–	–	(27)	(1)
Aggregate provision for loan losses at the end of the year	**Rs. 156**	**Rs. 95**	**Rs. 95**	**Rs. 97**	**Rs. 70**	**US$ 1**
D. Total provision (A+B+C)						
Aggregate provision for loan losses at the beginning of the year	Rs. 59,083	Rs. 79,501	Rs. 79,875	Rs. 78,016	Rs. 78,366	US$ 1,258
Add: Provision made during the year	29,242	22,387	24,288	28,994	42,858	687
Less: Provision utilized for write-off	(1,376)	(11,568)	(17,335)	(22,038)	(17,716)	(284)
Less: Write-back of excess provision	(7,448)	(10,445)	(8,812)	(6,606)	(6,853)	(110)
Aggregate provision for loan losses at the end of the year	**Rs. 79,501**	**Rs. 79,875**	**Rs. 78,016**	**Rs. 78,366**	**Rs. 96,655**	**US$ 1,551**

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

(2) Upto 2014, for "Credit card receivables", the difference between the opening and closing balances of aggregate provision for loan losses is included in "Add: Provision made during the year" on a net basis, except with respect to accounts written-off during the year, which were included in the "Less: Provision utilized for write-off" row.

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

(4) Includes working capital finance.

Provision for non-performing assets, net of write-back of excess provisions, increased from Rs. 11.9 billion in fiscal 2012 to Rs. 15.5 billion in fiscal 2013, Rs. 22.4 billion in fiscal 2014 and further to Rs. 36.0 billion in fiscal 2015.

As discussed in "— *Classification of Loans—Restructured Loans*" and "*—Non-Performing Assets*", there has generally been an increase in additions to non-performing and restructured commercial loans across industry sectors in fiscal 2014 and 2015. This has resulted in higher provisions in fiscal 2014 and fiscal 2015. The provision, net of write-back of excess provisions on commercial loans increased from Rs. 4.9 billion in fiscal 2012 to Rs. 14.4 billion in fiscal 2013, Rs. 19.9 billion in fiscal 2014 and further to Rs. 36.3 billion in fiscal 2015.

Between fiscal 2008 and fiscal 2010 we experienced an increase in non-performing consumer loans due to the seasoning of the portfolio and a higher level of defaults in unsecured personal loans and credit card receivables due to challenges in collections and the impact of the adverse macroeconomic environments. We have experienced a sharp decline in additions to gross non-performing consumer loans since fiscal 2011, due to the measures initiated by the Bank to curb delinquencies and improved collection practices. This resulted in a decline in provisions, net of write-back of excess provisions, against non-performing consumer loans from Rs. 7.1 billion in fiscal 2012 to Rs. 1.1 billion in fiscal 2013 Rs. 2.5 billion in fiscal 2014 and write-back of provision of Rs. 0.2 billion in fiscal 2015. See also "*—Classification of Loans—Impact of Economic Environment on Commercial and Consumer Loan Borrowers—Non-performing Assets" and "Business—Classification of Loans—Impact of Economic Environment on Commercial and Consumer Loan Borrowers—Restructured Loans*".

Potential problem loans

When management has doubts as to a borrower's ability to comply with loans' repayment terms, the Bank considers these loans as potential problem loans. At year-end fiscal 2015, the Bank had Rs. 157.4 billion in potential problem loans, which were not classified as non-performing or restructured assets. We closely monitor these loans and the borrowers of these loans for compliance with the loan repayment terms. We also similarly monitor past-due loans and below-investment grade loans, as discussed in Schedule 18B of the consolidated financial statements.

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Subsidiaries, Associates and Joint Ventures

The following table sets forth certain information relating to our subsidiaries, associates and joint ventures at year-end fiscal 2015.

Name	Year of formation	Activity	Ownership interest	Total income[1]	Net worth[2]	Total assets[3]
				(in millions, except percentages)		
ICICI Venture Funds Management Company Limited	January 1988	Private equity/ venture capital fund management	100.00 %	Rs. 1,186	Rs. 2,188	Rs. 5,141
ICICI Securities Primary Dealership Limited	February 1993	Securities investment, trading and underwriting	100.00 %	13,088	8,106	146,881
ICICI Prudential Asset Management Company Limited	June 1993	Asset management company for ICICI Prudential Mutual Fund	51.00 %	8,400	4,390	7,283
ICICI Prudential Trust Limited	June 1993	Trustee company for ICICI Prudential Mutual Fund	50.80 %	7	12	15
ICICI Securities Limited	March 1995	Securities broking & merchant banking	100.00 %	12,095	3,521	13,611
ICICI International Limited	January 1996	Asset management	100.00 %	16	93	95
ICICI Trusteeship Services Limited	April 1999	Trusteeship services	100.00 %	1	5	5
ICICI Home Finance Company Limited	May 1999	Housing finance	100.00 %	9,877	14,917	82,991
ICICI Investment Management Company Limited	March 2000	Asset management	100.00 %	36	134	151
ICICI Securities Holdings Inc.	June 2000	Holding company	100.00 %	0.4	603	604
ICICI Securities Inc.	June 2000	Securities broking	100.00 %	147	94	171
ICICI Prudential Life Insurance Company Limited	July 2000	Life insurance	73.71 %	345,825	52,678	1,012,158
ICICI Lombard General Insurance Company Limited	October 2000	General insurance	72.97 %	86,038	31,795	136,564
ICICI Bank UK PLC	February 2003	Banking	100.00 %	11,189	34,089	258,113
ICICI Bank Canada	September 2003	Banking	100.00 %	10,832	42,570	291,194

ICICI Prudential Pension Fund Management Company Limited[4]	April 2009	Pension fund management	100.00 %	Rs. 29	Rs. 259	Rs. 265

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

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

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

(4) ICICI Prudential Pension Funds Management Company Limited is a wholly owned subsidiary of ICICI Prudential Life Insurance Company Limited.

(5) From January 1, 2015, ICICI Bank Eurasia LLC ceased to be a consolidating entity and accordingly has not been consolidated.

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The following table sets forth certain information on other significant entities whose results were included in the consolidated financial statements under Indian GAAP at year-end fiscal 2015.

Name	Year of formation	Activity	Ownership interest	Total income[1]	Net worth[2]	Total assets[3]
				(in millions, except percentages)		
ICICI Equity Fund	March 2000	Unregistered venture capital fund	100.00 %	Rs. 39	Rs. 391	Rs. 444
ICICI Strategic Investments Fund	February 2003	Unregistered venture capital fund	100.00 %	(5)	551	553
I-Ven Biotech Limited	December 2003	Investment in research and development of biotechnology	100.00 %	23	267	268
I-Process Services (India) Private Limited[4]	April 2005	Services related to back end operations	19.00 %	2,400	(34)	345
FINO Paytech Limited[4]	June 2006	Support services for financial inclusion	27.05 %	2,259	2,805	4,091
NIIT Institute of Finance, Banking and Insurance Training Limited[4]	June 2006	Education and training in banking and finance	18.79 %	401	2	147
ICICI Merchant Services Private Limited[4]	July 2009	Merchant servicing	19.00 %	2,032	926	3,880
India Infradebt Limited[4]	October 2012	Infrastructure finance	31.00 %	627	3,507	10,954
India Advantage Fund-III[4],[5]	June 2005	Venture Capital Fund	24.10 %	566	5,972	6,328
India Advantage Fund-IV[4],[6]	August 2005	Venture Capital Fund	47.14 %	Rs. 89	Rs. 3,866	Rs. 3,869

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

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

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

(4) These entities have been accounted for as per the equity method as prescribed by AS 23 on ‘Accounting for Investments in Associates in Consolidated Financial Statements’.

(5) This entity has been accounted for as per the equity method from fiscal 2015.

(6) This entity has been accounted for as per the equity method from the three months ended September 30, 2014.

(7) From fiscal 2015, Mewar Aanchalik Gramin Bank and IKIN Consultancy Services Limited (formerly known as ICICI Kinfra Limited) ceased to be a consolidating entities and accordingly have not been consolidated.

At year-end fiscal 2015, all of our subsidiaries and joint ventures were incorporated in India, except the following five companies:

- ICICI Securities Holdings Inc., incorporated in the United States;
- ICICI Securities Inc., incorporated in the United States;
- ICICI Bank UK PLC, incorporated in the United Kingdom;
- ICICI Bank Canada, incorporated in Canada;
- ICICI International Limited, incorporated in Mauritius.

ICICI Securities Holdings Inc. is a wholly owned subsidiary of ICICI Securities Limited and ICICI Securities Inc. is a wholly owned subsidiary of ICICI Securities Holdings Inc. ICICI Securities Holdings Inc. and ICICI Securities Inc. are consolidated in ICICI Securities' Limited's financial statements.

Technology

We continue to endeavor to be at the forefront of usage of technology in the financial services sector. We strive to use information technology as a strategic tool for our business operations, to gain a competitive advantage and to improve our overall productivity and efficiency. We aim to bring in high levels of functionality to all our channels such as branches, Internet banking, automated teller machines, mobile banking, tab banking which involves opening bank accounts using tablets, phone banking and Facebook banking where banking facilities are provided through a social network and at the same time continue to improve and strengthen security, infrastructure and networks. Our technology initiatives are aimed at enhancing value, offering customers greater convenience and improved service levels while optimizing costs. Our focus on technology emphasizes:

- Electronic and online channels to:
  - offer easy access to our products and services;
  - reduce distribution and transaction costs;
  - acquire new customers;
  - enhance existing customer relationships; and
  - reduce time to market.

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- The application of information systems for:
  - increasing our customer base;
  - effective marketing;
  - monitoring and controlling risks;
  - identifying, assessing and capitalizing on market opportunities; and
  - assisting in offering improved products and services to customers;

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

Technology Organization

We have dedicated technology groups for our products and services for retail, corporate, international and rural customers. These business technology groups fulfill the requirements of the various business groups. Our Technology Management Group coordinates our enterprise-wide technology initiatives. Our Technology Infrastructure Group provides the technology infrastructure platform across all business technology groups to gain synergies in operation. The Information Security Group ensures that information on systems also related to customers and enterprise is secure.

Banking Application Software

We use banking applications like a core banking system, loan management system, and credit card management system, all of which are flexible and scalable and allow us to serve our growing customer base. A central stand-in server ensures services all days of the week, throughout the year, to the various delivery channels even if the primary systems are unavailable. We have a state-of-the-art data center in Hyderabad for centralized data base management, data storage and retrieval and a disaster recovery center at Jaipur.

Electronic and Online Channels

We use a combination of physical and electronic delivery channels to maximize customer choice and convenience, which has helped to differentiate our products in the marketplace. Our branch banking software is flexible and scalable and integrates seamlessly with our electronic delivery channels. At year end fiscal 2015, we had 12,451 automated teller machines across India. Our automated teller machines have additional features such as instant fund transfer, bill payment and insurance premium payment. At year-end fiscal 2015, we had 101 fully automated Touch Banking branches that provide 24-hour simple and convenient electronic banking to customers. At these branches, customers can perform banking transactions like cash deposits and cash withdrawals and also interact with our customer service staff through video-conferencing facilities. At year-end fiscal 2015, we offered Tab Banking facilities across 35 locations in India. Our employees open new customer accounts using tablets to capture customer information digitally in order to minimize physical documents and improve efficiency in opening of new deposit accounts.

We offer a number of online banking services to our customers for both corporate and retail products and services. In fiscal 2015, we launched a new redesigned website which offers a seamless and customized experience across multiple devices. It also gives differential experience to different customer segments. Our call centers across locations at Thane and Hyderabad are operational around the clock and are equipped with multiple leading edge systems such as interactive voice response systems, automatic call distribution, computer telephony integration and voice recorders. We seek to use the latest technology in these call centers to provide an integrated customer view to the call center agents to get a complete overview of the customer’s relationship with us. The database enables customer segmentation and assists the call agent in identifying and executing cross-selling opportunities. In fiscal 2013, we launched a banking application on Facebook allowing customers to access their account details, view account statements and place service requests. In fiscal 2015, we launched an innovative payment services on Twitter, through which customers can transfer funds while using Twitter.

We offer mobile banking services in India in line with our strategy to offer multi-channel access to our customers. This service has now been extended to all mobile telephone service providers across India and non-resident Indian customers in certain other countries where we have a presence. In recent years we have enhanced our focus on mobile banking in view of the growing use of mobile phones for various applications. We recently upgraded our mobile banking application taking the total number of services available to our

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customers via mobile phones to 100. Our new mobile application has an integrated view of all ICICI Bank relationships with the customer. It offers features like direct calls to our call center and cash withdrawal from automated teller machines without using a card. Customers can apply for loans and pay utility bills. Our online remittance solution is also available as a mobile application across major platforms and allows customers to track exchange rates and initiate remittance transactions. In the area of remittances, we have focused on products that can expedite money transfer and offer convenience to customers in remitting money to India.

During fiscal 2015, we launched our e-wallet called the "Pockets", which is a mobile application allowing an individual to transact on any website or mobile application in India. The e-wallet allows transfer of funds to any email ids, mobile numbers, friends on Facebook and bank accounts and also pay bills and book tickets. We have also provided solutions in areas like urban mass rapid transit payment systems and electronic toll collection on highways and have developed exclusive cards with the convenience of automatic top-up of the balance available for transit or toll payments, thus minimizing waiting time for making such payments.

High-Speed Electronic Communications Infrastructure

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

Operations Relating to Commercial Banking for Corporate Customers

Our corporate banking back office operations are centralized and we have a business process management solution to automate our activities in the areas of trade services and general banking operations. Through integration of the work flow system with the imaging and document management system, we have achieved substantial savings and practically eliminated the use of paper for these processes. We have launched a comprehensive payments solution for institutional and government customers. We have launched an online tendering platform, supporting multiple payment modes and covering various electronic collection and payment products.

We upgraded our treasury trading infrastructure to a state-of-the-art IP telephony based architecture. We have also enhanced our existing process of automation in the treasury business, thus reducing trading risks and also enhancing market competitiveness. We have centralized the processing systems of treasuries of all our overseas branches and banking subsidiaries. As a result, the processing of transactions as well as the applications used for deal entry are now centrally located and maintained in India.

Customer Relationship Management

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

Data Warehousing and Data Mining

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

Data Center and Disaster Recovery System

We have a data center at Hyderabad, which is designed to optimize energy efficiency and accommodate high server densities. We also have a disaster recovery data center at Jaipur.

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

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Competition

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

Commercial Banking Products and Services for Retail Customers

In the retail markets, competition is primarily from Indian and foreign commercial banks and housing finance companies. Foreign banks have product and delivery capabilities but are likely to focus on limited customer segments and geographical locations since they have a smaller branch network than Indian commercial banks. Foreign banks in aggregate had only 319 branches in India at March 31, 2015. Indian public sector banks have wide distribution networks but generally relatively less strong technology and marketing capabilities while private sector banks have a relatively smaller branch network but stronger technology capabilities. With the implementation of technology-based core banking solutions, public sector banks have become more competitive in selling products and services to retail customers. In addition, some specialized non-bank finance companies have increased market share in certain segments of retail banking products. We seek to compete in this market through a full product portfolio and effective distribution channels, which include branches, agents, robust credit processes and collection mechanisms, experienced professionals and superior technology.

Commercial banks compete to attract retail bank deposits, historically the preferred retail savings product in India. We have sought to capitalize on our corporate relationships to gain individual customer accounts through payroll management products. In recent years, we have significantly expanded our branch network. We pursue a multi-channel distribution strategy utilizing physical branches, ATMs, telephone banking call centers, mobile banking, Tab banking and the internet to reach customers. Further, following a strategy focused on customer profiles and product segmentation, we offer differentiated liability products to customers depending on their occupation, age and income profile. Mutual funds are another source of competition to us. Mutual funds offer tax advantages and have the capacity to earn competitive returns and hence present a competitive alternative to bank deposits.

The Reserve Bank of India has granted approval to two applicants for setting up new private sector banks. The Reserve Bank of India is also evaluating applications for licensing of payments banks and small banks. The Reserve Bank of India has also indicated that it would issue guidelines with respect to continuous licensing policy for universal banks as compared to the current practice of intermittently issuing licenses. The Reserve Bank of India has also indicated that it plans to give greater access to foreign banks in the Indian market. The Reserve Bank of India released a framework for the presence of foreign banks in November 2013 and has indicated that the subsidiary route would be the preferred mode of presence for foreign banks and has proposed giving near national treatment based on the principles of reciprocity and subsidiary mode of presence.

Commercial Banking Products and Services for Agricultural and Rural Customers

In our commercial banking operations for agricultural and rural customers, we face competition from public sector banks that have large branch networks in rural India. Other private sector banks and non-banking finance companies have also increased their focus on rural markets. We also face competition from specialized players such as rural finance institutions and non-banking finance companies. We seek to compete in this business based on our product strategy and multiple channels. The Reserve Bank of India has issued draft guidelines in July 2014 for licensing of specialized small banks and payments banks that are expected to compete in the rural and unorganized sectors.

Commercial Banking Products and Services for Corporate Customers

In products and services for corporate customers, we face strong competition primarily from public sector banks, foreign banks and other new private sector banks. Our principal competition in these products and services comes from large public sector banks. Public sector banks and certain private sector banks also have a traditional competitive advantage with respect to the government banking segment. We seek to compete based on our service and prompt turnaround times that we believe are significantly faster than public sector banks. We seek to compete with the large branch networks of the public sector banks through our multi-channel distribution approach and technology-driven delivery capabilities. Traditionally, foreign banks have been active

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

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

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

Commercial Banking Products and Services for International Customers

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

Insurance and Asset Management

Our insurance and asset management joint ventures face competition from existing dominant public sector players as well as new private sector players. We believe that ICICI Prudential Life Insurance Company, ICICI Lombard General Insurance Company and ICICI Prudential Asset Management Company have built strong product, distribution and risk management capabilities, achieving market leadership positions in their respective businesses. According to data published by the Insurance Regulatory and Development Authority of India, ICICI Prudential Life

Insurance Company had a retail market share of about 11.3% in new business written (on a retail weighted received premium basis) during fiscal 2015. ICICI Lombard General Insurance Company had a market share of about 8.3% in gross written premiums during fiscal 2015. See also "—*Insurance*". ICICI Prudential Asset Management Company manages the ICICI Prudential Mutual Fund, which was the second largest mutual fund in India in terms of average funds under management. We believe that the ability to leverage ICICI Bank's retail franchise and distribution network is a key competitive advantage for our insurance and asset management subsidiaries.

Employees

At year-end fiscal 2015, we had 90,486 employees, including sales executives, employees on fixed term contracts and interns, compared to 94,204 employees at year-end fiscal 2014 and 85,217 employees at year-end fiscal 2013. Of these, 67,857 employees were employed by ICICI Bank at year-end fiscal 2015, a decrease from 72,226 at year-end fiscal 2014. Of our 90,486 employees at year-end fiscal 2015, approximately 39,461 were professionally qualified, holding degrees in management, accountancy, engineering, law, computer science, economics or banking.

We dedicate a significant amount of senior management time to ensuring that employees remain highly motivated and are aligned to the organization's core employee proposition. Employee compensation is linked to performance and we encourage the involvement of our employees in the overall performance and profitability of the Bank. A performance appraisal and talent management systems have been instrumental in assisting management in career development and succession planning. Management believes that it has good working relationships with its employees.

ICICI Bank has an employee stock option scheme to encourage and retain high-performing employees. Pursuant to the employee stock option scheme up to 10.0% of the aggregate of our issued equity shares at the

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time of grant of the stock options can be allocated under the employee stock option scheme. The stock options entitle eligible employees to apply for equity shares. The grant of stock options is approved by ICICI Bank's Board of Directors on the recommendation of the Board Governance, Remuneration and Nomination Committee. The eligibility of each employee is determined based on an evaluation including the employee's work performance and potential. ICICI Bank pays performance linked retention pay to its frontline employees and junior management and performance bonus to its middle and senior management. Performance linked retention pay aims to reward front line and junior managers mainly on the basis of skill maturity attained through experience and continuity in role which a key differentiator for customer services. ICICI Bank also pays variable pay to sales officers and relationship manager in wealth management roles while ensuring that such pay-outs are in accordance with the compensation-related guidelines of the Reserve Bank of India. The Bank ensures a higher proportion of variable pay at senior levels and lower variable pay at front-line staff and junior management levels. The quantum of bonus for an employee does not exceed a certain percentage of the total fixed pay in a year. Within this percentage, if the bonus exceeds a predefined percentage of the fixed pay, a part of the bonus is deferred and paid over a period. The deferred portion is subject to malus, under which ICICI Bank would prevent vesting of all or part of the variable pay in the event of an enquiry determining gross negligence, breach of integrity or in the event of reasonable evidence of deterioration in financial performance. In such cases, variable pay already paid out is subject to claw-back arrangements. See also "*Management—Compensation and Benefits to Directors and Officers—Employee Stock Option Scheme*".

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

In addition to basic compensation, employees of ICICI Bank are eligible to receive loans from ICICI Bank at subsidized rates and to participate in its provident fund and other employee benefit plans. The provident fund, to which both ICICI Bank and its employees contribute a defined amount, is a savings scheme, required by government regulation, under which ICICI Bank at present is required to pay to employees a minimum annual return as specified from time to time, which was specified at 8.75% for fiscal 2015. If such return is not generated internally by the fund, ICICI Bank is liable for the difference. ICICI Bank has also set up a superannuation fund to which it contributes defined amounts. The employees have been given an option to opt out of the superannuation fund and in such cases the defined amounts are paid as part of monthly salary. In addition, ICICI Bank contributes specified amounts to a gratuity fund set up pursuant to Indian statutory requirements.

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

	At March 31,		
	2013	2014	2015
	Number	Number	Number

		% of total		% of total		% of total
ICICI Bank Limited	62,065	72.8	72,226	76.7	67,857	75.0
ICICI Prudential Life Insurance Company Limited	12,841	15.1	10,745	11.4	10,909	12.1
ICICI Lombard General Insurance Company Limited	4,532	5.3	5,243	5.6	5,829	6.4
ICICI Home Finance Company Limited[(2)]	399	0.5	532	0.6	528	0.6
ICICI Prudential Asset Management Company Limited	648	0.8	773	0.8	1,006	1.1
ICICI Securities Limited	4,100	4.8	4,075	4.3	3,815	4.2
ICICI Securities Primary Dealership Limited	73	0.1	73	0.1	76	0.1
Others	559	0.7	537	0.5	466	0.5
Total number of employees[(1)]	**85,217**	**100.0**	**94,204**	**100.0**	**90,486**	**100.0**

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(1) Includes interns, sales executives and employees on fixed-term contract totaling 1,647 at year-end fiscal 2015, 1,813 at year-end fiscal 2014 and 2,071 at year-end fiscal 2013.

(2) All employees are deputed from ICICI Bank.

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Properties

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

ICICI Bank had a principal network consisting of 4,050 branches and 12,451 ATMs at year-end fiscal 2015 in India. At June 30, 2015, ICICI Bank had a network of 4,052 branches in India. These facilities are located throughout India. In addition to the branches and ATMs, ICICI Bank has 39 controlling/administrative offices including the registered office at Vadodara and the corporate headquarters at Mumbai, and 49 regional processing centers and three central processing centers, two located in Mumbai and one in Hyderabad. We have branches in Bahrain, Dubai International Financial Centre, Hong Kong, Qatar financial centre, Singapore, Sri Lanka, the United States and China and representative offices in the United Arab Emirates, Bangladesh, Indonesia, Malaysia and South Africa. ICICI Bank also provides residential facilities to employees. At year-end fiscal 2015, ICICI Bank had 721 apartments for its employees.

Legal and Regulatory Proceedings

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

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

- In fiscal 2011, the Reserve Bank of India imposed a penalty of Rs. 0.5 million on us in connection with Know Your Customer guidelines.
- In May 2012, the Insurance Regulatory and Development Authority of India imposed a penalty of Rs. 11.8 million on ICICI Prudential Life Insurance Company because of non-compliance with certain provisions of the Insurance Act, 1938 and regulations/guidelines issued by the Insurance Regulatory and Development Authority in respect of intermediaries and group insurance.

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In fiscal 2012, the Reserve Bank of India imposed a penalty of Rs. 1.5 million on us in connection with non-compliance of certain instructions issued by the Reserve Bank of India with respect to our derivatives business.

- In May 2012, the Reserve Bank of India imposed a penalty of Rs. 0.1 million on the Bank in connection with an operational error regarding the sale of government securities on behalf of a customer.

- In May 2012, the Reserve Bank of India imposed a penalty of Rs. 0.5 million on ICICI Securities Primary Dealership in connection with an operational error regarding the sale of government securities.

- In October 2012, the Reserve Bank of India imposed a penalty of Rs. 3.0 million on ICICI Bank for non-compliance with the Know Your Customer directions issued by Reserve Bank of India.

- In December 2012, the Reserve Bank of India imposed a penalty of Rs. 0.5 million on ICICI Securities Primary Dealership in connection with an operational error regarding the sale of government securities.

- In June 2013, the Reserve Bank of India imposed a penalty of Rs. 10.0 million on ICICI Bank, along with penalties on other banks in India, pursuant to its investigation following a sting operation by a news website on branches of Indian banks and insurance companies.

- In September 2013, the Insurance Regulatory and Development Authority of India imposed a penalty of Rs. 0.5 million on ICICI Lombard General Insurance Company Limited, along with penalties on other general insurers in India, for not meeting the mandatory target in respect of declined risk pool for fiscal 2013.

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- In July 2014, the Reserve Bank of India imposed a penalty on 12 Indian banks including us following its scrutiny of the loan and current accounts of one corporate borrower with these banks. The penalty imposed on us was Rs. 4.0 million. A penalty of Rs. 1.4 million was also imposed on us in February 2015 by the Financial Intelligence Unit, India for failure in reporting the attempted suspicious transactions to which the above sting operations pertained. We have filed an appeal against the penalty. See also "Business—*Risk Management—Anti-Money Laundering Controls"*.

- In October 2014, the Insurance Regulatory and Development Authority of India imposed a penalty of Rs. 5.0 million on ICICI Lombard General Insurance Company Limited following the onsite inspection conducted in August 2010 on market conduct and financial condition of the company.

- In December 2014, the Reserve Bank of India imposed penalties on two Indian banks, including us, for non-compliance with the Know Your Customer/Anti Money Laundering directions/guidelines issued by the Reserve Bank of India in respect of fraudulent opening of fictitious accounts with certain banks. The penalty imposed on us was Rs. 5.0 million.

- In December 2014, the Securities and Exchange Board of India imposed a penalty of Rs. 10 million on six book running lead managers including ICICI Securities Limited for violation of Securities and Exchange Board of India regulations. The penalty is payable jointly and severally by all book running lead managers. ICICI Securities Limited along with other book running lead managers has filed an appeal before the Securities Appellate Tribunal, proceedings of which are in progress.

See also "Risk Factors—We are involved in various litigations. Any final judgment awarding material damages against us could have a material adverse impact on our future financial performance and our stockholders' equity" and "— The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment".

At year-end fiscal 2015, our contingent tax liability was assessed at an aggregate of Rs. 44.9 billion, mainly pertaining to income tax, service tax and sales tax/value added tax demands by the government of India's tax authorities for past years. We have appealed against each of these tax demands. The tax related inquiries are not included in contingent liabilities as we believe that such proceedings are likely to be dropped by the tax authorities or will not be upheld by judicial authorities. Based on consultation with counsel and favorable decisions in our own and other similar cases as set out below, management believes that the tax authorities are not likely to be able to substantiate their tax assessments and, accordingly, we have not provided for these tax demands at year-end fiscal 2015. Disputed tax issues that are classified as remote are not disclosed as contingent liabilities by us.

Of the contingent tax liability of Rs. 44.9 billion:

- Rs. 3.9 billion relates to sales tax/value added tax assessment mainly pertaining to value added tax on disposal of repossessed assets, tax on interstate/import leases by various state government authorities in respect of lease

transactions entered into by the Bank, and bullion-related matters, where we are relying on favorable opinions from counsel. Of the total demand, Rs. 2.2 billion pertains to value added tax on disposal of repossessed assets where we are relying on a favorable opinion from counsel confirming that the Bank only facilitates the disposal of repossessed assets for recovery of its loan from the borrower and cannot be regarded as a seller of repossessed assets. The other disputed issues mainly pertain to tax on inter-state/import leases by various state government authorities in respect of lease transactions entered into by the Bank and bullion related matters pertaining to procedural issues like submission of statutory forms.

- Rs. 3.9 billion is in respect of service tax matters. Of the total demand, Rs. 1.5 billion pertains to our life insurance subsidiary for levy of service tax on surrender/foreclosure charges under unit linked insurance plans/life insurance plans, Rs. 0.9 billion pertains to venture capital funds in respect of retention of contribution received by the fund being treated as fees received in lieu of management services rendered by them, Rs. 1.0 billion pertains to the Bank mainly relating to interest charged on liquidity facilities provided to trusts holding securitized loan portfolios and income received from merchants on credit card related transactions prior to May 2006 and disallowance of cenvat credit availed for service tax on insurance premium along with penalty thereon and Rs.0.2 billion pertains to ICICI Venture Funds Management Company Limited for levy of service tax on the income received from investment in venture capital units, by treating the same as performance fees received. The balance amount of Rs. 0.3 billion pertains to other entities. The Bank believes that the tax authorities are not likely to be able to substantiate the above tax demands.

- Rs. 37.1 billion relates to appeals filed by us or the tax authorities with respect to assessments mainly pertaining to income tax, and interest tax, where we are relying on favorable precedent decisions of the appellate court and expert opinions. The key disputed liabilities are:

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- Rs. 14.4 billion relates to whether interest expenses can be attributed to earning tax-exempt income. We believe that no interest can be allocated as there are no borrowings earmarked for investments in shares/tax free bonds and our interest free funds are sufficient to cover investments in the underlying tax free securities. The Bank has relied on favorable opinion from counsel and favorable appellate decisions in similar cases;

- Rs. 5.8 billion relates to the disallowance of mark-to-market losses on derivative transactions treated by the tax authorities as notional losses. The Bank has relied on favorable opinion from counsel and favorable appellate decisions in similar cases, which had allowed the deduction of mark-to-market losses from business income;

- Rs. 5.4 billion relates to the disallowance of depreciation claims on leased assets by the tax authorities, by treating the lease transactions as loan transactions. The Bank has relied on a favorable opinion from counsel and favorable appellate decisions in the Bank's own case and other similar cases; and

- Rs. 2.7 billion relates to taxability of amounts withdrawn from the special reserve. ICICI had maintained two special reserve accounts, which includes special reserve created up to assessment year 1997-98. Withdrawals from the account were assessed as taxable by the tax authorities for the assessment years 1998-99 to 2000-01. We have received favorable orders in respect of the assessment year 1998-1999 and 1999-2000 but the income tax department has appealed against the favorable orders.

Based on judicial precedents in our own and other cases, and upon consultation with tax counsel, management believes that it is more likely than not that our tax position will be sustained. Accordingly, no provision has been made in the accounts.

The above contingent liability does not include Rs. 56.2 billion, considered as remote. Of the total disputed tax demands classified as remote, Rs. 51.3 billion pertains to the deduction of bad debts and levy of penalties, which are covered by favourable Supreme Court of India decisions in other cases. Therefore, they are not required to be disclosed as contingent liability. The balance of Rs. 4.9 billion pertains to disputed tax liability of our life insurance subsidiary primarily due to non-allowance of set-off of brought forward business loss by the assessing officer against the shareholders income, which has been considered as income from other sources by the tax authorities. The same is considered as remote on the basis of favorable income tax appellate decisions in our life insurance subsidiary's own case. The consequence of inquiries initiated by the tax authorities are not quantified, as we believe that such proceedings are likely to be dropped by the tax authorities or will not be upheld by judicial authorities.

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

ICICI Bank held a total provision of Rs. 382 million at year-end fiscal 2015 for 489 cases with claims totaling approximately Rs. 1,218 million, where an unfavorable outcome was deemed probable and in respect of which a reliable estimate could be made.

For cases where an unfavorable outcome is deemed to be reasonably possible but not probable, the amount of claims is included in contingent liabilities. At year-end fiscal 2015, such claims amounted to a total of Rs. 477 million relating to 100 cases. It was not possible to estimate the possible loss or range of possible losses for these cases due to the nature of the cases and other external factors. For cases where the possibility of an unfavorable outcome is deemed remote, we have not made a provision, nor have we included the amount of the claims in these cases in contingent liabilities.

In some instances, civil litigants have named our directors as co-defendants in lawsuits against ICICI Bank. There were 238 such cases at year-end fiscal 2015.

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

At year-end fiscal 2015, there were 63 ongoing litigations (including those where the likelihood of our incurring liability is assessed as “probable”, “possible” and “remote”), each involving a claim of Rs. 10 million or more, with an aggregate amount of approximately Rs. 41.0 billion (to the extent quantifiable and including amounts claimed jointly and severally from us and other parties). The following are litigations where the amounts claimed are Rs. 1.0 billion or higher:

- The promoters and promoter group entities of Kingfisher Airlines Limited have filed a suit in the Bombay High Court against 19 lenders who had provided credit facilities to Kingfisher Airlines Limited seeking to declare void the corporate guarantee given by one of the entities to the lenders and restrain the lenders from acting in furtherance of the corporate guarantee as well as a personal guarantee of the promoter and invocation of pledge of shares held by the lenders, and claiming damages of Rs. 32.0 billion from the lenders towards sums invested by the promoter group in Kingfisher Airlines Limited. The Bombay High Court has not granted any interim relief restraining lenders from acting in furtherance of the invocation of pledge. ICICI Bank had assigned its exposure to Kingfisher Airlines Limited to a third party in June 2012 and thereby ceased to be a lender to the company. The cause of action for the suit arose subsequent to that date, and the securities mentioned in the suit were not securities held by ICICI Bank even when it was a lender to the company. Consequently ICICI Bank believes the suit against it is not maintainable and has filed its written statement. The matter is pending before the court.

- In April 2014, ICICI Bank filed a recovery suit in the Debt Recovery Tribunal, Mumbai against Anil Printers Limited and its guarantors for recovery of Rs. 0.49 billion due from Anil Printers Limited. ICICI Bank also initiated action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and took symbolic possession of the mortgaged properties of Anil Printers and sold one property through auction. Anil Printers challenged the action of ICICI Bank in the Debt Recovery Tribunal on various grounds. The Debt Recovery Tribunal directed the borrower to identify buyers for the properties within 30 days, failing which the sale being conducted by the Bank would be confirmed, to which the borrower agreed. Anil Printers also filed a civil suit for counter claim of Rs. 1.2 billion against ICICI Bank, the maintainability of which has been challenged by the Bank in a higher court. The matter is pending.

- In 1999, we filed a suit in the Debt Recovery Tribunal, Delhi against Esslon Synthetics Limited and its Managing Director (in his capacity as guarantor) for the recovery of amounts totaling Rs. 169 million due from Esslon Synthetics Limited. In May 2001, the guarantor filed a counterclaim for an amount of Rs. 1.0 billion against us and other lenders who had extended financial assistance to Esslon Synthetics on the grounds that he had been coerced by officers of the lenders into signing an agreement between LML Limited, Esslon Synthetics and the lenders on account of which he suffered, among other things, loss of business. Esslon Synthetics Limited filed an application to amend the counterclaim in January 2004. We have filed our reply to the application for amendment. The guarantor has also filed an interim application on the grounds that certain documents have not been exhibited, to which we have filed our reply stating that the required documents are neither relevant nor necessary for adjudicating the dispute

between the parties. In the meantime, the Industrial Development Bank of India has challenged the order of the Debt Recovery Tribunal, Delhi, whereby the Debt Recovery Tribunal allowed LML Limited to be included in the list of parties. The Debt Recovery Appellate Tribunal, Delhi has passed an interim stay order against the Debt Recovery Tribunal proceedings. In the liquidation proceeding before the High Court at Allahabad, the official liquidator attached to the Allahabad High Court sold the assets of Esslon Synthetics for Rs. 61 million in November 2002. We have filed our claim with the official liquidator attached to the Allahabad High Court for our dues. The official liquidator has informed us that the claim of the Bank has been allowed and that the amount payable to the Bank is Rs. 12 million. We have filed an affidavit before the official liquidator for disbursement of the amount and the official liquidator has released Rs. 9 million to the Bank and the balance amount will be disbursed after finalization of amounts due to the employees of Esslon Synthetics by the Company court. Further, the guarantor has filed an insolvency proceeding before the insolvency court which is currently being opposed by the lenders including ICICI Bank. The matter is pending.

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- Certain investors of a real estate investment fund registered in Mauritius and managed by ICICI Venture Funds Management Company Limited, a wholly owned subsidiary of ICICI Bank, have filed a petition in the Supreme Court of Mauritius against ICICI Venture Funds Management Company, the trustee and administrators of the fund and ICICI Bank alleging mis-selling and mismanagement of the Fund, and have claimed damages of USD 103.6 million. All the respondents to the petition, including the Bank and its subsidiary, have denied and rebutted the allegations and countered the petition, which is pending for hearing.

- Diminco NV. along with its associates , borrowers of ICICI Bank UK Plc. , a subsidiary of ICICI Bank, have initiated legal proceedings in a Belgian court against ICICI Bank UK Plc. alleging breach of obligations and failure to advance additional credit and claimed damages of about USD 140 million together with repayment of sums paid by the borrower. UK subsidiary has disputed the allegations and claims and made a counterclaim for repayment of outstanding dues of about USD 30 million. The matter is pending judgement and in the meanwhile in other proceedings ICICI Bank UK Plc. has obtained freezing orders from the Belgian and London courts respectively in relation to the borrower’s bank accounts in England and Belgium.

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

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

American Depository Receipt Fees and Payments

Fees and Charges Payable by Holders of our ADSs

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

i)

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

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

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

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

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

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

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

iv) customary expenses incurred by the depositary in the conversion of foreign currency, including, without limitation, expenses incurred on behalf of registered holders in connection with compliance with foreign exchange control restrictions and other applicable regulatory requirements, together with all expenses, transfer and registration fees, taxes, duties, governmental or other charges payable by the Depositary.

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

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etc.), the depositary charges the applicable ADS record date holder concurrently with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or in book-entry form), the depositary sends invoices to the applicable record date ADS holders.

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

Fees and Other Payments Made by the Depositary

In fiscal 2012, the Bank entered into an agreement with the Depositary, Deutsche Bank Trust Company Americas, under which the Depositary shall reimburse the Bank for annual expenses incurred by the Bank towards investor relations or other expenses directly related to the ongoing maintenance of the American Depository Receipt program. There are limits on the amount of expenses for which the depository will reimburse the Bank, but the amount of reimbursement available to the Bank is not necessarily tied to the amount of fees the depository collects from investors. Under certain circumstances, including the removal of Deutsche Bank Trust Company Americas as Depositary or termination of the American Depository Receipt program, we are required to repay to Deutsche Bank Trust Company Americas amounts reimbursed in prior periods. During fiscal 2015, the Bank claimed and received a reimbursement of US$325,000 from the Depositary towards expenses already incurred relating to the American Depositary Receipt Program.

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Selected Consolidated Financial and Operating Data

The following discussion and tables are based on our audited consolidated financial statements and accompanying notes prepared in accordance with Indian GAAP. For a reconciliation of net income and stockholders' equity to U.S. GAAP, a description of significant differences between Indian GAAP and U.S. GAAP and certain additional information required under U.S. GAAP, see notes 20 and 21 to our consolidated financial statements included in this annual report. For selected financial data in accordance with U.S. GAAP, see "Selected U.S. GAAP Financial Data".

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

The consolidated financial statements for fiscal 2011 through 2014 were audited by S.R. Batliboi & Co. LLP, Chartered Accountants, and for fiscal 2015 by B S R & Co. LLP, Chartered Accountants, under auditing standards issued by the Institute of Chartered Accountants of India. The consolidated financial statements for fiscal 2011 through 2015 have also been audited by KPMG, an independent registered public accounting firm in India, in accordance with the auditing standards of the United States Public Company Accounting Oversight Board. Our Indian GAAP consolidated financial statements, reconciliation of net income and stockholders' equity to U.S. GAAP and notes to these financial statements, audited by KPMG, are set forth at the end of this annual report.

Our annual report, prepared and distributed to our shareholders under Indian law and regulations, includes consolidated as well as unconsolidated Indian GAAP financial statements and analysis of our results of operations and financial condition based on unconsolidated Indian GAAP financial statements.

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

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Operating Results Data

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

	Year ended March 31,					
	2011	2012	2013	2014	2015	2015 (1)
	(in millions, except per common share data)					
Selected income statement data:						
Interest income[2]	Rs. 300,814	Rs. 379,948	Rs. 448,846	Rs. 494,792	Rs. 549,640	US$ 8,821
Interest expense	(193,426)	(250,132)	(282,854)	(297,106)	(323,182)	(5,187)
Net interest income	107,388	129,816	165,992	197,686	226,458	3,634
Non-interest income	315,133	286,634	293,198	300,846	352,523	5,658
Net total income	422,521	416,450	459,190	498,532	578,981	9,292
Non-interest expenses						
Depreciation on leased assets	(789)	(423)	(328)	(317)	(351)	(6)
Expenses pertaining to insurance business	(209,029)	(179,254)	(173,517)	(162,367)	(191,640)	(3,076)
Other operating expenses[3]	(103,206)	(115,844)	(128,225)	(143,979)	(158,237)	(2,539)
Total non-interest expenses	(313,024)	(295,521)	(302,070)	(306,663)	(350,228)	(5,621)
Operating profit before provisions	109,497	120,929	157,120	191,869	228,753	3,671
Provisions and contingencies	(25,600)	(14,063)	(20,952)	(29,003)	(45,363)	(728)
Profit before tax	83,897	106,866	136,168	162,866	183,390	2,943
Provision for tax	(20,715)	(27,490)	(34,869)	(46,095)	(53,967)	(866)
Profit after tax	63,182	79,376	101,299	116,771	129,423	2,077
Minority interest	(2,249)	(2,947)	(5,263)	(6,357)	(6,954)	(112)
Net profit	**Rs. 60,933**	**Rs. 76,429**	**Rs. 96,036**	**Rs. 110,414**	**122,469**	**1,965**
Per common share:						
Earnings-basic[4] [8]	Rs. 10.71	Rs. 13.27	Rs. 16.66	Rs. 19.13	Rs. 21.17	0.34
Earnings-diluted[5] [8]	10.65	13.21	16.57	19.03	20.94	0.34
Dividend[6] [8]	2.80	3.30	4.00	4.60	5.00	0.08
Book value[7] [8]	90.58	101.20	114.32	130.51	143.11	2.30
Equity shares outstanding at the end of the period (in millions of equity shares) [8]	5,759	5,764	5,768	5,774	5,797	
Weighted average equity shares outstanding - basic (in millions of equity shares) [8]	5,690	5,762	5,765	5,772	5,786	
Weighted average equity shares outstanding – diluted (in millions of equity shares) [8]	5,716	5,778	5,787	5,794	5,842	

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(1) Rupee amounts for fiscal 2015 have been translated into U.S. dollars using the exchange rate of Rs. 62.31 = US$ 1.00 as set forth in the H.10 statistical release of the Federal Reserve Board at year-end fiscal 2015.

(2) Interest income includes interest on rupee and foreign currency loans and advances (including bills) and hire purchase receivables and gains/(losses) on sell-down of loans of ICICI Bank. Interest income also includes interest on income tax refunds of Rs. 1.7 billion, Rs. 846 million, Rs. 2.7 billion, Rs. 2.0 billion and Rs. 2.8 billion for fiscal 2011, 2012, 2013, 2014 and 2015 respectively.

(3) Includes employee expenses, depreciation on fixed assets and other general office expenses.

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

(5) Earnings per share is computed based on the weighted average number of shares and represents net profit/(loss) per share adjusted for full dilution. Options to purchase 67,515,750, 64,353,000, 62,447,200, 73,376,100 and 53,612,700 equity shares granted to employees at a weighted average exercise price of Rs. 188.9, Rs. 200.7, Rs. 193.5, Rs. 207.2 and Rs. 248.6 were outstanding at year-end fiscal 2011, 2012, 2013, 2014 and 2015 respectively, but were not included in the computation of diluted earnings per share as these options were anti-dilutive.

(6) In India, dividends for a fiscal year are normally declared and paid in the following year. We declared a dividend of Rs. 2.80 per equity share for fiscal 2011, which was paid in fiscal 2012. We declared a dividend of Rs. 3.30 per equity share for fiscal 2012, which was paid in fiscal 2013. We declared a dividend of Rs. 4.00 per equity share for fiscal 2013, which was paid in fiscal 2014. We declared a dividend of Rs. 4.60 per equity share for fiscal 2014, which was paid in fiscal 2015. We declared a dividend of Rs. 5.00 per equity share for fiscal 2015, which has been paid in fiscal 2016. The dividend per equity share is based on the total amount of dividends declared for the year, exclusive of dividend distribution tax.

(7) Represents equity share capital, employees' stock options outstanding and reserves and surplus reduced by deferred tax asset, goodwill and debit balance in the profit and loss account.

(8) The shareholders of the Bank approved the sub-division of one equity share of Rs. 10 into five equity shares having a face value of Rs. 2 each. The record date for the sub-division was December 5, 2014. Face value and number of shares have been re-stated and related ratios re-computed for all the previous periods presented to reflect the sub-division.

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The following table sets forth, for the periods indicated, selected income statement data expressed as a percentage of average total assets for the respective period. For fiscal 2011, the average balances are the sum of the daily average balances outstanding for ICICI Bank, except for the averages of overseas branches which were calculated on a monthly basis until October 31, 2010 and on a fortnightly basis thereafter and the averages of subsidiary which were calculated on quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that year. From fiscal 2012 to September 2014, the average balances are the sum of the daily average balances outstanding except for the averages of overseas branches of ICICI Bank which are calculated on fortnightly basis. From October 2014, averages of the foreign branches are averages of daily balances.

	Year ended March 31,				
	2011	2012	2013	2014	2015
Selected income statement data:					
Interest income	5.69 %	6.52 %	7.01 %	7.03 %	7.15 %
Interest expense	(3.66)	(4.29)	(4.42)	(4.22)	(4.20)
Net interest income	2.03	2.23	2.59	2.81	2.95
Non-interest income	5.97	4.91	4.59	4.28	4.58
Total income	8.00	7.14	7.18	7.09	7.53
Depreciation on leased assets	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)
Expenses pertaining to insurance business	(3.96)	(3.07)	(2.71)	(2.31)	(2.49)
Other operating expenses	(1.96)	(1.99)	(2.00)	(2.05)	(2.06)
Non-interest expenses	(5.93)	(5.07)	(4.72)	(4.36)	(4.55)
Operating profit before provisions	2.07	2.07	2.46	2.73	2.98
Provisions and contingencies	(0.48)	(0.24)	(0.33)	(0.41)	(0.59)
Profit before tax	1.59	1.83	2.13	2.32	2.39
Provision for tax	(0.39)	(0.47)	(0.55)	(0.66)	(0.71)
Profit after tax	1.20	1.36	1.58	1.66	1.68
Minority interest	(0.05)	(0.05)	(0.08)	(0.09)	(0.09)
Net profit	1.15 %	1.31 %	1.50 %	1.57 %	1.59 %

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

	At or for the year ended March 31,					
	2011	2012	2013	2014	2015	2015 (1)
	(in millions, except percentages)					
Selected balance sheet data:						
Total assets	Rs. 5,477,698	Rs. 6,197,136	Rs. 6,749,830	Rs. 7,477,624	Rs. 8,260,792	US$ 132,575
Investments	2,096,528	2,398,641	2,556,667	2,676,094	3,027,616	48,590
Advances, net	2,560,193	2,921,254	3,299,741	3,873,418	4,384,901	70,372
Non-performing customer assets (gross)	111,575	107,124	107,165	122,994	173,870	2,790
Total liabilities	4,924,673	5,584,371	6,062,206	6,713,326	7,413,746	118,981
Deposits	2,591,060	2,819,505	3,147,705	3,595,127	3,859,552	61,941
Borrowings (includes subordinated debt and redeemable non-cumulative preference shares)	1,258,389	1,612,966	1,728,882	1,835,421	2,112,520	33,903
Equity share capital	11,518	11,528	11,536	11,550	11,597	186
Reserves and surplus[2]	541,507	601,237	676,088	752,748	835,449	13,408
Period average[3]:						
Total assets	5,282,746	5,832,309	6,394,436	7,037,002	7,689,402	123,406
Interest-earning assets	4,157,164	4,697,241	5,272,489	5,830,625	6,449,193	103,502
Advances, net	2,350,205	2,720,937	3,149,347	3,589,293	4,049,280	64,986
Total liabilities[4]	4,723,072	5,214,310	5,723,133	6,284,987	6,860,592	110,104
Interest-bearing liabilities	3,717,501	4,099,844	4,556,099	4,996,433	5,445,789	87,398
Borrowings	1,303,276	1,465,670	1,656,860	1,820,630	1,906,290	30,594
Stockholders' equity	559,674	617,999	671,303	752,016	828,810	13,301
Profitability:						
Net profit as a percentage of:						
Average total assets	1.15 %	1.31 %	1.50 %	1.57 %	1.59 %	
Average stockholders'	10.89	12.37	14.31	14.68	14.78	

equity										
Average stockholders' equity (including preference share capital)	10.82		12.30		14.23		14.61		14.71	
Dividend payout ratio[5]	26.46		24.89		24.02		24.06		23.67	
Spread[6]	2.12		2.06		2.35		2.58		2.63	
Net interest margin[7]	2.67		2.83		3.20		3.44		3.55	
Cost-to-income ratio[8]	74.08		70.96		65.78		61.51		60.49	
Cost-to-average assets ratio[9]	5.93		5.07		4.72		4.36		4.55	
Capital[10]:										
Average stockholders' equity as a percentage of average total assets	10.59	%	10.60	%	10.50	%	10.69	%	10.78	%
Average stockholders' equity (including preference share capital) as a percentage of average total assets	10.66	%	10.66	%	10.55	%	10.74	%	10.82	%
Asset quality:										
Net restructured assets as a percentage of net customer assets	0.93	%	1.40	%	1.58	%	2.70	%	2.41	%
Net non-performing assets as a percentage of net customer assets[11]	1.06	%	0.79	%	0.74	%	0.99	%	1.54	%
Provision on restructured assets as a percentage of gross restructured assets	3.23	%	8.81	%	7.87	%	8.42	%	7.23	%
Provision on non-performing assets as a	71.25	%	74.56	%	72.80	%	63.72	%	55.59	%

percentage of gross non-performing assets										
Provision as a percentage of gross customer assets[12]	3.25	%	2.98	%	2.63	%	2.47	%	2.89	%

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(1) Rupee amounts at year-end fiscal 2015 have been translated into US dollars using the exchange rate of Rs. 62.31 = US$ 1.00 as set forth in the H.10 statistical release of the Federal Reserve Board at year-end fiscal 2015.

(2) Includes balance in employees stock options outstanding which will be transferred to "Equity share capital" or "Reserves and surplus" on exercise/lapse of options.

(3) For fiscal 2011, the average balances are the sum of daily average balances outstanding for ICICI Bank, except for the averages of overseas branches which were calculated on a monthly basis until October 31, 2010 and on a fortnightly basis thereafter and the averages of subsidiary which were calculated on quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that year. From fiscal 2012 to September 2014, the average balances are the sum of the daily average balances outstanding except for the averages of overseas branches of ICICI Bank which are calculated on fortnightly basis. From October 2014, averages of the foreign branches are averages of daily balances.

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

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

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

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

(8) Represents the ratio of non-interest expenses to total income. Total income represents the sum of net interest income and non-interest income.

(9) Represents the ratio of non-interest expenses to average total assets.

(10) The capital adequacy ratios of ICICI Bank on an unconsolidated basis in accordance with the Reserve Bank of India's guidelines on Basel III, at year-end fiscal 2015 were: common equity tier 1 risk-based capital ratio of 12.8%; tier 1 risk-based capital ratio of 12.8%; and total risk-based capital ratio of 17.0%. The capital adequacy ratios of ICICI Bank on a consolidated basis in accordance with the Reserve Bank of India's guidelines on Basel III, at year-end fiscal 2015 were: common equity tier 1 risk-based capital ratio of 12.8%; tier 1 risk-based capital ratio of 12.9%; and total risk-based capital ratio of 17.2%.

(11) Includes loans identified as non-performing/impaired in line with the guidelines issued by regulators of the respective subsidiary.

(12) Includes general provision on standard assets.

(13) Previous year figures have been re-grouped/re-classified where necessary to conform to current period classification.

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Selected U.S. GAAP Financial Data

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

	At or for the year ended March 31,					
	2011	2012	2013	2014	2015	2015[1]
	(in millions)					
Total income[2]	Rs. 152,661	Rs. 188,192	Rs. 245,463	Rs. 274,705	Rs. 319,924	US$ 5,134
Net income/(loss) attributable to ICICI Bank's shareholders'	54,361	70,811	101,052	101,421	116,913	1,876
Total assets	5,229,844	5,506,134	5,860,331	6,485,471	7,130,592	114,437
ICICI Bank's stockholders' equity	584,083	633,518	736,566	801,882	938,253	15,058
Other comprehensive income/(loss)	(1,332)	(7,257)	14,431	2,157	46,436	745
Per equity share						
Net income/(loss) from continuing operation-basic[3]	9.55	12.29	17.53	17.57	20.21	
Net income/(loss) from continuing operation-diluted[4]	9.50	12.24	17.44	17.50	20.05	
Dividend[5]	2.40	2.80	3.30	4.00	4.60	

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(1) Rupee amounts for fiscal 2015 have been translated into U.S. dollars using the exchange rate of Rs. 62.31 = US$ 1.00 as set forth in the H.10 statistical release of the Federal Reserve Board at year-end fiscal 2015.

(2) Represents net interest income plus non-interest income.

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

(4) Represents net profit/(loss) adjusted for full dilution. Options to purchase 67,515,750, 64,353,000, 62,447,200, 73,376,100 and 53,612,700 equity shares granted to employees at a weighted average exercise price of Rs. 188.9, Rs. 200.7, Rs. 193.5, Rs. 207.2 and Rs. 248.6 were outstanding at year-end fiscal 2011, 2012, 2013, 2014 and 2015 respectively, but were not included in the computation of diluted earnings per share as these options were anti-dilutive.

(5) In India, dividends for a fiscal year are normally declared and paid in the following year. We declared a dividend of Rs. 2.80 per equity share for fiscal 2011, which was paid in fiscal 2012. We declared a dividend of Rs. 3.30 per equity share for fiscal 2012, which was paid in fiscal 2013. We declared a dividend of Rs. 4.00 per equity share for fiscal 2013, which was paid in fiscal 2014. We declared a dividend of Rs. 4.60 per equity share for fiscal 2014, which was paid in fiscal 2015. We declared a dividend of Rs. 5.00 per equity share for fiscal 2015, which has been paid in fiscal 2016. The dividend per equity share is based on the total amount of dividends paid during the year, exclusive of dividend tax.

(6) Previous year figures have been re-grouped/re-classified where necessary to conform to current period classification.

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Operating and Financial Review and Prospects

You should read the following discussion and analysis of our financial condition and results of operations together with our audited consolidated financial statements. The following discussion is based on our audited consolidated financial statements and accompanying notes prepared in accordance with Indian GAAP, which varies in certain significant respects from U.S. GAAP. For a reconciliation of net income and stockholders' equity to U.S. GAAP, a description of significant differences between Indian GAAP and U.S. GAAP and certain additional U.S. GAAP information, see notes 20 and 21 to our consolidated financial statements included herein.

Executive Summary

Introduction

We are a diversified financial services group offering a wide range of banking and financial services to corporate and retail customers through a variety of delivery channels. We are the largest private sector bank in India in terms of total assets. Apart from banking products and services, we offer life and general insurance, asset management, securities broking and private equity products and services through specialized subsidiaries. Our total assets at year-end fiscal 2015 were Rs. 8,260.8 billion. Our consolidated capital and reserves at year-end fiscal 2015 were Rs. 847.0 billion. During fiscal 2015, our net profit was Rs. 122.5 billion compared to Rs. 110.4 billion during fiscal 2014.

Our primary business consists of commercial banking operations for retail and corporate customers. Our commercial banking operations for retail customers consist of retail lending and deposit taking and distribution of insurance and investment products. We deliver our products and services through a variety of channels, including bank branches, ATMs, call centers, internet, social media and mobile phones. We had a network of 4,050 branches and 12,451 ATMs in India at year-end fiscal 2015. We provide a range of commercial banking and project finance products and services, including loan products, fee and commission-based products and services, deposit products and foreign exchange and derivatives products to India's leading corporations, middle market companies and small and medium enterprises. We also offer agricultural and rural banking products. We earn interest and fee income from our commercial banking operations.

In our international banking operations, our primary focus is on offering products and services to persons of Indian origin, Indian businesses, select local businesses and multi-national corporations and insured mortgage products in our Canada subsidiary as well as offering deposit products to the larger community. ICICI Bank's overseas branches take deposits, raise borrowings and make loans primarily to Indian companies for their overseas operations as well as for their foreign currency requirements in India. The overseas branches also offer loans and services to select local businesses and multinational corporations. They also engage in advisory and syndication activities for fund-raising by Indian companies and their overseas operations. We currently have banking subsidiaries in the United Kingdom and

Canada, branches in China, Singapore, Dubai International Finance Centre, Sri Lanka, Hong Kong, Qatar Financial Centre, the United States and Bahrain and representative offices in the United Arab Emirates, Bangladesh, South Africa, Malaysia and Indonesia. Our subsidiary in the United Kingdom has established a branch in each of Antwerp, Belgium and Frankfurt, Germany. During fiscal 2015, we divested our shareholding in ICICI Bank Eurasia, our wholly owned Russian subsidiary, to a Russia-based bank and closed the representative office at Thailand.

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

We are also engaged in insurance, asset management, securities business and private equity fund management through specialized subsidiaries. Our subsidiaries ICICI Prudential Life Insurance Company, ICICI Lombard General Insurance Company and ICICI Prudential Asset Management Company provide a wide range of life and general insurance and asset management products and services to retail and corporate customers. ICICI Prudential Life Insurance Company was the largest private sector life insurance company in India during fiscal 2015, with a market share of 11.3% based on new business written (on a retail weighted received premium basis) according to the Life Insurance Council. ICICI Lombard General Insurance Company was the largest private sector general insurance company in India during fiscal 2015, with a market share of 8.3% in gross written premium according to the General Insurance Council of India. ICICI Prudential Asset Management Company manages the ICICI Prudential Mutual Fund, which was the second largest mutual fund in India in

terms of average funds under management for the three months ended March 31, 2015 according to Association of Mutual Funds in India. We cross-sell the products of our insurance and asset management subsidiaries and other asset management companies to our retail and corporate customers. Our subsidiaries ICICI Securities Limited and ICICI Securities Primary Dealership Limited are engaged in equity underwriting and brokerage and primary dealership in government securities respectively. ICICI Securities owns icicidirect.com, a leading online brokerage platform. ICICI Securities Limited has a subsidiary in the United States, ICICI Securities Holdings Inc., which in turn has an operating subsidiary in the United States, ICICI Securities Inc., engaged in brokerage services. Our private equity fund management subsidiary ICICI Venture Funds Management Company manages funds that make private equity investments.

Business environment

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

Trends in fiscal 2015

Global economic growth was unchanged at 3.4% during calendar year 2014, similar to 2013. Growth in the advanced economies improved led by the U.S. while there was a slowdown in economic growth in emerging market economies led by China. Monetary policies were divergent across economies during the year. While the United States withdrew quantitative easing in 2014, the Euro Zone and Japan expanded their monetary easing programs. A significant development during the year was the sharp decline in commodity prices, particularly of crude oil. The price of benchmark Brent crude fell from USD 108/barrel in the beginning of April 2014 to USD 55/barrel by end-March 2015.

In India, the formation of a stable government with a strong electoral mandate in May 2014 led to an improvement in market sentiment. There was recovery in key macro-economic parameters during the year. Economic growth improved, inflation moderated, the current account deficit and exchange rates remained stable and interest rates came down during the year. The corporate investment cycle however continued to remain subdued and corporate profitability was weak during the year. In fiscal 2015, the Central Statistical Organisation (CSO) introduced a new methodology for calculation of gross domestic product and also revised the base year for calculation from fiscal 2005 to fiscal 2012. Changes in the methodology included replacing gross domestic product at factor cost with gross domestic product at market prices as the official gross domestic product estimate. The sector-wise break-up of gross domestic product is now represented by gross value added. As per the revised methodology, India’s gross domestic

product grew by 7.3% during fiscal 2015 compared to a growth of 6.9% in fiscal 2014. As per industry-wise growth estimates presented by gross value added, the agriculture sector grew by 0.2%, industrial sector by 6.1% and services sector by 10.2% during fiscal 2015 compared to 3.7%, 4.5% and 9.1%, respectively, during fiscal 2014. In terms of share of sectors in gross value added, agriculture comprised 16.1%, industry 31.4% and services 52.5% as per the revised estimates.

Inflation, measured by the consumer price index, moderated during fiscal 2015 partly supported by the drop in international crude oil prices. During fiscal 2015, the consumer price index was re-calibrated to a new base year fiscal 2012 from the earlier base year fiscal 2010. As per the revised index, inflation eased from 8.3% in March 2014 to 5.3% in March 2015. Food inflation dropped from 8.6% in March 2014 to 6.2% in March 2015, housing inflation eased from 12.7% to 4.8%, and services inflation from 6.4% to 3.0% during the period. Core consumer price index inflation, excluding food and fuel, reduced significantly from 8.0% in March 2014 to 3.8% in March 2015. The average consumer price index inflation for fiscal 2015 was 6.0%. The wholesale price index moved into a deflationary trend from November 2014 largely led by a fall in fuel prices. Inflation measured by the wholesale price index declined from 6.0% in March 2014 to a negative of 2.4% in March 2015. The average wholesale price index inflation for fiscal 2015 was 2.0%.

In the first bi-monthly monetary policy review for fiscal 2015, the Reserve Bank of India had articulated an inflation target of 8.0% by January 2015 and 6.0% by January 2016. During fiscal 2015, the Reserve Bank of India remained focused on the inflation trend and accordingly the repo rate was kept unchanged at 8.0% during the first nine months of fiscal 2015. The Reserve Bank of India announced a 25 basis points cut in the repo rate from 8.0% to 7.75% on January 15, 2015 and another 25 basis points to 7.50% on March 4, 2015. In March 2015, the Reserve Bank of India entered into a monetary policy framework agreement with the government of

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India in terms of which the central bank would pursue a target of bringing down the inflation level below 6.0% by January 2016 with the target for fiscal 2017 and all subsequent years set at 4.0% (with a band of +/- 2%). Further, the Reserve Bank of India reduced the statutory liquidity ratio by an aggregate 150 basis points from 23.0% to 21.5% during fiscal 2015, with a 50 basis points reduction each in June 2014, August 2014 and February 2015. The ceiling for inclusion of government securities forming part of the statutory liquidity ratio in the held-to-maturity category was reduced from 24.5% of net demand and time liabilities to 24.0% in August 2014. The ceiling was further reduced to 22.0% of net demand and time liabilities in September 2014, with a phased reduction of 50 basis points each to be effected in January 2015, April 2015, July 2015 and September 2015. The Reserve Bank of India continued to reduce the access of banks to the over-night Liquidity Adjustment Facility window. In April 2014, access to liquidity through the Liquidity Adjustment Facility was reduced from 0.50% of net demand and time liabilities to 0.25%. Correspondingly, liquidity through 7-day and 14-day term repos was increased from 0.50% to 0.75% of net demand and time liabilities.

Indian equity markets saw significant gains during fiscal 2015. The benchmark equity index, the S&P BSE Sensex, increased by 24.9% during fiscal 2015, with the index rising from 22,386 at March 31, 2014 to 27,957 at March 31, 2015. External sector indicators also improved during fiscal 2015. The current account deficit remained moderate and reduced from 1.7% of gross domestic product in fiscal 2014 to 1.4% of gross domestic product in fiscal 2015. Merchandise imports declined by 0.6% and exports by 1.2% during fiscal 2015. Foreign investments into India remained strong with foreign direct investments of US$ 34.4 billion and portfolio investment by foreign institutional investors of US$ 40.9 billion. The rupee depreciated by 3.8% during fiscal 2015 from Rs. 60.0 per US$ at end-March 2014 to Rs. 62.3 per US$ at end-March 2015 partly owing to a strengthening of the US dollar against major currencies.

During fiscal 2015, the government took a number of initiatives including enhancing the foreign shareholding limit in defence, railways and insurance sectors; fuel subsidy reforms in terms of deregulation of diesel prices, review of gas pricing and direct transfer of cooking gas subsidies into the beneficiaries' accounts; improving access to long-term financing for infrastructure projects; and auction of coal mines and spectrum. A comprehensive financial inclusion scheme, the Pradhan Mantri Jan-Dhan Yojana, was launched in August 2014 with the objective of opening a bank account for every household in the country. Between August 2014 and March 2015, banks opened 147.2 million basic savings accounts. In the Union Budget for fiscal 2016, announced on February 28, 2015, key measures included an increase in capital expenditure during fiscal 2016, proposed a 'plug-and-play' model for awarding long-term infrastructure projects where all necessary approvals would be in place before the project is awarded, proposing reduction in the corporate tax rate from 30.0% to 25.0% over the next four years along with rationalization of exemptions and setting a target for the goods and services tax regime to be implemented from April 1, 2016. The government has set a fiscal deficit target of 3.9% in fiscal 2016, 3.5% in fiscal 2017 and 3.0% by fiscal 2018.

The operating environment for the Indian corporate sector continued to remain challenging during fiscal 2015. The corporate and small and medium enterprises experienced muted growth in sales and profitability during the year owing to continued weak demand, challenges in execution of projects under implementation and high interest rates. In addition, the sharp reduction in global commodity prices in fiscal 2015 also negatively impacted some sectors like metals and minerals leading to lower revenues and inventory losses. While macroeconomic parameters showed an improvement in fiscal 2015, the Indian corporate sector remained under stress. This generally resulted in increasing levels of non-performing and restructured loans for the Indian banking sector.

Credit growth remained subdued during fiscal 2015. Non-food credit growth remained in the range of 10-11% for most part of the year, before increasing to 13.2% year-on-year at April 3, 2015 compared to 13.8% at April 4, 2014. Based on sector-wise credit data available as of March 20, 2015, year-on-year growth in credit to agriculture was 15.0%, industry was 5.6% and services sector was 5.6%, while retail loan growth was 15.4%. Deposit growth slowed down from 14.6% at April 4, 2014 to 12.8% year-on-year at April 3, 2015. Demand deposit growth remained volatile during the year, before increasing sharply to 25.0% year-on-year at April 3, 2015 compared to 14.3% at April 4, 2014.

First year retail premium underwritten in the life insurance sector (on weighted received premium basis) was Rs. 407.4 billion in fiscal 2015 as compared to Rs. 454.3 billion in fiscal 2014 according to the Life Insurance Council. Gross premium of the non-life insurance sector (excluding specialized insurance institutions) grew by 10.6% from Rs. 728.5 billion during fiscal 2014 to Rs. 805.9 billion during fiscal 2015 according to the General Insurance Council of India. The average assets under management of mutual funds increased by 31.4% from Rs. 9,045.5 billion in March 2014 to to Rs. 11,886.9 billion in March 2015 according to the Association of Mutual Funds in India.

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Banking regulation underwent several changes during fiscal 2015. Some important regulatory developments impacting the banking sector were the following:

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

- In June 2014, the Reserve Bank of India issued final guidelines on the Liquidity Coverage Ratio , a ratio of the stock of high quality liquid assets to the total net cash outflows over the next 30 calendar days. These guidelines are applicable from January 1, 2015 starting with a minimum Liquidity Coverage Ratio requirement of 60.0%, increasing in a phased manner to 100.0% from January 1, 2019. the Reserve Bank of India has also defined categories of assets qualifying as high quality liquid assets. In September 2014, banks were allowed to include statutory liquidity ratio securities up to 5.0% of net demand and time liabilities as high quality liquid assets in the computation of the Liquidity Coverage Ratio. Further, as per guidelines issued on liquidity standards in November 2014, the Reserve Bank of India allowed banks to avail a special liquidity facility against the statutory liquidity ratio securities forming part of high quality liquid assets called Facility to Avail Liquidity for Liquidity Coverage Ratio;

- In July 2014, the Reserve Bank of India allowed banks to issue long-term bonds for financing infrastructure projects and low-cost housing. These bonds have a minimum maturity of seven years and are exempted from reserve requirements like cash reserve ratio and statutory liquidity ratio, and are also permitted to be deducted from adjusted net bank credit for the purpose of priority sector lending targets. Further, as per revised guidelines on priority sector lending issued by the Reserve Bank of India in April 2015, banks can either include loans backed by long term bonds under priority sector lending or take the benefit of exemption from adjusted net bank credit, but not both;

- In July 2014, the Reserve Bank of India issued guidelines permitting banks to structure long-term project loans to infrastructure and other core industries, with the intent of refinancing these loans at periodic intervals without such refinancing being considered as restructuring. Such loans may have tenors linked to the economic life of the project and can extend up to 25 years. The amortization schedule of the loans can be modified once during the course of the loan without classifying them as restructured loans provided they meet certain specific requirements like being a standard asset with no loss on the net present value and the debt amortization being scheduled within 85% of the economic life of the project. Further, in December 2014, the Reserve Bank of India permitted flexible structuring of loans for existing project loans to infrastructure and other core industries subject to certain conditions; and

- In March 2015, the Reserve Bank of India issued guidelines regarding sale of non-performing assets to securitization and reconstruction companies. The Reserve Bank of India permitted banks to reverse the excess provision arising out of sale of non-performing assets at a value higher than the net book value to the profit and loss account.

Business overview

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

During fiscal 2011 and fiscal 2012, our corporate loan portfolio experienced significant growth following an improvement in economic conditions in India. Investments by the Indian corporate sector increased sharply during this period, particularly in the infrastructure sector. The Indian banking sector, including us, pursued lending opportunities in the corporate segment during this period. The Indian economy thereafter experienced a moderation in growth. During fiscal 2012 to fiscal 2014, interest rates increased following a tightening of monetary policy in response to high inflation. The Indian rupee depreciated sharply against the U.S. dollar following global economic challenges and a deterioration in key external sector parameters for India. The Indian government's fiscal position declined. The corporate sector experienced a decline in sales and profit growth and also an elongation of working capital cycles and a high level of receivables. Corporate investment activity declined due to concerns over administrative clearances and issues around access to land and natural resources. For example, there were concerns over the availability of fuel

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for thermal and gas-based power plants. Given the concerns over growth, companies found it difficult to access equity capital markets and leverage levels for several companies and sectors increased. In fiscal 2015, there was an improvement in key macroeconomic trends. Economic growth improved, inflation moderated leading to the Reserve Bank of India reducing the repo rate by 50 basis points. The current account deficit reduced and exchange rates remained stable during the year. The formation of a stable government with a strong electoral mandate in May 2014 led to an improvement in market sentiment. However, the corporate sector continues to experience challenges. The government has announced several reforms during the year, with a focus on strengthening the operating environment for the corporate sector. However, these measures are expected to show results only in the medium term. . See also "-*Executive Summary - Business environment - Trends in fiscal 2015*". Due to the continuing challenges in the corporate sector, there has generally been an increase in the non-performing loans (including out of loans restructured in earlier periods) and restructured loans of Indian banks, including us, during fiscal 2015. Banking sector growth trends in both credit and deposits were subdued. Trends in systemic liquidity, interest rates and inflation would influence deposit growth, especially with respect to low cost savings and current account deposits. Our ability to grow our low cost deposit base may be further impacted by increasing competition for such deposits from existing banks and new entrants. The slowdown in fresh corporate investments and new infrastructure projects has impacted our related fee income revenue streams. Given these developments, we have adopted a balanced approach to growth, risk management and profitability. We have continued our focus on driving momentum in the retail segment while adopting a selective approach to corporate lending. We have also focused on sustaining the improvements in our deposit profile and cost ratios and managing the quality of our portfolio. As we grow our businesses, meeting customer expectations on service quality has been a critical element of our strategy. A discussion of our financial performance in fiscal 2015 is given below:

Our net profit increased by 10.9% from Rs. 110.4 billion in fiscal 2014 to Rs. 122.5 billion in fiscal 2015 primarily due to an increase in net interest income by 14.6% and an increase in non-interest income by 17.2%, offset, in part, by an increase in non-interest expenses by 14.2% and an increase in provisions (excluding provisions for tax) by 56.4%.

The increase in net interest income by 14.6% from Rs. 197.7 billion in fiscal 2014 to Rs. 226.5 billion in fiscal 2015 reflects a 10.6% increase in average interest-earning assets and an increase in net interest margin by 11 basis points.

Provisions and contingencies (excluding provisions for tax) increased by 56.4% from Rs. 29.0 billion in fiscal 2014 to Rs. 45.4 billion in fiscal 2015, primarily due to an increase in provisions for non-performing and restructured assets and increase in provision for investments. The provision for non-performing and restructured assets increased primarily on account of an increase in additions to non-performing assets (including classification of standard restructured loans as non-performing loans due to failure of the borrowers to perform as per the restructured debt terms).

Non-interest income increased by 17.2% from Rs. 300.8 billion in fiscal 2014 to Rs. 352.5 billion in fiscal 2015 primarily due to an increase in premium and other operating income relating to insurance business, profit from treasury-related activities and commission, exchange and brokerage income, offset, in part, by a decrease in profit on sale of land, buildings and other assets. Income relating to our insurance business increased from Rs. 193.3 billion in fiscal 2014 to Rs. 220.8 billion in fiscal 2015 primarily due to an increase in income from our life insurance business.

Profit from treasury-related activities increased from Rs. 31.4 billion in fiscal 2014 to Rs. 46.7 billion in fiscal 2015 primarily due to higher gains on government securities and other fixed income positions, realized gains/reversal of marked-to market losses on our equity portfolio and net exchange gains relating to overseas operations, offset, in part, by a decrease in profit on security receipts. Commission, exchange and brokerage income increased from Rs. 73.2 billion in fiscal 2014 to Rs. 83.9 billion in fiscal 2015 primarily due to an increase in transaction banking fees and commercial banking fees, offset, in part, by a decrease in lending linked fees. Fee income of ICICI Securities increased primarily due to increase in brokerage income and third party product distribution fees. Further, there was an increase in average assets under management and margins on mutual fund operations of ICICI Prudential Asset Management Company.

Non-interest expense increased by 14.2% from Rs. 306.7 billion in fiscal 2014 to Rs. 350.2 billion in fiscal 2015 primarily due to an increase in expenses related to insurance business, payments to and provisions for employees and other administrative expenses. Expenses related to insurance business increased from Rs. 162.4 billion in fiscal 2014 to Rs. 191.6 billion in fiscal 2015 primarily due to an increase in expenses of our life insurance business driven by the growth in business volumes. Employee expenses increased from Rs. 59.7 billion in fiscal 2014 to Rs. 65.7 billion in fiscal 2015 primarily due to annual increments and promotions and a

higher provision requirement for retirement benefit obligation due to a decrease in the discount rate, which is linked to the yield on government securities.

The corporate sector continued to experience challenges during fiscal 2015. The prolonged economic slowdown and relatively gradual recovery has resulted in continued additions to non-performing and restructured loans as well as an increase in classification of standard restructured loans as non-performing loans due to failure of the borrowers to perform as per the restructured debt terms. *See also "Business – Classification of Loans – Impact of Economic Environment on Commercial and Consumer Loan Borrowers"*. Net non-performing assets increased by 73.1% from Rs. 44.6 billion at year-end fiscal 2014 to Rs. 77.2 billion at year-end fiscal 2015 primarily due to increase in classification of standard restructured loans as non-performing loans due to failure of the borrowers to perform as per the restructured debt terms. Net restructured assets decreased marginally from Rs. 122.2 billion at year-end fiscal 2014 to Rs. 121.3 billion at year-end fiscal 2015 primarily due to classification of standard restructured loans as non-performing loans due to failure of the borrowers to perform as per the restructured debt terms, offset, in part, by new loans restructured (including increase in loans to borrowers restructured in earlier periods) during fiscal 2015.

Loans increased by 13.2% from Rs. 3,873.4 billion at year-end fiscal 2014 to Rs. 4,384.9 billion at year-end fiscal 2015 primarily due to an increase in domestic retail and corporate loans. Deposits increased by 7.4% from Rs. 3,595.1 billion at year-end fiscal 2014 to Rs. 3,859.6 billion at year-end fiscal 2015, primarily due to an increase in savings and current account deposits and term deposits. We continued to expand our branch network in India during the year. ICICI Bank's branch network in India increased from 3,753 at year-end fiscal 2014 to 4,050 at year-end fiscal 2015. ICICI Bank also increased its ATM network from 11,315 ATMs at year-end fiscal 2014 to 12,451 ATMs at year-end fiscal 2015.

The capital adequacy ratios of ICICI Bank on an unconsolidated basis in accordance with the Reserve Bank of India's guidelines on Basel III, at year-end fiscal 2015 were: common equity tier 1 risk-based capital ratio of 12.8%; tier 1 risk-based capital ratio of 12.8%; and total risk-based capital ratio of 17.0%. The capital adequacy ratios of ICICI Bank on a consolidated basis in accordance with the Reserve Bank of India's guidelines on Basel III, at year-end fiscal 2015 were: common equity tier 1 risk-based capital ratio of 12.8%; tier 1 risk-based capital ratio of 12.9%; and total risk-based capital ratio of 17.2%.

Business outlook

Economic conditions in India have gradually improved during fiscal 2015 after a period of subdued growth. Growth in India's gross domestic product has recovered from 5.1% in fiscal 2013 to 6.9% in fiscal 2014 and 7.3% in fiscal 2015. The improvement in growth is supported by a moderation in inflation, strengthened external sector position and a stable exchange rate during fiscal 2015. The formation of a government with a strong mandate and the policy initiatives taken during fiscal 2015 is expected to have a positive impact on the economy going forward. The corporate and small and medium enterprises segment continue to experience challenges reflected in the low profitability and subdued investment activity during fiscal 2015. As corporate profitability trends improve and investment activity

revives, growth in the Indian economy will be further strengthened. See also "*Risk Factors—Risks Relating to India and other Economic and Market Risks—A prolonged slowdown in economic growth or rise in interest rates in India could cause our business to suffer*".

During fiscal 2015, credit and deposit growth in the Indian banking system continued to remain muted. This was accompanied by an increase in the level of non-performing and restructured loans. In the life insurance sector, the new business retail weighted premium for the industry declined by 10.3% during fiscal 2015 compared to a decline of 3.4% during fiscal 2014. However, the private insurance companies saw a growth of 15.8% in fiscal 2015 compared to a decline of 3.4% in fiscal 2014 on new business retail weighted premium basis. The general insurance sector however continued to grow. See also "*Business—Overview of Our Products and Services—Insurance*".

During fiscal 2015, the government has announced several policy initiatives in the areas of foreign investments, promoting manufacturing, efficiency of government services, fiscal consolidation and long-term projects for improving infrastructure which has resulted in renewed optimism regarding India's medium term growth prospects. However, the recovery is expected to be gradual. While private consumption remains relatively strong, we believe that a gradual revival in corporate investment activity would result in increased lending opportunities as well as avenues for banks to earn related fee income streams. Further, an improvement in the health of the corporate sector is also expected to result in normalization in the pace of additions to non-

performing and restructured loans over the medium term. Over the longer-term, we thus see favorable prospects for the Indian economy. India's strong domestic consumption and investment drivers will continue to support healthy rates of growth. Increasing household incomes and consumption is expected to lead to opportunities in retail savings, investment and loan products, significant industrial and infrastructure investment potential to lead to opportunities in project and corporate finance, and increasing global linkages to lead to opportunities in international banking for Indian corporations and non-resident Indians.

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

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

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

Other Key Factors

Under Indian GAAP, we have not consolidated certain entities in which investments are intended to be temporary. However under U.S. GAAP, these entities have been consolidated in accordance with FASB ASC Subtopic 810-10, "Consolidation – Overall". Under Indian GAAP, investment in 3i Infotech Limited was not accounted as per equity method based on the Group's continued intention to reduce the stake in 3i Infotech Limited below 20% in the near future and the severe long-term restrictions on 3i Infotech Limited under its debt restructuring arrangement that impair

the ability of 3i Infotech Limited to transfer funds to its investors. However, under U.S. GAAP, this entity has been accounted for as an equity affiliate in accordance with FASB ASC Subtopic 323-10 “Investments – Equity Method and Joint Ventures”. At June 30, 2015, the Group’s stake in 3i Infotech reduced below 10.0%.

Effect of Other Acquisitions

During fiscal 2011, ICICI Bank entered into an all-stock amalgamation of the Bank of Rajasthan at a share exchange ratio of 25 shares of ICICI Bank for 118 shares of the Bank of Rajasthan. Our financial statements for fiscal 2011 include the results of the operations of Bank of Rajasthan for the period from August 13, 2010 to year-end fiscal 2011. The amalgamation of the Bank of Rajasthan was not material to our overall operations.

Average Balance Sheet

The average balances are the sum of daily average balances outstanding, except for the averages of overseas branches of ICICI Bank which are calculated on fortnightly basis till September 2014. From October 2014, averages of the foreign branches are averages of daily balances. The yield on average interest-earning assets is

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the ratio of interest income to average interest-earning assets. The cost of average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities. The average balances of advances include non-performing advances and are net of allowance for loan losses. We have re-calculated tax-exempt income on a tax-equivalent basis. Tax exempt income primarily consists of dividend income and interest income on tax free bonds. During fiscal 2015, we have applied an effective marginal tax rate of 29%. Other interest income has been bifurcated into rupee and foreign currency amounts in order to facilitate the explanation of movements of rupee and foreign currency spreads and margins. The rupee portion of other interest income primarily includes interest on income tax refunds and income from interest rate swaps. The foreign currency portion of other interest income primarily includes income from interest rate swaps in foreign currencies. The swaps considered in other interest income are part of the non-trading portfolio and are undertaken by us to manage the market risk arising from our assets and liabilities. Previous year figures have been re-grouped/re-classified where necessary to conform to current period classification.

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

	Year ended March 31,								
	2013			2014			2015		
	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Av yi co
	(in millions, except percentages)								
Assets:									
Advances:									
Rupee	Rs. 2,048,621	Rs. 246,408	12.03%	Rs. 2,306,443	Rs. 281,158	12.19%	Rs. 2,655,787	Rs. 321,025	1
Foreign currency	1,100,726	49,217	4.47	1,282,850	56,051	4.37	1,393,493	59,572	4
Total advances	3,149,347	295,625	9.39	3,589,293	337,209	9.39	4,049,280	380,597	9
Investments:									
Rupee	1,672,004	133,076	7.96	1,849,764	142,681	7.71	1,999,761	152,861	7
Foreign currency	118,789	2,783	2.34	97,742	2,368	2.42	76,461	1,107	1
Total investments	1,790,793	135,859	7.59	1,947,506	145,049	7.45	2,076,222	153,968	7
Other interest-earning assets:									
Rupee	208,674	6,558	3.14	180,082	3,491	1.94	183,574	2,854	1
Foreign currency	123,675	1,265	1.02	113,745	694	0.61	140,116	1,092	0
Total other interest-earning assets	332,349	7,823	2.35	293,826	4,185	1.42	323,690	3,946	1
Other interest income:									

Rupee		4,814			4,115			5,624	
Foreign currency		7,395			6,835			8,156	
Total other interest income		12,209			10,950			13,780	
Interest-earning assets:									
Rupee	3,929,299	390,856	9.95	4,336,288	431,445	9.95	4,839,122	482,364	9
Foreign currency	1,343,190	60,660	4.52	1,494,337	65,947	4.41	1,610,070	69,927	4
Total interest-earning assets	5,272,489	451,516	8.56	5,830,625	497,393	8.53	6,449,192	552,291	8
Fixed assets	54,738			54,752			56,101		
Other assets	1,067,209			1,151,625			1,184,109		
Total non-earning assets	1,121,947			1,206,377			1,240,210		
Total assets	**Rs. 6,394,436**	**Rs. 451,516**		**Rs. 7,037,002**	**Rs. 497,393**		**Rs. 7,689,402**	**Rs. 552,291**	
Liabilities:									
Savings account deposits:									
Rupee	Rs. 753,946	Rs. 29,878	3.96 %	Rs. 865,748	Rs. 34,336	3.97 %	Rs. 981,430	Rs. 39,012	3
Foreign currency	68,665	733	1.07	82,051	1,025	1.25	76,724	849	1
Total savings account deposits	822,611	30,611	3.72	947,800	35,361	3.73	1,058,154	39,861	3
Time deposits:									
Rupee	1,481,452	134,675	9.09	1,541,494	135,375	8.78	1,693,728	148,279	8
Foreign currency	334,376	10,550	3.16	392,768	13,454	3.43	461,456	19,583	4
Total time deposits	1,815,828	145,225	8.00	1,934,262	148,829	7.69	2,155,184	167,862	7
Other demand deposits:									
Rupee	217,742			246,554			277,798		
Foreign currency	43,058			47,187			48,364		
Total other demand deposits	260,800			293,741			326,162		
Total deposits:									
Rupee	2,453,140	164,553	6.71	2,653,796	169,711	6.40	2,952,956	187,291	6
Foreign currency	446,099	11,283	2.53	522,006	14,479	2.77	586,544	20,432	3
Total deposits	2,899,239	175,836	6.06	3,175,802	184,190	5.80	3,539,500	207,723	5
Borrowings:									

Rupee	642,997	69,757	10.85	678,217	74,740	11.02	717,975	75,376	1
Foreign currency	1,013,863	37,261	3.68	1,142,414	38,176	3.34	1,188,315	40,083	3
Total borrowings	1,656,860	107,018	6.46	1,820,630	112,916	6.20	1,906,290	115,459	6
Interest-bearing liabilities:									
Rupee	3,096,137	234,310	7.57	3,332,013	244,451	7.34	3,670,931	262,667	7
Foreign currency	1,459,962	48,544	3.32	1,664,419	52,655	3.16	1,774,859	60,515	3
Total interest-bearing liabilities	4,556,099	282,854	6.21	4,996,433	297,106	5.95	5,445,790	323,182	5
Preference share capital	3,500			3,500			3,500		
Other liabilities	1,163,534			1,285,054			1,411,302		
Total liabilities	5,723,133	282,854		6,284,987	297,106		6,860,592	323,182	
Stockholders' equity	671,303			752,016			828,810		
Total liabilities and stockholders' equity	**Rs. 6,394,436**	**Rs. 282,854**		**Rs. 7,037,002**	**Rs. 297,106**		**Rs. 7,689,402**	**Rs. 323,182**	

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Analysis of Changes in Interest Income and Interest Expense: Volume and Rate Analysis

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

	Fiscal 2014 vs. Fiscal 2013			Fiscal 2015 vs. Fiscal 2014		
		Increase (decrease) due to			Increase (decrease) due to	
	Net change	Change in average volume	Change in average rate	Net change	Change in average volume	Change in average rate
	(in millions)					
Interest income:						
Advances:						
Rupee	Rs. 34,750	Rs. 31,429	Rs. 3,321	Rs. 39,867	Rs. 42,228	Rs. (2,361)
Foreign currency	6,834	7,957	(1,123)	3,521	4,730	(1,209)
Total advances	41,584	39,386	2,198	43,388	46,958	(3,570)
Investments:						
Rupee	9,605	13,711	(4,106)	10,180	11,466	(1,286)
Foreign currency	(416)	(510)	94	(1,261)	(308)	(953)
Total investments	9,189	13,201	(4,012)	8,919	11,158	(2,239)
Other interest-earning assets:						
Rupee	(3,067)	(554)	(2,513)	(637)	54	(691)
Foreign currency	(571)	(61)	(510)	398	205	193
Total other interest earning asset	(3,638)	(615)	(3,023)	(239)	259	(498)
Other interest income						
Rupee	(699)	—	(699)	1,509	—	1,509
Foreign currency	(560)	—	(560)	1,321	—	1,321
Other interest income	(1,259)	—	(1,259)	2,830	—	2,830
Total interest income:						
Rupee	40,589	44,586	(3,997)	50,919	53,748	(2,829)
Foreign currency	5,287	7,386	(2,099)	3,979	4,627	(648)
Total interest income	45,876	51,972	(6,096)	54,898	58,375	(3,477)
Interest expense:						
Savings account deposits:						
Rupee	4,458	4,434	24	4,676	4,598	78
Foreign currency	292	167	125	(176)	(59)	(117)
Total savings account deposits	4,750	4,601	149	4,500	4,539	(39)
Time deposits:						
Rupee	700	5,273	(4,573)	12,904	13,327	(423)
Foreign currency	2,904	2,000	904	6,129	2,915	3,214
Total time deposits	3,604	7,273	(3,669)	19,033	16,242	2,791
Total deposits:						
Rupee	5,158	9,707	(4,549)	17,580	17,925	(345)

Foreign currency	3,196	2,167	1,029	5,953	2,856	3,097
Total deposits	8,354	11,874	(3,520)	23,533	20,781	2,752
Borrowings:						
Rupee	4,983	3,881	1,102	636	4,174	(3,538)
Foreign currency	915	4,296	(3,381)	1,907	1,548	359
Total borrowings	5,898	8,177	(2,279)	2,543	5,722	(3,179)
Total interest expense:						
Rupee	10,141	13,588	(3,447)	18,216	22,099	(3,883)
Foreign currency	4,111	6,463	(2,352)	7,860	4,404	3,456
Total interest expense	14,252	20,051	(5,799)	26,076	26,503	(427)
Net interest income:						
Rupee	30,448	30,998	(550)	32,703	31,649	1,054
Foreign currency	1,176	923	253	(3,881)	223	(4,104)
Total net interest income	**Rs. 31,624**	**Rs. 31,921**	**Rs. (297)**	**Rs. 28,822**	**Rs. 31,872**	**Rs. (3,050)**

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Yields, Spreads and Margins

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

	Year ended March 31,				
	2011	2012	2013	2014	2015
	(in millions, except percentages)				
Interest income[1]	Rs. 304,411	Rs. 383,277	Rs. 451,516	Rs. 497,393	Rs. 552,291
Average interest-earning assets	4,157,164	4,697,241	5,272,489	5,830,625	6,449,192
Interest expense	193,426	250,132	282,854	297,106	323,182
Average interest-bearing liabilities	3,717,501	4,099,844	4,556,099	4,996,433	5,445,790
Average total assets	5,282,746	5,832,309	6,394,436	7,037,002	7,689,402
Average interest-earning assets as a percentage of average total assets	78.69 %	80.54 %	82.45 %	82.86 %	83.87 %
Average interest-bearing liabilities as a percentage of average total assets	70.37	70.30	71.25	71.00	70.82
Average interest-earning assets as a percentage of average interest-bearing liabilities	111.83	114.57	115.72	116.70	118.43
Yield	7.32	8.16	8.56	8.53	8.56
Rupee	8.28	9.32	9.95	9.95	9.97
Foreign currency	4.66	4.78	4.52	4.41	4.34
Cost of funds	5.20	6.10	6.21	5.95	5.93
Rupee	5.97	7.36	7.57	7.34	7.16
Foreign currency	3.53	3.50	3.32	3.16	3.41
Spread[2]	2.12	2.06	2.35	2.58	2.63
Rupee	2.31	1.96	2.38	2.61	2.81
Foreign currency	1.13	1.28	1.20	1.25	0.93
Net interest margin[3]	2.67	2.83	3.20	3.44	3.55
Rupee	3.31	3.50	3.98	4.31	4.54
Foreign currency	0.90	0.89	0.90	0.89	0.58

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(1) We have re-calculated tax-exempt income on a tax-equivalent basis. The impact of re-calculation of tax-exempt income on a tax equivalent basis was Rs. 3.6 billion for fiscal 2011, Rs. 3.3 billion for fiscal 2012, Rs. 2.7 billion for fiscal 2013, Rs. 2.6 billion for fiscal 2014 and Rs. 2.7 billion for fiscal 2015.

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

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

Net Interest Income

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

	Year ended March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Interest income[1]	Rs. 494,792	Rs. 549,640	US$ 8,821	11.1 %
Interest expense	(297,106)	(323,182)	(5,187)	8.8 %
Net interest income	**Rs. 197,686**	**Rs. 226,458**	**US$ 3,634**	**14.6 %**

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(1) Tax exempt income has not been re-calculated on a tax-equivalent basis.

Net interest income increased by 14.6% from Rs. 197.7 billion in fiscal 2014 to Rs. 226.5 billion in fiscal 2015, reflecting an increase of 10.6% in the average volume of interest-earning assets and an increase in net interest margin by 11 basis points from 3.44% in fiscal 2014 to 3.55% in fiscal 2015.

Net interest margin

Net interest margin increased by 11 basis points from 3.44% in fiscal 2014 to 3.55% in fiscal 2015. There was an increase of 23 basis points in the net interest margin on the rupee portfolio.

The yield on the rupee portfolio increased by 2 basis points from 9.95% in fiscal 2014 to 9.97% in fiscal 2015 primarily due to the following:

- The yield on rupee advances decreased from 12.19% in fiscal 2014 to 12.09% in fiscal 2015. The yield on rupee investments decreased from 7.71% in fiscal 2014 to 7.64% in fiscal 2015. The yield on other interest-earning assets decreased from 1.94% in fiscal 2014 to 1.55% in fiscal 2015. However, overall yield on rupee portfolio increased primarily due to an increase in the proportion of advances in the portfolio.

- The yield on rupee advances decreased from 12.19% in fiscal 2014 to 12.09% in fiscal 2015 primarily due to increase in the lower yielding secured retail portfolio and incremental corporate lending at lower rates due to softening of interest rates and lower credit demand. In response to the reduction in repo rate by 50 basis points from 8.00% to 7.50% in two phases on January 15, 2015 and March 4, 2015 by the Reserve Bank of India, the Bank reduced its base rate by 25 basis points to 9.75% with effect from April 10, 2015 and further by 5 basis points to 9.70% with effect from June 26, 2015. The impact of this decrease and any further reduction in base rate will reflect in the yield on advances in fiscal 2016. See also “*Business—Loan portfolio—Loan pricing*”.

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- The yield on interest-earning rupee investments decreased from 7.71% in fiscal 2014 to 7.64% in fiscal 2015, primarily due to a decrease in yield on investments other than statutory liquidity ratio investments. The yield on investments other than statutory liquidity ratio investments decreased primarily on account of decrease in yield on pass through certificates and higher investment in lower yielding Rural Infrastructure Development Fund and other related investments. This decline was offset, in part, by an increase in yield on statutory liquidity ratio investments primarily due to purchase of medium tenor securities at higher yields in the held-to-maturity category, maturity/sale of lower-yielding shorter tenor securities during fiscal 2015 and re-set of coupons on floating rate bonds at a higher yield as compared to fiscal 2014.

- The yield on other interest-earning rupee assets decreased from 1.94% in fiscal 2014 to 1.55% in fiscal 2015 primarily due to maturity of higher yielding deposits with banks.

- Interest on income tax refunds increased from Rs. 2.0 billion in fiscal 2014 to Rs. 2.8 billion in fiscal 2015. The receipt, amount and timing of such income depend on the nature and timing of determinations by tax authorities and are neither consistent nor predictable.

The cost of funds for the rupee portfolio decreased by 18 basis points from 7.34% in fiscal 2014 to 7.16% in fiscal 2015 primarily due to the following factors:

- The cost of rupee deposits decreased from 6.40% in fiscal 2014 to 6.34% in fiscal 2015 primarily due to increase in average current and savings account deposits and decrease in the cost of rupee term deposits. The average current and savings account deposits as a percentage of total rupee deposits increased from 41.9% in fiscal 2014 to 42.6% in fiscal 2015. The cost of rupee term deposits decreased from 8.78% in fiscal 2014 to 8.75% in fiscal 2015. During fiscal 2015, the Bank reduced the term deposit rates on select maturities, effective November 28, 2014. The full impact of this decrease will reflect in the cost of deposits in fiscal 2016.

- The cost of rupee borrowings decreased from 11.02% in fiscal 2014 to 10.50% in fiscal 2015.

The yield on our foreign currency portfolio decreased by 7 basis points from 4.41% in fiscal 2014 to 4.34% in fiscal 2015 primarily due to the following:

- The yield on assets of ICICI Bank Canada decreased primarily due to sale/maturity of government securities with higher yields, prepayments/repayments of higher yielding loans and an increase in the lower yielding securitized insured mortgages portfolio.

- The yield on assets of overseas branches of ICICI Bank decreased in fiscal 2015 as compared to fiscal 2014 primarily due to decrease in the yield on loans. The yield on loans decreased primarily due to refinancing/prepayment of existing loans and incremental lending at lower rates in fiscal 2015.

This was, offset, in part, by an increase in yield on assets of ICICI Bank UK, which increased primarily due to increase in yield on loans, offset, in part, by decrease in yield on investments.

The cost of funds for the foreign currency portfolio increased by 25 basis points from 3.16% in fiscal 2014 to 3.41% in fiscal 2015, due to the following factors:

- The cost of funds for ICICI Bank's foreign currency funding increased primarily on account of an increase in the cost of term deposits. The cost of term deposits increased in fiscal 2015 due to the full impact of foreign currency non-resident (bank) deposits mobilized during fiscal 2014. There was a marginal increase in cost of borrowings in fiscal 2015 as compared to fiscal 2014.

The above increase was offset, in part, by decrease in cost of funds of ICICI Bank Canada and ICICI Bank UK.

- The cost of funds of ICICI Bank Canada decreased due to a decrease in the cost of deposits and the cost of borrowings. The cost of deposits decreased on account of maturities of high cost term deposits during fiscal 2015.The cost of borrowings decreased on account of a higher proportion of low cost borrowings under insured mortgages securitization borrowings in the total borrowings during fiscal 2015.

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- The cost of funds of ICICI Bank UK decreased due to a decrease in the cost of deposits and the cost of borrowings. The cost of deposits decreased on account of maturities of high cost retail term deposits and an increase in institutional term deposits and term deposits raised at lower rates. The cost of borrowings decreased due to repayment of high cost borrowings and lower cost overnight and term borrowings raised in fiscal 2015.

Interest-earning assets

The average volume of interest-earning assets increased by 10.6% from Rs. 5,830.6 billion in fiscal 2014 to Rs. 6,449.2 billion in fiscal 2015. The increase in interest-earning assets was primarily due to an increase in average loans by Rs. 460.0 billion and an increase in average interest-earning investments by Rs. 128.7 billion.

Average loans increased by 12.8% from Rs. 3,589.3 billion in fiscal 2014 to Rs. 4,049.3 billion in fiscal 2015. Average rupee loans increased from Rs. 2,306.4 billion in fiscal 2014 to Rs. 2,655.8 billion in fiscal 2015 primarily due to an increase in retail loans. Average foreign currency loans increased from Rs. 1,282.8 billion in fiscal 2014 to Rs. 1,393.5 billion in fiscal 2015, primarily due to the impact of the depreciation of the rupee against the U.S. dollar, an increase in the insured mortgage portfolio of ICICI Bank Canada and an increase in corporate loans of ICICI Bank UK.

Average interest-earning investments increased by 6.6% from Rs. 1,947.5 billion in fiscal 2014 to Rs. 2,076.2 billion in fiscal 2015. Average rupee investments increased from Rs. 1,849.8 billion in fiscal 2014 to Rs. 1,999.8 billion in fiscal 2015 primarily due to an increase in investments in Indian government securities by 8.1% from Rs. 1,145.1 billion in fiscal 2014 to Rs. 1,238.1 billion in fiscal 2015. Interest-earning investments, other than Indian government securities include investments in corporate bonds and debentures, certificates of deposits, commercial paper, pass through certificates, the Rural Infrastructure Development Fund and related investments and investments in liquid mutual funds. Average investments other than in Indian government securities increased from Rs. 802.4 billion in fiscal 2014 to Rs. 838.1 billion in fiscal 2015 primarily due to increase in investment in pass through certificates, Rural Infrastructure Development Fund and other related investments, offset, in part, by a decrease in certificate of deposits and bonds and debentures. Average foreign currency investments decreased from Rs. 97.7 billion in fiscal 2014 to Rs. 76.5 billion in fiscal 2015 primarily due to decrease in average investments of ICICI Bank Canada on account of re-classification of corporate bonds from investment to loans and advances in fiscal 2014.

Interest-bearing liabilities

Average interest-bearing liabilities increased by 9.0% from Rs. 4,996.4 billion in fiscal 2014 to Rs. 5,445.8 billion in fiscal 2015 on account of an increase in average deposits by Rs. 363.7 billion and an increase in average borrowings by Rs. 85.7 billion. Average term deposits increased from Rs. 1,934.3 billion in fiscal 2014 to Rs. 2,155.2 billion in fiscal 2015. Average current and savings account deposits increased from Rs. 1,241.5 billion in fiscal 2014 to Rs. 1,384.3 billion in fiscal 2015. Average borrowings increased from Rs. 1,820.6 billion in fiscal 2014 to Rs. 1,906.3

billion in fiscal 2015 due to an increase in bond borrowings and refinance borrowings, offset, in part, by decrease in call borrowing including repo borrowings. The overseas borrowings of ICICI Bank in rupee terms increased primarily due to the impact of depreciation of the rupee against the U.S. dollar.

Average deposits of ICICI Bank UK increased primarily due to an increase in average term deposits and average savings account deposits. Average borrowings of ICICI Bank UK decreased due to repayment of syndicated loans and repo borrowings, offset, in part, by an increase in inter-bank borrowings and bond borrowings. Average borrowings of ICICI Bank Canada increased primarily on account of an increase in borrowings through securitization of mortgages. However, there was a decrease in average deposits of ICICI Bank Canada due to a decrease in average savings account deposits and average term deposits. ICICI Bank Canada funds its mortgage loan portfolio through securitization borrowings. The non-mortgage loan portfolio of ICICI Bank Canada decreased due to maturity of loans, resulting in lower requirement of deposit funding during fiscal 2015. As a result, deposits of ICICI Bank Canada decreased at year-end fiscal 2015 as compared to year-end fiscal 2014.

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

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Non-Interest Income

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

	Year ended March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Commission, exchange and brokerage	Rs. 73,241	Rs. 83,939	US$ 1,347	14.6 %
Profit/(loss) on treasury-related activities (net)[1]	31,378	46,694	748	48.8
Profit/(loss) on sale of land, buildings and other assets (net)	1,352	34	1	(97.5)
Premium and other operating income from insurance business	193,319	220,771	3,543	14.2
Miscellaneous income	1,556	1,085	17	(30.3)
Total non-interest income	**Rs. 300,846**	**Rs. 352,523**	**US$ 5,658**	**17.2 %**

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

Non-interest income primarily includes income pertaining to our insurance business, commission, exchange and brokerage income, profit/(loss) on treasury-related activities and other miscellaneous income. This analysis of non-interest income should be read against the backdrop of global and Indian economic developments, financial market activities, the competitive environment, client activity levels and our strategy, as detailed in earlier sections.

Non-interest income increased by 17.2% from Rs. 300.8 billion in fiscal 2014 to Rs. 352.5 billion in fiscal 2015 primarily due to an increase in premium and other operating income relating to insurance business, profit on treasury-related activities and commission, exchange and brokerage income.

Commission, exchange and brokerage

Commission, exchange and brokerage income primarily includes fees from our banking business as well as fee and brokerage income of our securities broking, asset management and venture capital fund management subsidiaries. The fee income of our banking business primarily includes fees from corporate clients such as loan processing fees, transaction banking fees and structuring fees and fees from retail customers such as loan processing fees, credit card fees and service charges on retail deposit accounts.

Commission, exchange and brokerage income increased by 14.6% from Rs. 73.2 billion in fiscal 2014 to Rs. 83.9 billion in fiscal 2015. Commission, exchange and brokerage income of ICICI Bank increased from Rs. 63.1 billion in fiscal 2014 to Rs. 69.8 billion in fiscal 2015. Further, there was an increase in brokerage income of our securities broking subsidiary and management fees of our asset management subsidiary.

The commission, exchange and brokerage income of ICICI Bank increased primarily due to an increase in credit card fees and other transaction banking fees and commercial banking fees, offset, in part, by a decrease in lending linked fees.

Brokerage income and third party product distribution fees of our securities broking subsidiary increased primarily due to higher business volumes and increased capital market activities. Further, there was an increase in management fees of our asset management subsidiary primarily due to an increase in average assets under management, change in mix in favor of equity mutual funds which earns higher fees and an increase in margins on mutual fund schemes.

Profit/(loss) on treasury-related activities (net)

Profit/(loss) on treasury-related activities includes income from the sale of investments and the revaluation of investments on account of changes in unrealized profit/(loss) in the fixed income, equity and preference share portfolio, units of venture capital and private equity funds, units of mutual funds and security receipts issued by asset reconstruction companies. It also includes income from foreign exchange transactions, consisting of various foreign exchange and derivatives transactions with clients, including options and swaps. Profit from

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treasury-related activities increased by 48.8% from Rs. 31.4 billion in fiscal 2014 to Rs. 46.7 billion in fiscal 2015. The increase in income from treasury-related activities in fiscal 2015 was primarily due to higher gains on government securities and other fixed income positions, realized gains/reversal of marked-to market losses on equity portfolio and net exchange gain relating to overseas operations, offset, in part, by decrease in profit on security receipts.

Our profit on the government securities portfolio and other fixed income positions increased from Rs. 5.9 billion in fiscal 2014 to Rs. 16.1 billion in fiscal 2015 primarily due to decrease in yield during fiscal 2015. The yield on 10-year government of India securities decreased from 8.80% at year-end fiscal 2014 to 7.74% at year-end fiscal 2015.

Our profit on the equity portfolio increased from Rs. 2.2 billion in fiscal 2014 to Rs. 3.3 billion in fiscal 2015 primarily due to higher realized gains/reversal of mark-to market losses on the equity portfolio in fiscal 2015 as equity markets improved in fiscal 2015.

At year-end fiscal 2015, the Bank had an outstanding net investment of Rs. 8.4 billion in security receipts issued by asset reconstruction companies in relation to the sale of non-performing assets. Realized/unrealized gain on security receipts decreased from Rs. 2.0 billion in fiscal 2014 to Rs. 0.9 billion in fiscal 2015.

Our income from foreign exchange transactions including transactions with clients and margins on derivatives transactions with clients increased from Rs. 16.3 billion in fiscal 2014 to Rs. 18.5 billion in fiscal 2015. This includes net exchange gain relating to overseas operations which increased from Rs. 2.2 billion in fiscal 2014 to Rs. 6.4 billion in fiscal 2015. The exchange gain arose from repatriation of retained earnings from overseas branches. The above gain was, offset, in part, by lower income from foreign exchange and derivatives transactions in view of the stability in the rupee during fiscal 2015 as compared to the significant volatility witnessed in fiscal 2014, which had resulted in higher forex market volumes in fiscal 2014.

Income relating to our insurance business

Income from our insurance business increased from Rs. 193.3 billion in fiscal 2014 to Rs. 220.8 billion in fiscal 2015, primarily due to an increase in income from our life insurance business, from Rs. 145.5 billion in fiscal 2014 to Rs. 172.8 billion in fiscal 2015. Income from our general insurance business increased marginally from Rs. 47.8 billion in fiscal 2014 to Rs. 48.0 billion in fiscal 2015. Income from our insurance business includes net premium income, fee and commission income, surrender charges and income on foreclosure of policies.

Net premium income of our life insurance subsidiary increased from Rs. 122.7 billion in fiscal 2014 to Rs. 151.5 billion in fiscal 2015. The premium income (gross of premium on reinsurance ceded) of ICICI Prudential Life Insurance Company increased by 23.2% from Rs. 124.3 billion in fiscal 2014 to Rs. 153.1 billion in fiscal 2015 primarily due to an increase in retail new business premium. Retail new business premium increased by 37.3% from Rs. 35.9 billion in fiscal 2014 to Rs. 49.3 billion in fiscal 2015. Retail renewal premium increased by 18.1% from Rs. 81.0 billion in fiscal 2014 to Rs. 95.7 billion in fiscal 2015. Group premium increased by 8.1% from Rs. 7.4 billion in fiscal 2014 to Rs. 8.0 billion in fiscal 2015.

Fee and other life insurance related income of our life insurance subsidiary decreased from Rs. 22.8 billion in fiscal 2014 to Rs. 21.3 billion in fiscal 2015 primarily due to decrease in surrender charges, income on foreclosure of policies and policy fees.

The net premium income of our general insurance subsidiary decreased from Rs. 42.2 billion in fiscal 2014 to Rs. 41.0 billion in fiscal 2015 primarily due to the decline in weather and health insurance business. During fiscal 2015, due to pricing challenges in the market, our general insurance subsidiary reduced its business in group and mass health segment and adopted a cautious approach to weather insurance segment.

Commission income of our general insurance subsidiary increased from Rs. 5.6 billion in fiscal 2014 to Rs. 7.0 billion in fiscal 2015, primarily due to an increase in commission on reinsurance ceded in retail health insurance business.

Miscellaneous income

Miscellaneous income decreased from Rs. 1.6 billion in fiscal 2014 to Rs. 1.1 billion in fiscal 2015.

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Non-Interest Expense

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

	Year ended March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Payments to and provisions for employees	Rs. 59,688	Rs. 65,683	US$ 1,054	10.0 %
Depreciation on own property	6,876	7,632	122	11.0
Auditor's fees and expenses	210	222	4	5.7
Depreciation on leased assets	317	351	6	10.7
Expenses pertaining to insurance business	162,367	191,640	3,076	18.0
Other administrative expenses	77,206	84,700	1,359	9.7
Total non-interest expenses	**Rs. 306,664**	**Rs. 350,228**	**US$ 5,621**	**14.2 %**

Non-interest expense primarily includes expenses relating to our insurance business, payment to and provision for employees and other administrative expenses. Operating expenses increased from Rs. 306.7 billion in fiscal 2014 to Rs. 350.2 billion in fiscal 2015 primarily due to an increase in expenses related to insurance business, payments to and provisions for employees and other administrative expenses.

Payments to and provisions for employees

Employee expenses increased by 10.0% from Rs. 59.7 billion in fiscal 2014 to Rs. 65.7 billion in fiscal 2015. Our employee base, including sales executives, employees on fixed term contracts and interns, decreased from 94,204 at year-end fiscal 2014 to 90,486 at year-end fiscal 2015.

The employee expenses of ICICI Bank increased by 12.6% from Rs. 42.2 billion in fiscal 2014 to Rs. 47.5 billion in fiscal 2015. Employee expenses increased primarily due to annual increments and promotions and a higher provision requirement for retirement benefit obligations due to a decrease in discount rate, which is linked to the yield on government securities. Pension related costs increased from Rs. 1.6 billion in fiscal 2014 to Rs. 3.6 billion in fiscal 2015.

The employee base of ICICI Bank, including sales executives, employees on fixed term contracts and interns, decreased from 72,226 employees at year-end fiscal 2014 to 67,857 employees at year-end fiscal 2015. The reduction in the employee base reflects our focus on productivity, and was primarily due to not fully replacing employee

attrition. Our employee base had increased significantly in earlier years. We expect the employee base to increase in fiscal 2016.

The employee expenses of ICICI Securities Limited increased by 21.2% from Rs. 3.3 billion in fiscal 2014 to Rs. 4.0 billion in fiscal 2015 primarily on account of annual increments and provision for performance-linked bonus. Employee expenses of ICICI Lombard General Insurance Company increased by 6.3% from Rs. 3.2 billion in fiscal 2014 to Rs. 3.4 billion in fiscal 2015. Employee expenses of ICICI Prudential Life Insurance Company decreased by 4.2% from Rs. 7.2 billion in fiscal 2014 to Rs. 6.9 billion in fiscal 2015.

Depreciation

Depreciation on owned property increased from Rs. 6.9 billion in fiscal 2014 to Rs. 7.6 billion in fiscal 2015 due to an increase in fixed assets with higher depreciation rates. Depreciation on leased assets increased from Rs. 0.3 billion in fiscal 2014 to Rs. 0.4 billion in fiscal 2015.

Other administrative expenses

Other administrative expenses primarily include rent, taxes and lighting, advertisement and publicity, repairs and maintenance, direct marketing agency expenses and other expenditures. Other administrative expenses increased by 9.7% from Rs. 77.2 billion in fiscal 2014 to Rs. 84.7 billion in fiscal 2015, primarily due to an increase in expenses of ICICI Bank, our asset management subsidiary and our general insurance subsidiary. Other administrative expenses of ICICI Bank increased from Rs. 55.1 billion in fiscal 2014 to Rs. 60.8 billion in fiscal 2015 primarily on account of an increase in the branch and ATM network of the Bank and an increase in retail business volume. The number of branches of ICICI Bank in India increased from 3,753 at

year-end fiscal 2014 to 4,050 at year-end fiscal 2015. ICICI Bank also increased its ATM network from 11,315 ATMs at year-end fiscal 2014 to 12,451 ATMs at year-end fiscal 2015. There was an increase in the distribution expenses of our asset management subsidiary in fiscal 2015 compared to fiscal 2014, reflecting the growth in business particularly of equity mutual funds. Further, advertisement expenses and other business support expenses of our general insurance subsidiary increased in fiscal 2015 compared to fiscal 2014.

Expenses related to our insurance business

Expenses related to our insurance business include claims and benefit payouts, commission expenses and reserves for actuarial liability (including the investible portion of the premium on unit-linked policies of our life insurance business). Expenses relating to our insurance business increased by 18.0% from Rs. 162.4 billion in fiscal 2014 to Rs. 191.6 billion in fiscal 2015.

The expenses related to our life insurance subsidiary increased from Rs. 123.5 billion in fiscal 2014 to Rs. 154.6 billion in fiscal 2015. The expenses related to reserves for actuarial liability (including the investible portion of the premium on unit-linked policies) increased from Rs. 110.3 billion in fiscal 2014 to Rs. 143.3 billion in fiscal 2015. Claims and benefit payouts and commission expenses decreased from Rs. 13.2 billion in fiscal 2014 to Rs. 11.3 billion in fiscal 2015.

During fiscal 2015, the reserves for the actuarial liability of the life insurance business (including the investible portion of the premium on unit-linked policies) increased from Rs. 110.3 billion in fiscal 2014 to Rs. 143.3 billion in fiscal 2015, primarily due to an increase in the volume of our unit-linked insurance business. The investible portion of the premium on linked policies of our life insurance business represents the amount of premium, including renewal premium received on linked policies of life insurance business invested, after deducting charges and the premium for risk coverage, in the underlying fund. The claims and benefit payouts and commission expenses decreased from Rs. 13.2 billion in fiscal 2014 to Rs. 11.3 billion in fiscal 2015, primarily due to a decrease in surrender claims pertaining to group business and lower commission expenses due to a change in product mix from conventional products to linked products. In line with Indian accounting norms for insurance companies, we do not amortize the customer acquisition cost, but account for the expenses as incurred.

The expenses related to our general insurance subsidiary decreased from Rs. 38.9 billion in fiscal 2014 to Rs. 37.0 billion in fiscal 2015. Claims and benefit payouts decreased from Rs. 36.2 billion in fiscal 2014 to Rs. 34.4 billion in fiscal 2015, primarily due to decrease in loss ratio of aviation insurance business, health insurance business and weather insurance business and lower provision on the declined risk pool. The commission expenses decreased marginally from Rs. 2.7 billion in fiscal 2014 to Rs. 2.6 billion in fiscal 2015.

See also “*Business—Overview of Our Products and Services—Insurance*”.

Provisions and contingencies (excluding tax provisions)

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

	Year ended March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Provision for investments (net)	Rs. 1,629	Rs. 4,129	US$ 66	153.5 %
Provision for non-performing and other assets	24,818	36,307	583	46.3
Provision for standard assets	1,592	3,928	63	146.7
Others	964	999	16	3.6
Total provisions and contingencies (excluding tax)	**Rs. 29,003**	**Rs. 45,363**	**US$ 728**	**56.4 %**

Provisions are generally made by ICICI Bank on standard, substandard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and unsecured portions of doubtful assets are provided/written off to the extent required by Reserve Bank of India guidelines. For loans and advances of overseas branches, provisions are made as per Reserve Bank of India regulations or host country regulations whichever is higher. Subject to the minimum provisioning levels prescribed by the Reserve Bank of India, provisions on non-performing retail loans are made at the borrower level in accordance with the provisioning

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policy of ICICI Bank. The specific provisions on retail loans held by ICICI Bank are higher than the minimum regulatory requirement. Provision on loans and advances restructured/rescheduled is made in accordance with the applicable Reserve Bank of India guidelines on restructuring of loans and advances by banks. In addition to the specific provision on non-performing assets, ICICI Bank maintains a general provision on performing loans and advances at rates prescribed by the Reserve Bank of India. For performing loans and advances in overseas branches, the general provision is made at higher of host country regulatory requirements and the Reserve Bank of India requirement. See also “*Business—Loan portfolio—Classification of Loans*”.

Provisions and contingencies (excluding provisions for tax) increased by 56.4% from Rs. 29.0 billion in fiscal 2014 to Rs. 45.4 billion in fiscal 2015, primarily due to an increase in provisions for non-performing and restructured assets and increase in provision for investments. The provision for non-performing and restructured assets increased from Rs. 24.8 billion in fiscal 2014 to Rs. 36.3 billion in fiscal 2015 primarily due to higher provisions on commercial loans. During fiscal 2011 and fiscal 2012, our corporate loan portfolio experienced significant growth following an improvement in economic conditions in India. Investments by the Indian corporate sector increased sharply during this period, particularly in the infrastructure sector. The Indian banking sector, including us, pursued lending opportunities in the corporate segment during this period. The Indian economy thereafter experienced challenges and a moderation in growth. During fiscal 2012 to fiscal 2014, interest rates increased following a tightening of monetary policy in response to high inflation. The Indian rupee depreciated sharply against the U.S. dollar following global economic challenges and a deterioration in key external sector parameters for India. The Indian government’s fiscal position declined. The corporate sector experienced a decline in sales and profit growth and also an elongation of working capital cycles and a high level of receivables. Corporate investment activity declined due to concerns over administrative clearances and issues around access to land and natural resources. For example, there were concerns over the availability of fuel for thermal and gas-based power plants. Given the concerns over growth, companies found it difficult to access equity capital markets and leverage levels for several companies and sectors increased. In fiscal 2015, there was an improvement in key macroeconomic trends. Economic growth improved, inflation moderated leading to the Reserve Bank of India reducing the repo rate by 50 basis points. The current account deficit reduced and exchange rates remained stable during the year. The formation of a stable government with a strong electoral mandate in May 2014 led to an improvement in market sentiment. However, the corporate sector continues to experience challenges. The government has announced several reforms during the year, with a focus on strengthening the operating environment for the corporate sector. However, these measures are expected to show results only in the medium term. . See also *“- Executive Summary - Business environment - Trends in fiscal 2015”*. Due to the continuing challenges in the corporate sector, there has generally been an increase in the non-performing loans (including out of loans restructured in earlier periods) and restructured loans of Indian banks, including us, during fiscal 2015. The provision, net of write-back of excess provisions, on commercial loans increased from Rs. 19.9 billion in fiscal 2014 to Rs. 36.3 billion in fiscal 2015, primarily on account of an increase in additions to non-performing (including classification of standard restructured loans to non-performing loans due to failure of the borrowers to perform as expected) in corporate and small and medium enterprises segments.

The provisions, net of write-back of excess provision, against non-performing consumer loans decreased from a net provision of Rs. 2.5 billion in fiscal 2014 to net reversal of provision by Rs. 0.2 billion in fiscal 2015.

See also “*Business—Classification of Loans—Impact of Economic Environment on Commercial and Consumer Loan Borrowers—Non-performing Assets*” and “*Business—Classification of Loans—Impact of Economic Environment on*

Commercial and Consumer Loan Borrowers—Restructured Loans".

ICICI Bank's provisioning coverage ratio (specific provisions as a percentage of non-performing advances) at year-end fiscal 2015, computed in accordance with the Reserve Bank of India guidelines, was 58.6%.

Provision for investment increased from Rs. 1.6 billion in fiscal 2014 to Rs. 4.1 billion in fiscal 2015 primarily due to higher provision on certain investments in equity and preference shares.

General provision on standard assets increased from Rs. 1.6 billion in fiscal 2014 to Rs. 3.9 billion in fiscal 2015 primarily due to additional general provisioning on borrowers of ICICI Bank with unhedged foreign currency exposure based on the Reserve Bank of India guidelines. ICICI Bank UK made a general provision in fiscal 2015 compared to a write-back of general provision in fiscal 2014. This was, offset, in part, by higher reversal of general provision in ICICI Bank Canada in fiscal 2015 as compared to fiscal 2014. We held a cumulative general provision of Rs. 25.5 billion at year-end fiscal 2015 compared to Rs. 21.4 billion at year-end fiscal 2014.

Provisions, including general provisions on performing assets, as a percentage of gross customer assets were 2.9% at year-end fiscal 2015 compared to 2.5% at year-end fiscal 2014.

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Provisions for Restructured Loans and Non-performing Assets

We classify our assets, including those in our overseas branches, as performing and non-performing in accordance with the Reserve Bank of India guidelines, except in the case of ICICI Home Finance Company and our overseas banking subsidiaries. ICICI Home Finance Company classifies its loans and other credit facilities in accordance with the guidelines of its regulator, the National Housing Bank. A loan made by any of our overseas banking subsidiaries is classified as impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition on the loan (a loss event) and the loss event has an impact on the estimated future cash flows of the loans that can be reliably estimated. Under Reserve Bank of India guidelines for term loans, such assets are classified as non-performing if any amount of interest or principal remains overdue for more than 90 days. For overdrafts or cash credits, assets are classified as non-performing if the account remains out of order continuously for a period of 90 days and, for bills, if the account remains overdue for more than 90 days. Further, non-performing assets are also classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India. See also "*Business—Classification of Loans*".

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

The following table sets forth, at the dates indicated, information regarding roll-forward and average balances of restructured loans.

	At March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Opening balance (gross restructured loans)	Rs. 67,307	Rs. 133,448	US$ 2,142	98.3 %
Add: Loans restructured during the year	69,372	38,965	625	(43.8)
Add: Increase in loans outstanding in respect of previously restructured loans/borrowers	7,096	11,207	179	57.9
Less: Loans upgraded to standard category during the year	(876)	(2,149)	(34)	145.4
Less: Loans downgraded to non-performing category during the year	(7,284)	(45,115)	(724)	519.4
Less: Repayments during the year	(2,167)	(5,569)	(89)	157.0
Gross restructured loans	Rs. 133,448	Rs. 130,787	US$ 2,099	(2.0)
Provisions for restructured loans	(11,235)	(9,458)	(152)	(15.8)
Net restructured loans	**Rs. 122,213**	**Rs. 121,329**	**US$ 1,947**	**(0.7)**
Average balance of net restructured loans[1]	85,603	124,816	2,003	45.8
Gross customer assets	4,615,808	5,149,278	82,640	11.6
Net customer assets	Rs. 4,523,471	Rs. 5,026,019	US$ 80,662	11.1

Gross restructured loans as a percentage of gross customer assets	2.9	%	2.5	%
Net restructured loans as a percentage of net customer assets	2.7	%	2.4	%

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(1) The average balance is the average of quarterly balances outstanding at the end of March of the previous year and June, September, December and March of the current year.

(2) Based on the Reserve Bank of India guidelines effective fiscal 2013, restructured loans include all loans to a borrower where any of the loan facilities have been restructured.

The corporate sector continued to experience challenges during fiscal 2015. The prolonged economic slowdown and relatively gradual recovery has resulted in continued additions to non-performing and restructured loans as well as an increase in

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classification of standard restructured loans as non-performing loans due to failure of the borrowers to perform as per the restructured debt terms. See also "*Business—Classification of Loans—Impact of Economic Environment on Commercial and Consumer Loan Borrowers— Restructured Loans*".

During fiscal 2015, loans amounting to Rs. 50.2 billion (including increase in loans to borrowers restructured in earlier periods) were restructured as compared to Rs. 76.5 billion in fiscal 2014. There were no borrower accounts that were restructured for a second time during fiscal 2015. Classification of standard restructured loans as non-performing loans due to failure of the borrowers to perform as per the restructured debt terms increased from Rs. 7.3 billion in fiscal 2014 to Rs. 45.1 billion in fiscal 2015. During fiscal 2015, based on payment performance, the Bank upgraded certain borrower accounts with outstanding loans totaling Rs. 2.1 billion as compared to Rs. 0.9 billion during fiscal 2014. Accordingly, the gross restructured loans decreased by 2.0% from Rs. 133.4 billion at year-end fiscal 2014 to Rs. 130.8 billion at year-end fiscal 2015, while the net restructured loans increased by 0.7% from Rs. 122.2 billion at year-end fiscal 2014 to Rs. 121.3 billion at year-end fiscal 2015. The net restructured loans were 2.4% of net customer assets at year-end fiscal 2015, compared to 2.7% at year-end fiscal 2014. At year-end fiscal 2015, the diminution in fair value of restructured loans (including the provision for funded interest) was Rs. 9.5 billion compared to Rs. 11.2 billion at year-end fiscal 2014.

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

	At March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Opening balance (gross non-performing assets)	Rs. 107,165	Rs. 122,994	US$ 1,974	14.8 %
Add: New non-performing assets during the year	53,600	90,945	1,459	69.7
Less: Loans upgraded to performing during the year	(4,369)	(5,925)	(95)	35.6
Less: Recoveries (excluding recoveries made from upgraded accounts)	(11,249)	(14,966)	(241)	33.0
Less: Write-offs	(22,153)	(19,178)	(307)	(13.4)
Gross non-performing assets[(1)]	**Rs. 122,994**	**Rs. 173,870**	**US$ 2,790**	**41.4**
Provisions for non-performing assets[(1)]	(78,366)	(96,655)	(1,551)	23.3
Net non-performing assets[(1)]	**Rs. 44,628**	**Rs. 77,215**	**US$ 1,239**	**73.0**
Gross customer assets	4,615,808	5,149,278	82,640	11.6
Net customer assets	Rs. 4,523,471	Rs. 5,026,019	US$ 80,662	11.1
Gross non-performing assets as a percentage of gross customer assets	2.7 %	3.4 %		
Net non-performing assets as a percentage of net customer assets	1.0 %	1.5 %		

(1) Includes loans identified as non-performing/impaired in line with the guidelines issued by regulators of the respective subsidiary.

The prolonged economic slowdown and relatively gradual recovery in fiscal 2015 resulted in continued additions to non-performing and restructured loans as well as increase in classification of standard restructured loans as non-performing loans due to failure of the borrowers to perform as per the restructured debt terms. See also *"Business – Classification of Loans – Impact of Economic Environment on Commercial and Consumer Loan Borrowers"*. See also "*—Executive Summary-Business environment-Trends in fiscal 2015*". Gross additions to non-performing assets increased from Rs. 53.6 billion in fiscal 2014 to Rs. 90.9 billion in fiscal 2015 primarily due to increase in classification of standard restructured loans as non-performing loans due to failure of the borrowers to perform as per the restructured debt terms from Rs. 7.3 billion in fiscal 2014 to Rs. 45.1 billion in fiscal 2015. During fiscal 2015, we upgraded non-performing assets amounting to Rs. 5.9 billion and made recoveries against non-performing assets amounting to Rs. 15.0 billion. During fiscal 2015, loans amounting to Rs. 19.2 billion were written-off as compared to Rs. 22.2 billion in fiscal 2014. As a result, gross non-

performing assets increased from Rs. 123.0 billion at year-end fiscal 2014 to Rs. 173.9 billion at year-end fiscal 2015.

Gross additions to non-performing commercial loans increased from Rs. 40.8 billion in fiscal 2014 to Rs. 77.9 billion in fiscal 2015 due to higher additions to non-performing loans in the corporate and small & medium enterprise loan portfolio, including classification of standard restructured loans as non-performing loans due to failure of the borrowers to perform as per the restructured debt terms. Gross additions to non-performing consumer loans increased marginally from Rs. 12.8 billion in fiscal 2014 to Rs. 13.0 billion during fiscal 2015. See also "*Business—Classification of Loans—Impact of Economic Environment on Commercial and Consumer Loan Borrowers—Non-performing Assets*".

In fiscal 2015, the Bank sold fourteen commercial loans with aggregate book value (net of provision) of Rs. 3.3 billion to an asset reconstruction company. In fiscal 2014, the Bank sold two commercial loans with aggregate book value (net of provision) of Rs. 1.5 billion to an asset reconstruction company. See also "*Business—Classification of Loans—Non-Performing Asset Strategy*".

As a percentage of net customer assets, net non-performing assets were 1.5% at year-end fiscal 2015, compared to 1.0% at year-end fiscal 2014.

Tax Expense

Income tax expense increased by 17.1% from Rs. 46.1 billion in fiscal 2014 to Rs. 54.0 billion in fiscal 2015 due to an increase in profit before tax and increase in the effective tax rate. The effective tax rate increased from 28.3% in fiscal 2014 to 29.4% in fiscal 2015.

Income tax expense of our general insurance subsidiary increased from Rs. 0.1 billion in fiscal 2014 to Rs. 1.6 billion in fiscal 2015. The lower tax expense in fiscal 2014 were primarily due to tax benefit on carried forward business losses of earlier years, which were adjusted with the profit for fiscal 2014 for tax purposes. As per Indian GAAP accounting guidelines, deferred tax was not created on such carried forward business losses in earlier years, resulting in lower effective tax rate for our general insurance subsidiary during fiscal 2014. In fiscal 2015, the general insurance subsidiary did not have the benefit of carried forward business losses, resulting in higher tax expenses.

Financial Condition

Assets

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

	At March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Cash and cash equivalents	Rs. 482,582	Rs. 476,372	US$ 7,645	(1.3)%
Investments	2,676,094	3,027,616	48,590	13.1
Advances (net of provisions)	3,873,418	4,384,901	70,372	13.2
Fixed assets	55,068	58,712	942	6.6
Other assets	390,462	313,191	5,026	(19.8)
Total assets	**Rs. 7,477,624**	**Rs. 8,260,792**	**US$ 132,575**	**10.5 %**

Our total assets increased by 10.5% from Rs. 7,477.6 billion at year-end fiscal 2014 to Rs. 8,260.8 billion at year-end fiscal 2015 primarily due to an increase in net advances and investments, offset, in part, by decrease in other assets. Net advances increased by 13.2% from Rs. 3,873.4 billion at year-end fiscal 2014 to Rs. 4,384.9 billion at year-end fiscal 2015. Investments increased by 13.1% from Rs. 2,676.1 billion at year-end fiscal 2014 to Rs. 3,027.6 billion at year-end fiscal 2015.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and balances with the Reserve Bank of India and other banks, including money at call and short notice. Cash and cash equivalents decreased from Rs. 482.6 billion at year-end fiscal 2014 to Rs. 476.4 billion at year-end fiscal 2015 primarily due to a decrease in money at call and

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short notice, offset, in part, by an increase in the balances with the Reserve Bank of India and balances with banks outside India.

Investments

Total investments increased by 13.1% from Rs. 2,676.1 billion at year-end fiscal 2014 to Rs. 3,027.6 billion at year-end fiscal 2015. Investments of ICICI Bank increased from Rs. 1,770.2 billion at year-end fiscal 2014 to Rs. 1,865.8 billion at year-end fiscal 2015 primarily due to an increase in investments in government securities, Rural Infrastructure Development Fund and in other related investments in lieu of a shortfall in meeting directed lending requirements and investment in commercial paper. This was offset, in part, by a decrease in investments in certificates of deposits and bonds and debentures. The investment of ICICI Bank in government securities increased from Rs. 958.9 billion in fiscal 2014 to Rs. 1,073.9 billion in fiscal 2015.

Investments of ICICI Prudential Life Insurance Company increased from Rs. 790.9 billion at year-end fiscal 2014 to Rs. 984.3 billion at year-end fiscal 2015. Investments held to cover linked liabilities increased from Rs. 603.1 billion at year-end fiscal 2014 to Rs. 747.8 billion at year-end fiscal 2015. The investments, other than held to cover linked liabilities, increased from Rs. 187.8 billion at year-end fiscal 2014 to Rs. 236.5 billion at year-end fiscal 2015 primarily on account of an increase in investment in government securities, equity shares and corporate bonds and debentures, offset, in part, by decrease in investment in mutual funds and certificates of deposits.

Investments of ICICI Securities Primary Dealership Limited increased from Rs. 90.9 billion at year-end fiscal 2014 to Rs. 129.0 billion in fiscal 2015 primarily on account of increase in investment in government securities and corporate bonds.

Investments of ICICI Lombard General Insurance Company increased from Rs. 87.5 billion at year-end fiscal 2014 to Rs. 98.2 billion in fiscal 2015 primarily on account of increase in investment in equity shares, and government securities, offset, in part, by decrease in investment in certificates of deposits.

Our total investment in government securities in India of Rs. 1,334.2 billion at year-end fiscal 2015, compared to Rs. 1,147.5 billion at year-end fiscal 2014.

ICICI Bank Canada’s investment portfolio increased by 4.3% from Rs. 28.0 billion at year-end fiscal 2014 to Rs. 29.2 billion at year-end fiscal 2015. Investments of ICICI Bank UK increased by 4.0% from Rs. 29.9 billion at year-end fiscal 2014 to Rs. 31.1 billion at year-end fiscal 2015.

At year-end fiscal 2015, the Bank had an outstanding net investment of Rs. 8.4 billion in security receipts issued by asset reconstruction companies in relation to sales of non-performing assets, compared to Rs. 8.8 billion at year-end fiscal 2014. See also "*Business—Overview of Our Products and Services—Treasury*".

Advances

Net advances increased by 13.2% from Rs. 3,873.4 billion at year-end fiscal 2014 to Rs. 4,384.9 billion at year-end fiscal 2015 primarily due to an increase in retail and corporate advances.

Net retail advances of ICICI Bank increased by 24.6% from Rs. 1,320.1 billion at year-end fiscal 2014 to Rs. 1,644.4 billion at year-end fiscal 2015 primarily due to an increase in home loans and automobile loans portfolio. Net advances of the overseas branches of ICICI Bank marginally increased in U.S. dollar terms from US$ 15.0 billion at year-end fiscal 2014 to US$ 15.1 billion at year-end fiscal 2015. However, due to exchange rate movements, the net advances of overseas branches, in rupee terms, increased by 4.9% from Rs. 897.0 billion at year-end fiscal 2014 to Rs. 941.2 billion at year-end fiscal 2015. The rupee depreciated from Rs. 59.92 per USD at year-end fiscal 2014 to Rs. 62.50 per USD at year-end fiscal 2015. Net advances of ICICI Home Finance Company increased by 16.1% from Rs. 65.6 billion at year-end fiscal 2014 to Rs. 76.2 billion at year-end fiscal 2015 primarily due to an increase in retail loans.

Loans of ICICI Bank UK increased from Rs. 166.2 billion at year-end fiscal 2014 to Rs. 189.7 billion at fiscal 2015 primarily due to an increase in the corporate loan book and depreciation of rupee against dollar offset, in part, by a reduction in the foreign currency convertible bond portfolio due to maturities.

Loans of ICICI Bank Canada decreased from Rs. 260.3 billion at year-end fiscal 2014 to Rs. 254.2 billion at fiscal 2015 primarily due to depreciation of Canadian dollar against the Rupee. However, in terms of Canadian dollar, the loan portfolio of ICICI Bank Canada increased from CAD 4.8 billion at year-end fiscal 2014 to CAD

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5.2 billion at year-end fiscal 2015 due to increase in the securitized insured mortgage portfolio, offset, in part, by a decrease in the corporate loan portfolio.

See also "*Business – Loan Portfolio*".

Fixed and other assets

Fixed assets include premises, furniture and fixtures, assets given on lease and other fixed assets. Fixed assets increased by 6.6% from Rs. 55.1 billion at year-end fiscal 2014 to Rs. 58.7 billion at year-end fiscal 2015. Other assets decreased by 19.8% from Rs. 390.5 billion at year-end fiscal 2014 to Rs. 313.2 billion at year-end fiscal 2015 primarily due to decrease in mark-to-market amount and receivables on foreign exchange and derivative transactions and trade receivables pending settlement.

Liabilities and Stockholders' Equity

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

	At March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Deposits	Rs. 3,595,127	Rs. 3,859,552	US$ 61,941	7.4 %
Borrowings[1]	1,835,421	2,112,520	33,903	15.1
Other liabilities[2]	1,262,670	1,416,616	22,735	12.2
Minority interest	20,108	25,058	402	24.6
Total liabilities	**6,713,326**	**7,413,746**	**118,981**	**10.4**
Equity share capital	11,550	11,597	186	0.4
Reserves and surplus[3]	752,748	835,449	13,408	11.0
Total liabilities (including capital and reserves)	**Rs. 7,477,624**	**Rs. 8,260,792**	**US$ 132,576**	**10.5 %**

(1) Includes subordinated debt and redeemable non-cumulative preference shares.

(2) Includes proposed dividend (including corporate dividend tax) of Rs. 32.7 billion for fiscal 2015 (fiscal 2014: Rs. 29.6 billion).

(3) Includes employees stock options outstanding.

Our total liabilities (including capital and reserves) increased by 10.5% from Rs. 7,477.6 billion at year-end fiscal 2014 to Rs. 8,260.8 billion at year-end fiscal 2015, primarily due to an increase in deposits and borrowings.

Deposits

Deposits increased by 7.4% from Rs. 3,595.1 billion at year-end fiscal 2014 to Rs. 3,859.6 billion at year-end fiscal 2015. Deposits of ICICI Bank increased from Rs. 3,319.1 billion at year-end fiscal 2014 to Rs. 3,615.6 billion at year-end fiscal 2015. Term deposits of ICICI Bank increased from Rs. 1,895.4 billion at year-end fiscal 2014 to Rs. 1,971.8 billion at year-end fiscal 2015. Savings account deposits increased by 15.9% from Rs. 991.3 billion at year-end fiscal 2014 to Rs. 1,148.6 billion at year-end fiscal 2015 and current account deposits increased by 14.5% from Rs. 432.5 billion at year-end fiscal 2014 to Rs. 495.2 billion at year-end fiscal 2015. The current and savings account deposits of ICICI Bank increased from Rs. 1,423.8 billion at year-end fiscal 2014 to Rs. 1,643.8 billion at year-end fiscal 2015. Deposits of overseas branches, in dollar terms, decreased from US$ 2.6 billion at March 31, 2014 to US$ 1.8 billion at March 31, 2015 and, in rupee terms, decreased by 28.6% from Rs. 157.6 billion at year-end fiscal 2014 to Rs. 112.5 billion at year-end fiscal 2015 due to maturity of deposits. We did not replace these deposits, due to slower loan growth and surplus liquidity available at overseas branches.

The deposits of ICICI Bank Canada decreased from Rs. 132.1 billion at year-end fiscal 2014 to Rs. 109.3 billion at year-end fiscal 2015, primarily due to a decrease in term deposits from Rs. 96.2 billion at year-end fiscal 2014 to Rs. 78.9 billion at year-end fiscal 2015 and decrease in savings account deposits from Rs. 31.8 billion at year-end fiscal 2014 to Rs. 25.9 billion at year-end fiscal 2015. ICICI Bank Canada funds its mortgage loan portfolio through securitization borrowings. Corporate loan portfolio of ICICI Bank Canada decreased due

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to maturity of loans, resulting in lower requirement of deposits during fiscal 2015. As a result, deposits of ICICI Bank Canada decreased at year-end fiscal 2015 as compared to year-end fiscal 2014.

Deposits of ICICI Bank UK decreased from Rs. 151.8 billion at year-end fiscal 2014 to Rs. 142.8 billion at year-end fiscal 2015, primarily due to decrease in savings account deposits and term deposits.

Our total term deposits increased from Rs. 2,073.2 billion at year-end fiscal 2014 to Rs. 2,133.9 billion at year-end fiscal 2015, while savings deposits increased from Rs. 1,078.3 billion at year-end fiscal 2014 to Rs. 1,221.1 billion at year-end fiscal 2015. Total deposits at year-end fiscal 2015 formed 64.6% of our funding (i.e., deposits and borrowings, including subordinated debt and redeemable non-cumulative preference shares). See also "*Business—Funding*".

Borrowings

Borrowings (including redeemable non-cumulative preference shares and subordinated debt) increased by 15.1% from Rs. 1,835.4 billion at year-end fiscal 2014 to Rs. 2,112.5 billion at year-end fiscal 2015. Borrowings of ICICI Bank increased from Rs. 1,547.6 billion at year-end fiscal 2014 to Rs. 1,724.2 billion at year-end fiscal 2015, primarily due to increase in bond borrowing including long-term bonds (for financing infrastructure projects and low-cost housing) and foreign currency bond borrowings, refinance borrowings, term borrowings and borrowings from Reserve Bank of India under the liquidity adjustment facility, offset, in part, by a decrease in call money borrowed and commercial paper borrowings. The increase in overseas borrowings also reflects rupee depreciation during fiscal 2015.

Further, borrowings of ICICI Securities Primary Dealership increased from Rs. 86.7 billion at year-end fiscal 2014 to Rs. 131.3 billion at year-end fiscal 2015 primarily due to increase in repo borrowings and borrowings from Reserve Bank of India. Borrowings of ICICI Bank Canada increased from Rs. 113.3 billion at year-end fiscal 2014 to Rs. 133.8 billion at year-end fiscal 2015, primarily due to an increase in borrowings through securitization of mortgages. Borrowings of ICICI Bank UK decreased marginally from Rs. 72.2 billion at year-end fiscal 2014 to Rs. 71.5 billion at year-end fiscal 2015. See also "*Business—Funding*".

Other liabilities

Other liabilities primarily consist of liabilities on insurance policies in force, pertaining to our insurance subsidiaries, and proposed dividend including corporate dividend tax. Other liabilities increased by 12.2% from Rs. 1,262.7 billion at year-end fiscal 2014 to Rs. 1,416.6 billion at year-end fiscal 2015 primarily due to an increase in liabilities on policies in force of our life insurance business from Rs. 749.3 billion at year-end fiscal 2014 to Rs. 936.2 billion at

year-end fiscal 2015. The increase in liabilities on insurance policies in force was primarily due to increase in linked liabilities due to improved market conditions in fiscal 2015.

Other liabilities include proposed dividends (including corporate dividend tax) of Rs. 32.7 billion for fiscal 2015 compared to Rs. 29.6 billion in fiscal 2014. In India, dividends declared for a fiscal year are normally paid in the following year. We declared a dividend of Rs. 4.60 per equity share for fiscal 2014, which were paid in fiscal 2015. We declared a dividend of Rs. 5.00 per equity share for fiscal 2015, which has been paid in fiscal 2016.

Equity share capital and reserves

Stockholders' equity increased from Rs. 764.3 billion at year-end fiscal 2014 to Rs. 847.0 billion at year-end fiscal 2015 primarily due to the annual accretion to reserves out of profit, offset, in part, by reduction of reserves due to dividend proposed by the Bank for fiscal 2015 and provisions made through reserves with the prior approval of the Reserve Bank of India on outstanding funded interest term loans pertaining to loans restructured prior to 2008. In 2008, the Reserve Bank of India issued guidelines on debt restructuring, which required banks to fully provide for interest income on restructured loans, which is funded by a funded interest term loan that is repaid based on a contracted maturity schedule. ICICI Bank has been providing fully for any interest income which is funded through a funded interest term loan for accounts restructured subsequent to the issuance of the guideline. However, in fiscal 2015, the Reserve Bank of India required similar treatment for funded interest term loans pertaining to loans restructured prior to the 2008 guidelines which are yet to be re-paid. Since this item related to prior years, ICICI Bank with the approval of the Reserve Bank of India fully provided for outstanding funded interest term loans by debiting it reserves by Rs. 9.3 billion in fiscal 2015. See also *"Consolidated Financial Statements- Schedules- Schedule 18-Notes forming part of the accounts- 14. Provision on Funded Interest Term Loan"*.

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Fiscal 2014 to Fiscal 2013

Summary

Our net profit increased by 15.0% from Rs. 96.0 billion in fiscal 2013 to Rs. 110.4 billion in fiscal 2014 primarily due to an increase in net interest income by 19.1%, offset, in part, by an increase in provisions (excluding provisions for tax) by 38.4%.

The increase in net interest income by 19.1% from Rs. 166.0 billion in fiscal 2013 to Rs. 197.7 billion in fiscal 2014 reflects a 10.6% increase in average interest-earning assets and an increase in net interest margin by 24 basis points.

Provisions and contingencies (excluding provisions for tax) increased by 38.4% from Rs. 21.0 billion in fiscal 2013 to Rs. 29.0 billion in fiscal 2014, primarily due to an increase in provisions for non-performing and restructured assets. The provisions increased primarily on account of an increase in additions to non-performing assets and restructured loans in the small & medium enterprise and corporate loan portfolio.

Non-interest income increased by 2.6% from Rs. 293.2 billion in fiscal 2013 to Rs. 300.8 billion in fiscal 2014 primarily due to an increase in commission, exchange and brokerage income and profit from treasury-related activities, offset, in part, by decrease in income relating to our insurance business. Commission, exchange and brokerage income increased from Rs. 62.8 billion in fiscal 2013 to Rs. 73.2 billion in fiscal 2014 primarily due to an increase in loan processing fees, transaction banking fees, credit card fees and commercial banking fees. Further, there was an increase in average assets under management and margins on mutual fund operations of ICICI Prudential Asset Management Company. Profit from treasury-related activities increased from Rs. 24.0 billion in fiscal 2013 to Rs. 31.4 billion in fiscal 2014 primarily due to realized gains/reversal of mark-to-market losses on our equity portfolio, exchange gain on repatriation of retained earnings at overseas branches and profit on security receipts, offset, in part, by lower gains on government securities and other fixed income positions. Income relating to our insurance business decreased from Rs. 203.9 billion in fiscal 2013 to Rs. 193.3 billion in fiscal 2014 primarily due to a decrease in income from our life insurance business, offset, in part, by an increase in income from our general insurance business.

Non-interest expense increased by 1.5% from Rs. 302.1 billion in fiscal 2013 to Rs. 306.7 billion in fiscal 2014 primarily due to an increase in employee expenses and other administrative expenses, offset, in part, by a decrease in expenses relating to our insurance business. Employee expenses increased from Rs. 56.3 billion in fiscal 2013 to Rs. 59.7 billion in fiscal 2014 primarily due to annual increments and increase in employee base, offset, in part, by decrease in retirement benefit obligations due to an increase in the discount rate, which is linked to the yield on government securities.

Economic trends during fiscal 2014 continued to remain weak. Against initial expectations of a moderate recovery in fiscal 2014, growth in gross domestic product remained at 4.7% compared to 4.5% in fiscal 2013, with industrial growth further moderating to 0.4% in fiscal 2014 compared to 1.0% in fiscal 2013. In addition, given higher than expected inflation levels in the second half of fiscal 2014, the Reserve Bank of India increased the repo rate by 50 basis points during the year, as against initial expectations of a reduction in interest rates in fiscal 2014. Further, financial markets remained volatile, particularly in the first half of fiscal 2014, driven by a sharp depreciation in the exchange rate and consequent measures taken by the Reserve Bank of India to address the same. Due to these and other factors, there has generally been an increase in the non-performing and restructured loans of Indian banks, including us. Net non-performing assets increased by 53.1% from Rs. 29.1 billion at year-end fiscal 2013 to Rs. 44.6 billion at year-end fiscal 2014 primarily due to higher additions to non-performing assets in our corporate and small and medium enterprise loan portfolio. Net restructured assets increased from Rs. 62.0 billion at year-end fiscal 2013 to Rs. 117.1 billion at year-end fiscal 2014 primarily due to restructuring of loans to companies including small and medium enterprises.

Loans increased by 17.4% from Rs. 3,299.7 billion at year-end fiscal 2013 to Rs. 3,873.4 billion at year-end fiscal 2014 primarily due to an increase in retail loans, transfer of corporate bonds by ICICI Bank Canada from available-for-sale category to loans and receivables and the impact of the exchange rate movement on the overseas loan book. Deposits increased by 14.2% from Rs. 3,147.7 billion at year-end fiscal 2013 to Rs. 3,595.1 billion at year-end fiscal 2014, primarily due to an increase in term deposits and savings account deposits. We continued to expand our branch network in India during the year. ICICI Bank's branch and extension counters network in India increased from 3,100 at year-end fiscal 2013 to 3,753 at year-end fiscal 2014. ICICI Bank also increased its ATM network from 10,481 ATMs at year-end fiscal 2013 to 11,315 ATMs at year-end fiscal 2014.

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The capital adequacy ratios of ICICI Bank on an unconsolidated basis in accordance with the Reserve Bank of India's guidelines on Basel III, at year-end fiscal 2014 were: common equity tier 1 risk-based capital ratio of 12.8%; Tier 1 risk-based capital ratio of 12.8%; and total risk-based capital ratio of 17.7%. The capital adequacy ratios of ICICI Bank on consolidated basis in accordance with the Reserve Bank of India's guidelines on Basel III, at year-end fiscal 2014 were: common equity tier 1 risk-based capital ratio of 13.1%; Tier 1 risk-based capital ratio of 13.1%; and total risk-based capital ratio of 18.3%.

Net Interest Income

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

	Year ended March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Interest income[1]	Rs. 448,846	Rs. 494,792	US$ 7,941	10.2 %
Interest expense	(282,854)	(297,106)	4,768	5.0
Net interest income	**Rs. 165,992**	**Rs. 197,686**	**US$ 3,173**	**19.1 %**

(1) Tax exempt income has not been re-calculated on a tax-equivalent basis.

Net interest income increased by 19.1% from Rs. 166.0 billion in fiscal 2013 to Rs. 197.7 billion in fiscal 2014, reflecting an increase of 10.6% in the average volume of interest-earning assets and an increase in net interest margin by 24 basis points from 3.20% in fiscal 2013 to 3.44% in fiscal 2014.

Net interest margin

Net interest margin increased by 24 basis points from 3.20% in fiscal 2013 to 3.44% in fiscal 2014. There was an increase of 33 basis points in the net interest margin on the rupee portfolio.

The yield on the rupee portfolio remained at a similar level of 9.95% in fiscal 2013 and fiscal 2014.

- The yield on rupee advances increased from 12.03% in fiscal 2013 to 12.19% in fiscal 2014. The Bank increased its Base Rate from 9.75% to 10.00% with effect from August 23, 2013. See also "*Business—Loan portfolio—Loan pricing*".

- The yield on interest-earning rupee investments decreased from 7.96% in fiscal 2013 to 7.71% in fiscal 2014, primarily due to a decrease in yield on investments other than statutory liquidity ratio investments. The yield on investments other than statutory liquidity ratio investments decreased primarily on account of decrease in yield on pass through certificates, the maturity of high yielding bonds and debentures and an increase in investment in lower yielding Rural Infrastructure Development Fund and other related investments. The above decrease was offset, in part, by an increase in yield from mutual funds and statutory liquidity ratio investments.

- The yield on other interest-earning rupee assets decreased from 3.14% in fiscal 2013 to 1.94% in fiscal 2014 primarily due to maturity of higher yielding deposits with banks.

- Interest on income tax refunds decreased from Rs. 2.7 billion in fiscal 2013 to Rs. 2.0 billion in fiscal 2014. The receipt, amount and timing of such income depend on the nature and timing of determinations by tax authorities and are neither consistent nor predictable.

The cost of funds for the rupee portfolio decreased by 23 basis points from 7.57% in fiscal 2013 to 7.34% in fiscal 2014 primarily due to the following factors:

- The cost of rupee deposits decreased from 6.71% in fiscal 2013 to 6.40% in fiscal 2014 primarily due to a decrease in the cost of rupee term deposits and an increase in average current and savings account deposits which are lower cost deposits. The cost of rupee term deposits decreased by 31 basis points from 9.09% in fiscal 2013 to 8.78% in fiscal 2014 primarily due to benefit on account of re-pricing of term deposits at lower rates in the beginning of fiscal 2014. This was partly offset by the impact of high cost term deposits mobilized during the second quarter of fiscal 2014 due to higher systemic interest

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rates. The average current and savings account deposits as a percentage of total rupee deposits increased from 39.6% in fiscal 2013 to 41.9% in fiscal 2014.

The above decrease was offset, in part, by an increase in the cost of rupee borrowings from 10.85% in fiscal 2013 to 11.02% in fiscal 2014.

The yield on our foreign currency portfolio decreased by 11 basis points from 4.52% in fiscal 2013 to 4.41% in fiscal 2014 primarily due to the following:

- The yield on assets of ICICI Bank Canada decreased primarily due to a decline in the yield on loans and yield on investments. The yield on loans decreased on account of prepayments/repayments of higher yielding loans and an increase in the lower yielding securitized insured mortgages portfolio. The yield on investments decreased primarily on account of sale/maturity of government securities with higher yields in fiscal 2014.

- The yield on assets of ICICI Bank UK increased primarily due to an increase in the yield on investments. The increase in yield on investments was primarily on account of increase in the bond portfolio with higher yields and sale/maturity of low yielding investments during fiscal 2014. The above increase was offset, in part, by decrease in yield on advances primarily due to decrease in higher yielding loans on account of prepayments/repayments and maturities of higher yielding foreign currency convertible bonds and advances made against foreign currency non-resident (bank) deposits with banks in India, with low yields.

- The yield on assets of overseas branches of ICICI Bank decreased primarily on account of a decrease in the yield on deposits with banks and term money lending.

The cost of funds for the foreign currency portfolio decreased by 16 basis points from 3.32% in fiscal 2013 to 3.16% in fiscal 2014, due to the following factors:

- The cost of funds of ICICI Bank Canada decreased due to a decrease in the cost of deposits and the cost of borrowings. The cost of borrowings decreased on account of a decrease in the cost of borrowings through securitization of mortgages.

- The cost of funds of ICICI Bank UK decreased due to a decrease in the cost of deposits and the cost of borrowings. The cost of deposits decreased on account of the maturities of high cost term deposits and an increase in institutional term deposits and retail term deposits raised at lower rates. Further, there was an increase in the proportion of low cost savings account deposits in the deposit base. The cost of borrowings decreased on account of the repayment of high cost borrowings and new borrowings and repo borrowings raised at lower cost during fiscal 2014.

- The cost of funds for ICICI Bank's foreign currency funding decreased primarily on account of a decrease in the cost of borrowings, offset, in part, by an increase in the cost of term deposits.

Interest-earning assets

The average volume of interest-earning assets increased by 10.6% from Rs. 5,272.5 billion in fiscal 2013 to Rs. 5,830.6 billion in fiscal 2014. The increase in interest-earning assets was primarily due to an increase in average loans by Rs. 439.9 billion and an increase in average interest-earning investments by Rs. 156.7 billion.

Average loans increased by 14.0% from Rs. 3,149.3 billion in fiscal 2013 to Rs. 3,589.3 billion in fiscal 2014. Average rupee loans increased from Rs. 2,048.6 billion in fiscal 2013 to Rs. 2,306.4 billion in fiscal 2014, reflecting an increase in both domestic corporate and retail loans. Average foreign currency loans increased by 16.5% from Rs. 1,100.7 billion in fiscal 2013 to Rs. 1,282.8 billion in fiscal 2014, primarily due to the impact of the depreciation of the rupee against the U.S. dollar, an increase in the insured mortgage portfolio of ICICI Bank Canada and an increase in corporate loans and loans against foreign currency non-resident (bank) deposits of ICICI Bank UK.

Average interest-earning investments increased by 8.8% from Rs. 1,790.8 billion in fiscal 2013 to Rs. 1,947.5 billion in fiscal 2014, primarily due to an increase in average interest-earning investments in Indian government securities by 15.1% from Rs. 994.7 billion in fiscal 2013 to Rs. 1,145.1 billion in fiscal 2014. Interest-earning investments, other than Indian government securities include investments in corporate bonds and debentures, certificates of deposits, commercial paper, pass through certificates, the Rural Infrastructure

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Development Fund and related investments and investments in liquid mutual funds. During fiscal 2014, there was an increase in Rural Infrastructure Development Fund and other related investments and participation certificates and a decrease in bonds and debentures and mutual funds compared to fiscal 2013. Average investments of ICICI Bank Canada decreased due to re-classification of corporate bonds to loans and advances and a decrease in investment in treasury bills. Average investments of ICICI Bank UK decreased on account of a decrease in investments in bonds.

Interest-bearing liabilities

Average interest-bearing liabilities increased by 9.7% from Rs. 4,556.1 billion in fiscal 2013 to Rs. 4,996.4 billion in fiscal 2014 on account of an increase in average deposits by Rs. 276.6 billion and an increase in average borrowings by Rs. 163.7 billion. Average term deposits increased from Rs. 1,815.8 billion in fiscal 2013 to Rs. 1,934.3 billion in fiscal 2014. Average current and savings account deposits increased from Rs. 1,083.4 billion in fiscal 2013 to Rs. 1,241.5 billion in fiscal 2014. Average borrowings increased from Rs. 1,656.9 billion in fiscal 2013 to Rs. 1,820.6 billion in fiscal 2014 due to an increase in bond borrowings, call borrowings, refinance borrowings and collateralized borrowing and lending obligation borrowings, offset, in part, by a decrease in Liquidity Adjustment Facility borrowings and participation certificates. The overseas borrowings of ICICI Bank in rupee terms increased primarily due to the impact of rupee depreciation.

Average deposits of ICICI Bank UK increased primarily due to increase in average savings account deposits. Average borrowings of ICICI Bank UK increased due to an increase in borrowings by way of bankers' acceptance, bilateral borrowings and borrowings under repurchase transactions, offset, in part, by a decrease in bond borrowings. Average borrowings of ICICI Bank Canada increased primarily on account of an increase in borrowings through securitization of mortgages. However, there was a decrease in average deposits of ICICI Bank Canada due to a decrease in average term deposits and average savings account deposits.

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

Non-Interest Income

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

	Year ended March 31,

	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Commission, exchange and brokerage	Rs. 62,767	Rs. 73,241	US$ 1,175	16.7 %
Profit/(loss) on treasury-related activities (net)[1]	23,994	31,378	502	30.8
Profit/(loss) on sale of land, buildings and other assets (net)	339	1,352	22	..
Premium and other operating income from insurance business	203,944	193,319	3,103	(5.2)
Miscellaneous income	2,154	1,556	25	(27.7)
Total non-interest income	**Rs. 293,198**	**Rs. 300,846**	**US$ 4,827**	**2.6 %**

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

Non-interest income primarily includes income pertaining to our insurance business, commission, exchange and brokerage income, profit/(loss) on treasury-related activities and other miscellaneous income. This analysis of non-interest income should be read against the backdrop of global and Indian economic developments, financial market activities, the competitive environment, client activity levels and our strategy, as detailed in earlier sections.

Non-interest income increased by 2.6% from Rs. 293.2 billion in fiscal 2013 to Rs. 300.8 billion in fiscal 2014 primarily due to an increase in commission, exchange and brokerage income and profit on treasury-related activities, offset, in part, by a decrease in income from our insurance business.

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Commission, exchange and brokerage

Commission, exchange and brokerage income primarily includes fees from our banking business as well as fee and brokerage income of our securities brokering, asset management and venture capital fund management subsidiaries. The fee income of our banking business primarily includes fees from corporate clients such as loan processing fees, transaction banking fees and structuring fees and fees from retail customers such as loan processing fees, credit card fees and service charges on retail deposit accounts.

Commission, exchange and brokerage income increased by 16.7% from Rs. 62.8 billion in fiscal 2013 to Rs. 73.2 billion in fiscal 2014. Commission, exchange and brokerage income of ICICI Bank increased from Rs. 54.6 billion in fiscal 2013 to Rs. 63.1 billion in fiscal 2014 and that of our banking subsidiaries from Rs. 1.6 billion in fiscal 2013 to Rs. 2.3 billion in fiscal 2014. Further, there was an increase in management fees of our asset management subsidiary and brokerage income of our securities broking subsidiary. However, there was a marginal decrease in management fees from our venture capital fund management subsidiary in fiscal 2014.

The commission, exchange and brokerage income of ICICI Bank increased primarily due to an increase in loan processing fees, transaction banking fees, credit card fees and commercial banking fees. Our banking subsidiaries' fee income increased primarily due to an increase in loan processing fees of ICICI Bank UK.

The management fees of our asset management subsidiary increased in fiscal 2014 compared to fiscal 2013 primarily due to an increase in fees on mutual funds operations on account of an increase in average assets under management and an increase in margins on mutual fund operations. Further, there was an increase in brokerage income and third party product distribution fees of our securities broking subsidiary in fiscal 2014 compared to fiscal 2013.

The management fees of our venture capital fund management subsidiary decreased due to a reduction in outstanding capital of certain funds on account of divestment.

Profit/(loss) on treasury-related activities (net)

Profit/(loss) on treasury-related activities includes income from the sale of investments and the revaluation of investments on account of changes in unrealized profit/(loss) in the fixed income, equity and preference share portfolio, units of venture capital and private equity funds, units of mutual funds and security receipts issued by asset reconstruction companies. It also includes income from foreign exchange transactions, consisting of various foreign exchange and derivatives transactions with clients, including options and swaps. Profit from treasury-related activities increased by 30.8% from Rs. 24.0 billion in fiscal 2013 to Rs. 31.4 billion in fiscal 2014. The increase in income from

treasury-related activities in fiscal 2014 was primarily due to realized gains/reversal of marked-to market losses on equity portfolio, exchange gain on repatriation of retained earnings at overseas branches and profit on security receipts, offset, in part, by lower gains on government securities and other fixed income positions.

Our profit on the government securities portfolio and other fixed income positions decreased from Rs. 7.6 billion in fiscal 2013 to Rs. 5.9 billion in fiscal 2014 primarily due to volatility in financial markets and the sharp upward movement in interest rates during fiscal 2014. The yields on the benchmark 10-year government securities increased from 7.96% at March 29, 2013 to a high of 9.24% at August 19, 2013 following significant outflow of foreign portfolio funds, particularly debt funds. Yields remained volatile and elevated at above 8.00% levels thereafter and were at 8.80% at March 28, 2014.

During fiscal 2014, there was profit on our equity portfolio of Rs. 2.2 billion compared to loss of Rs. 0.4 billion in fiscal 2013 primarily due to realized gains/reversal of mark-to market losses on the equity portfolio in fiscal 2014 as equity markets improved in fiscal 2014.

At year-end fiscal 2014, the Bank had an outstanding net investment of Rs. 8.8 billion in security receipts issued by asset reconstruction companies in relation to the sale of non-performing assets. During fiscal 2014, the Bank recorded realized/unrealized gain on security receipts of Rs. 2.0 billion, compared to a gain of Rs. 0.5 billion in fiscal 2013, primarily due to an improvement in net asset value and realized gains on redemption.

Our income from foreign exchange transactions with clients and from margins on derivatives transactions with clients increased from Rs. 12.8 billion in fiscal 2013 to Rs. 14.1 billion in fiscal 2014, primarily on account of an enhanced focus on large corporate customers and acquisition of new small and medium corporate clients. Further, depreciation in rupee during fiscal 2014 led to higher remittances to India during the year and resulted in higher remittance related fees/commissions.

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During fiscal 2014, the Bank made a profit of Rs. 2.2 billion on account of exchange gain on repatriation of retained earnings of US$ 200 million from overseas branches.

We had no credit exposure in funded credit derivatives instruments and non-funded credit derivatives instruments at year-end fiscal 2014 compared to Rs. 0.8 billion of funded credit derivatives instruments and Rs. 3.5 billion of non-funded credit derivatives instruments at year-end fiscal 2013.

Income relating to our insurance business

Income from our insurance business decreased from Rs. 203.9 billion in fiscal 2013 to Rs. 193.3 billion in fiscal 2014, primarily due to a decrease in income from our life insurance business, from Rs. 160.4 billion in fiscal 2013 to Rs. 145.5 billion in fiscal 2014, offset in part by an increase in income from our general insurance business from Rs. 43.5 billion in fiscal 2013 to Rs. 47.8 billion in fiscal 2014. Income from our insurance business included net premium income, fee and commission income and surrender charges, including income on foreclosure of policies. Income from our life insurance business includes net premium income of Rs. 122.7 billion and fee and other life insurance related income of Rs. 22.8 billion in fiscal 2014, compared to net premium income of Rs. 134.1 billion and fee and other life insurance related income of Rs. 26.3 billion in fiscal 2013.

The premium income (gross of premium on reinsurance ceded) of ICICI Prudential Life Insurance Company decreased by 8.2% from Rs. 135.4 billion in fiscal 2013 to Rs. 124.3 billion in fiscal 2014. Retail new business premium decreased by 1.5% from Rs. 36.4 billion in fiscal 2013 to Rs. 35.9 billion in fiscal 2014. Retail renewal premium increased marginally from Rs. 80.6 billion in fiscal 2013 to Rs. 81.0 billion in fiscal 2014. Group premium decreased from Rs. 18.4 billion in fiscal 2013 to Rs. 7.4 billion in fiscal 2014. ICICI Prudential Life Insurance Company's fee and other life insurance related income decreased from Rs. 26.3 billion in fiscal 2013 to Rs. 22.8 billion in fiscal 2014. There was a decrease in policy fees, fund management charges and surrender charges, including income on foreclosure of policies.

Income from our general insurance business includes net premium income amounting to Rs. 42.2 billion and commission income amounting to Rs. 5.6 billion in fiscal 2014, compared to net premium income of Rs. 38.9 billion and commission income of Rs. 4.6 billion in fiscal 2013.

The net premium income increased from Rs. 38.9 billion in fiscal 2013 to Rs. 42.2 billion in fiscal 2014 primarily due to the growth in weather insurance and motor insurance business. Commission income of ICICI Lombard General Insurance Company increased by 19.6% from Rs. 4.6 billion in fiscal 2013 to Rs. 5.6 billion in fiscal 2014, primarily due to an increase in commission on reinsurance ceded in retail health insurance business.

Miscellaneous income

Miscellaneous income decreased from Rs. 2.2 billion in fiscal 2013 to Rs. 1.6 billion in fiscal 2014.

Non-Interest Expense

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

	Year ended March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Payments to and provisions for employees	Rs. 56,291	Rs. 59,688	US$ 958	6.0 %
Depreciation on own property	5,926	6,876	110	16.0
Auditor's fees and expenses	167	210	3	25.6
Depreciation on leased assets	328	317	5	(3.4)
Expenses pertaining to insurance business	173,517	162,367	2,606	(6.4)
Other administrative expenses	65,841	77,206	1,240	17.3
Total non-interest expenses	**Rs. 302,070**	**Rs. 306,664**	**US$ 4,922**	**1.5 %**

Non-interest expense primarily includes expenses relating to our insurance business, payment to and provision for employees and other administrative expenses. Operating expenses increased from Rs. 302.1 billion

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in fiscal 2013 to Rs. 306.7 billion in fiscal 2014 primarily due to an increase in payments to and provisions for employees and other administrative expenses offset, in part, by a decrease in expenses related to our insurance business.

Payments to and provisions for employees

Employee expenses increased by 6.0% from Rs. 56.3 billion in fiscal 2013 to Rs. 59.7 billion in fiscal 2014, reflecting an annual increase in salaries and an increase in our employee base, offset, in part, by a decrease in provision for retirement benefit obligations due to an increase in the discount rate, which is linked to the yield on government securities. Our employee base, including sales executives, employees on fixed term contracts and interns, increased from 85,217 at year-end fiscal 2013 to 94,204 at year-end fiscal 2014.

The employee expenses of ICICI Bank increased by 8.4% from Rs. 38.9 billion in fiscal 2013 to Rs. 42.2 billion in fiscal 2014. Employee expenses increased primarily due to annual increments and an increase in the employee base, including sales executives, employees on fixed term contracts and interns, from 62,065 employees at year-end fiscal 2013 to 72,226 employees at year-end fiscal 2014. This was offset, in part, by a decrease in provision for retirement benefit obligations due to an increase in the discount rate, which is linked to the yield on government securities. Pension related costs decreased from Rs. 2.4 billion in fiscal 2013 to Rs. 1.6 billion in fiscal 2014.

Employee expenses for ICICI Prudential Life Insurance Company decreased by 7.0% from Rs. 7.7 billion in fiscal 2013 to Rs. 7.2 billion in fiscal 2014 primarily due to a decrease in employee base from 12,841 at year-end fiscal 2013 to 10,745 at year-end fiscal 2014. Employee expenses of ICICI Lombard General Insurance Company increased marginally from Rs. 3.1 billion in fiscal 2013 to Rs. 3.2 billion in fiscal 2014.

Depreciation

Depreciation on owned property increased from Rs. 5.9 billion in fiscal 2013 to Rs. 6.9 billion in fiscal 2014 due to an increase in fixed assets. Depreciation on leased assets remained at similar levels at Rs. 0.3 billion in fiscal 2013 and fiscal 2014.

Other administrative expenses

Other administrative expenses primarily include rent, taxes and lighting, advertisement and publicity, repairs and maintenance, direct marketing agency expenses and other expenditures. Other administrative expenses increased by 17.3% from Rs. 65.8 billion in fiscal 2013 to Rs. 77.2 billion in fiscal 2014, primarily due to an increase in expenses of ICICI Bank and our general insurance subsidiary. Other administrative expenses of ICICI Bank increased from Rs. 46.3 billion in fiscal 2013 to Rs. 55.1 billion in fiscal 2014 primarily on account of an increase in the branch and ATM network of the Bank and an increase in retail business volume. The number of branches and extension counters of ICICI Bank in India increased from 3,100 at year-end fiscal 2013 to 3,753 at year-end fiscal 2014. ICICI Bank also increased its ATM network from 10,481 ATMs at year-end fiscal 2013 to 11,315 ATMs at year-end fiscal 2014. Further, there was an increase in the advertisement expenses and other business support expenses of our general insurance subsidiary in fiscal 2014 compared to fiscal 2013.

Expenses related to our insurance business

Expenses related to our insurance business include claims and benefit payouts, commission expenses and reserves for actuarial liability (including the investible portion of the premium on unit-linked policies of our life insurance business). Expenses relating to our insurance business decreased by 6.4% from Rs. 173.5 billion in fiscal 2013 to Rs. 162.4 billion in fiscal 2014, primarily due to a decrease in the business volume of our life insurance subsidiary, offset, in part, by an increase in claims and benefit payouts of our general insurance subsidiary. The expenses related to our insurance business include expenses of our life insurance subsidiary amounting to Rs. 123.5 billion and of our general insurance subsidiary amounting to Rs. 38.9 billion in fiscal 2014, compared to expenses of Rs. 137.4 billion for our life insurance subsidiary and Rs. 36.1 billion for our general insurance subsidiary in fiscal 2013.

The expenses of our life insurance business include increase in reserves for actuarial liability (including the investible portion of the premium on unit-linked policies) of Rs. 110.3 billion, claims and benefit payouts and commission expenses of Rs. 13.2 billion in fiscal 2014, compared to Rs. 122.1 billion of increase in reserves for actuarial liability (including the investible portion of the premium on unit-linked policies), claims and benefit payouts and commission expenses of Rs. 15.3 billion in fiscal 2013.

During fiscal 2014, the reserves for the actuarial liability of the life insurance business (including the investible portion of the premium on unit-linked policies) decreased from Rs. 122.1 billion in fiscal 2013 to Rs. 110.3 billion in fiscal 2014, primarily due to a decrease in the volume of our unit-linked insurance business (including renewal) and single premium business. The investible portion of the premium on linked policies of our life insurance business represents the amount of premium, including renewal premium received on linked policies of life insurance business invested, after deducting charges and the premium for risk coverage, in the underlying fund. The claims and benefit payouts and commission expenses decreased from Rs. 15.3 billion in fiscal 2013 to Rs. 13.2 billion in fiscal 2014, primarily due to a decrease in surrender claims pertaining to group business and lower commission expenses due to a change in product mix from conventional products to linked products. In line with Indian accounting norms for insurance companies, we do not amortize the customer acquisition cost, but account for the expenses as incurred.

The expenses of our general insurance business increased from Rs. 36.1 billion in fiscal 2013 to Rs. 38.9 billion in fiscal 2014. Claims and benefit payouts increased from Rs. 33.8 billion in fiscal 2013 to Rs. 36.2 billion in fiscal 2014, primarily due to certain high value claims in weather insurance, engineering insurance business, aviation insurance business and group health insurance. The commission expenses increased from Rs. 2.3 billion in fiscal 2013 to Rs. 2.7 billion in fiscal 2014, reflecting higher business volumes.

In accordance with the Insurance Regulatory and Development Authority guidelines, ICICI Lombard General Insurance Company, together with all other general insurance companies, participated in the Pool, administered by the General Insurance Corporation of India covering third party risks of commercial vehicles, from April 1, 2007. As per the Insurance Regulatory and Development Authority direction effective March 31, 2012, the Pool was dismantled on a clean cut basis and general insurance companies were required to recognize the Pool liabilities as per loss ratios estimated by the General Actuaries Department of the United Kingdom.

Further, in accordance with the Insurance Regulatory and Development Authority direction effective April 1, 2012, ICICI Lombard General Insurance Company together with other insurance companies participated in the Declined Risk Pool. Every insurer is required to underwrite a minimum percentage of standalone commercial vehicle motor third party insurance.

During fiscal 2014, the Insurance Regulatory and Development Authority declared the ultimate loss ratio for the Declined Risk Pool for fiscal 2013 at 210% against the provisional estimate of 145%. Further, the Insurance Regulatory and Development Authority advised that provisions for quarterly settlements for fiscal 2014 should be done at 210%. Accordingly, ICICI Lombard General Insurance Company accounted for the change in the ultimate loss ratio from 145% to 210% for fiscal 2013 in fiscal 2014. Further, as per the Insurance Regulatory and Development Authority recommendation, ICICI Lombard General Insurance Company also accounted for the claims in respect of fiscal 2014 based on the revised ultimate loss ratio of 210%. The change in the ultimate loss ratio from 145% to 210% has resulted in an adverse impact of Rs. 0.4 billion.

See also "*Business—Overview of Our Products and Services—Insurance*".

Provisions and contingencies (excluding tax provisions)

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

	Year ended March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Provision for investments (net)	Rs. 1,718	Rs. 1,629	US$ 26	(5.2)%
Provision for non-performing and other assets	15,514	24,818	398	60.0
Provision for standard assets	1,350	1,592	26	17.9
Others	2,370	964	15	(59.3)
Total provisions and contingencies (excluding tax)	**Rs. 20,952**	**Rs. 29,003**	**US$ 465**	**38.4 %**

Provisions are generally made by ICICI Bank on standard, substandard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and unsecured portions of doubtful assets are provided/written off to the extent required by Reserve Bank of India guidelines. Subject to the minimum provisioning levels prescribed by the Reserve Bank of India, provisions on non-performing retail loans are made

at the borrower level in accordance with the provisioning policy of ICICI Bank. The specific provisions on retail loans held by ICICI Bank are higher than the minimum regulatory requirement. In addition to the specific provision on non-performing assets, ICICI Bank maintains a general provision on performing loans and advances at rates prescribed by the Reserve Bank of India. For performing loans and advances in overseas branches, the general provision is made at higher of host country regulatory requirements and the Reserve Bank of India requirement. See also "*Business—Loan portfolio—Classification of Loans*".

Provisions and contingencies (excluding provisions for tax) increased by 38.4% from Rs. 21.0 billion in fiscal 2013 to Rs. 29.0 billion in fiscal 2014, primarily due to an increase in provisions for non-performing and restructured assets. The provision for non-performing and restructured assets increased from Rs. 15.5 billion in fiscal 2013 to Rs. 24.8 billion in fiscal 2014. Since fiscal 2012, the Indian economy experienced a moderation in growth. Interest rates in the economy rose following tightening of monetary policy in response to high inflation. The corporate sector experienced a decline in sales and profit growth, and also experienced elongation of working capital cycles and a high level of receivables. The Indian rupee depreciated significantly vis-a-vis the U.S. dollar during this period. Further, corporate investment activity was impacted by concerns over administrative clearances and issues around access to land and natural resources. For example, there have been concerns over the availability of fuel for thermal and gas-based power plants. Given the concerns over growth, companies found it difficult to access equity capital markets and several companies and sectors have relatively high leverage. These trends and concerns persisted during fiscal 2014. Against initial expectations of a moderate recovery in fiscal 2014, growth in gross domestic product remained at 4.7% compared to 4.5% in fiscal 2013, with industrial growth further moderating to 0.4% in fiscal 2014 compared to 1.0% in fiscal 2013. In addition, given higher than expected inflation levels in the second half of fiscal 2014, the Reserve Bank of India increased the repo rate by 50 basis points during the year, as against initial expectations of a reduction in interest rates in fiscal 2014. Further, financial markets remained volatile, particularly in the first half of fiscal 2014, driven by a sharp depreciation in the exchange rate and consequent measures taken by the Reserve Bank of India to address the same. Due to these and other factors, there has generally been an increase in the non-performing and restructured loans of Indian banks, including us. The provision, net of write-back of excess provisions, on commercial loans increased from Rs. 14.4 billion in fiscal 2013 to Rs. 19.9 billion in fiscal 2014, primarily on account of an increase in additions to non-performing and restructured loans in the small and medium enterprises and corporate loan portfolio.

The provisions, net of write-back of excess provision, against non-performing consumer loans increased from Rs. 1.1 billion in fiscal 2013 to Rs. 2.5 billion in fiscal 2014. The diminution in fair value of restructured loans (including the provision for funded interest) increased from Rs. 0.7 billion in fiscal 2013 to Rs. 5.9 billion in fiscal 2014.

See also "*Business—Classification of Loans—Impact of Economic Environment on Commercial and Consumer Loan Borrowers—Non-performing Assets*" and "*Business—Classification of Loans—Impact of Economic Environment on Commercial and Consumer Loan Borrowers—Restructured Loans*".

ICICI Bank's provisioning coverage ratio at year-end fiscal 2014, computed in accordance with the Reserve Bank of India guidelines, was 68.6%.

General provision on standard assets increased from Rs. 1.4 billion in fiscal 2013 to Rs. 1.6 billion in fiscal 2014 primarily due to an increase in loan portfolio and higher general provision on restructured loans of ICICI Bank, offset, in part by an increase in write-back of provisions of ICICI Bank UK and ICICI Bank Canada. We held a cumulative general provision of Rs. 21.4 billion at year-end fiscal 2014 compared to Rs. 19.1 billion at year-end fiscal 2013.

Provisions, including general provisions on performing assets, as a percentage of gross customer assets were 2.5% at year-end fiscal 2014 compared to 2.6% at year-end fiscal 2013.

Provision for investments decreased from Rs. 1.7 billion in fiscal 2013 to Rs. 1.6 billion in fiscal 2014.

Provisions for Restructured Loans and Non-performing Assets

We classify our assets, including those in our overseas branches, as performing and non-performing in accordance with the Reserve Bank of India guidelines, except in the case of ICICI Home Finance Company and our overseas banking subsidiaries. ICICI Home Finance Company classifies its loans and other credit facilities in accordance with the guidelines of its regulator, the National Housing Bank. A loan made by any of our overseas banking subsidiaries is classified as impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition on the loan (a loss event) and the loss

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event has an impact on the estimated future cash flows of the loans that can be reliably estimated. Under Reserve Bank of India guidelines for term loans, such assets are classified as non-performing if any amount of interest or principal remains overdue for more than 90 days. For overdrafts or cash credits, assets are classified as non-performing if the account remains out of order continuously for a period of 90 days and, for bills, if the account remains overdue for more than 90 days. Further, non-performing assets are also classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India. See also "*Business—Classification of Loans*".

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

The following table sets forth, at the dates indicated, information regarding roll-forward and average balances of restructured loans.

	At March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Opening balance (gross restructured loans)	Rs.52,717	Rs.67,307	US$1,080	27.7 %
Add: Loans restructured during the year	24,887	69,372	1,113	178.7
Add: Increase in loans outstanding in respect of previously restructured loans/borrowers	2,756	7,096	114	157.5
Less: Loans upgraded to standard category during the year	(2,609)	(876)	(14)	(66.4)
Less: Loans downgraded to non-performing category during the year	(4,491)	(7,284)	(117)	62.2
Less: Repayments during the year	(5,953)	(2,167)	(35)	(63.6)
Gross restructured loans	Rs.67,307	Rs.133,448	US$2,141	98.3
Provisions for restructured loans	(5,294)	(11,235)	(180)	112.2
Net restructured loans	Rs.62,013	Rs.122,213	US$1,961	97.1
Average balance of net restructured loans[(1)]	51,709	85,603	1,374	65.5
Gross customer assets	4,001,517	4,615,808	74,078	15.4 %
Net customer assets	Rs.3,914,869	Rs.4,523,471	US$72,596	15.5
Gross restructured loans as a percentage of gross customer assets	1.7 %	2.9 %		
Net restructured loans as a percentage of net customer assets	1.6 %	2.7 %		

(1) The average balance is the average of quarterly balances outstanding at the end of March of the previous year and June, September, December and March of the current year.

(2) Based on the Reserve Bank of India guidelines effective fiscal 2013, restructured loans include all loans to a borrower where any of the loan facilities have been restructured.

Since fiscal 2012, the Indian economy experienced a moderation in growth. Interest rates in the economy rose following tightening of monetary policy in response to high inflation. The corporate sector experienced a decline in sales and profit growth, and also experienced elongation of working capital cycles and a high level of receivables. The Indian rupee depreciated significantly vis-a-vis the U.S. dollar during this period. Further, corporate investment activity was impacted by concerns over administrative clearances and issues around access to land and natural resources. For example, there have been concerns over the availability of fuel for thermal and gas-based power plants. Given the concerns over growth, companies found it difficult to access equity capital markets and several companies and sectors have relatively high leverage. These trends and concerns persisted during fiscal 2014. Against initial expectations of a moderate recovery in fiscal 2014, growth in gross domestic product remained at 4.7% compared to 4.5% in fiscal 2013, with industrial growth further moderating to 0.4% in fiscal 2014 compared to 1.0% in fiscal 2013. In addition, given higher than expected inflation levels in the second half of fiscal 2014, the Reserve Bank of India increased the repo rate by 50 basis points during the year, as against initial expectations of a reduction in interest rates in fiscal 2014. Further, financial markets

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remained volatile, particularly in the first half of fiscal 2014, driven by a sharp depreciation in the exchange rate and consequent measures taken by the Reserve Bank of India to address the same. Due to these and other factors, there has generally been an increase in the non-performing and restructured loans of Indian banks, including us.

During fiscal 2014, loans amounting to Rs. 69.4 billion were restructured as compared to Rs. 24.9 billion in fiscal 2013. There were no borrower accounts that were restructured for a second time during fiscal 2014. After restructuring, based on the satisfactory performance of the borrower over a period of at least one year and after it reverts to the normal level of general provision for standard loans/risk weights for capital adequacy computations, the restructured account may be upgraded and removed from this category. During fiscal 2014, based on payment performance, the Bank upgraded certain borrower accounts with outstanding loans totaling Rs. 0.9 billion as compared to Rs. 2.6 billion during fiscal 2013. The gross restructured loans increased by 98.3% from Rs. 67.3 billion at year-end fiscal 2013 to Rs. 133.4 billion at year-end fiscal 2014, while the net restructured loans increased by 97.1% from Rs. 62.0 billion at year-end fiscal 2013 to Rs. 122.2 billion at year-end fiscal 2014. The net restructured loans were 2.7% of net customer assets at year-end fiscal 2014, compared to 1.6% at year-end fiscal 2013. At year-end fiscal 2014, the diminution in fair value of restructured loans (including the provision for funded interest) was Rs. 11.2 billion compared to Rs. 5.3 billion at year-end fiscal 2013. See also "*Business—Classification of Loans—Impact of Economic Environment on Commercial and Consumer Loan Borrowers— Restructured Loans*".

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

	At March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Gross non-performing assets[1]	Rs. 107,165	Rs. 122,994	US$ 1,974	14.8 %
Provisions for non-performing assets[1]	(78,016)	(78,366)	1,258	0.4
Net non-performing assets[1]	**Rs. 29,149**	**Rs. 44,628**	**US$ 716**	**53.1 %**
Gross customer assets	Rs. 4,001,517	Rs. 4,615,808	US$ 74,078	15.4 %
Net customer assets	3,914,869	4,523,471	72,596	15.5
Gross non-performing assets as a percentage of gross customer assets	2.7 %	2.7 %		
Net non-performing assets as a percentage of net customer assets	0.7 %	1.0 %		

(1) Includes loans identified as non-performing/impaired in line with the guidelines issued by regulators of the respective subsidiary.

Since fiscal 2012, the Indian economy experienced a moderation in growth. Interest rates in the economy rose following tightening of monetary policy in response to high inflation. The corporate sector experienced a decline in sales and profit growth, and also experienced elongation of working capital cycles and a high level of receivables. The

Indian rupee depreciated significantly vis-a-vis the U.S. dollar during this period. Further, corporate investment activity was impacted by concerns over administrative clearances and issues around access to land and natural resources. For example, there have been concerns over the availability of fuel for thermal and gas-based power plants. Given the concerns over growth, companies found it difficult to access equity capital markets and several companies and sectors have relatively high leverage. These trends and concerns persisted during fiscal 2014. Against initial expectations of a moderate recovery in fiscal 2014, growth in gross domestic product remained at 4.7% compared to 4.5% in fiscal 2013, with industrial growth further moderating to 0.4% in fiscal 2014 compared to 1.0% in fiscal 2013. In addition, given higher than expected inflation levels in the second half of fiscal 2014, the Reserve Bank of India increased the repo rate by 50 basis points during the year, as against initial expectations of a reduction in interest rates in fiscal 2014. Further, financial markets remained volatile, particularly in the first half of fiscal 2014, driven by a sharp depreciation in the exchange rate and consequent measures taken by the Reserve Bank of India to address the same. Due to these and other factors, there has generally been an increase in the non-performing and restructured loans of Indian banks, including us. Gross additions to non-performing assets in fiscal 2014 were higher at Rs. 53.6 billion as compared to Rs. 38.9 billion in fiscal 2013 primarily due to increase in commercial loans. During fiscal 2014, we upgraded non-performing assets amounting to Rs. 4.4 billion and made recoveries against non-performing assets amounting to Rs. 11.2 billion. During fiscal 2014, loans amounting to Rs. 22.2 billion were written-off as

compared to Rs. 18.1 billion in fiscal 2013. As a result, gross non-performing assets increased from Rs. 107.2 billion at year-end fiscal 2013 to Rs. 123.0 billion at year-end fiscal 2014.

Gross additions to non-performing consumer loans increased from Rs. 9.9 billion in fiscal 2013 to Rs. 12.8 billion during fiscal 2014 reflecting an increase in loan book. Gross additions to non-performing commercial loans increased from Rs. 29.0 billion in fiscal 2013 to Rs. 40.8 billion in fiscal 2014. See also "*Business—Classification of Loans—Impact of Economic Environment on Commercial and Consumer Loan Borrowers—Non-performing Assets*".

In fiscal 2013, the Bank sold four commercial loans with aggregate book value (net of provision) of Rs. 0.1 billion to an asset reconstruction company. In fiscal 2014, the Bank sold two commercial loans with aggregate book value (net of provision) of Rs. 1.5 billion to an asset reconstruction company. See also "*Business—Classification of Loans—Non-Performing Asset Strategy*".

As a percentage of net customer assets, net non-performing assets were 1.0% at year-end fiscal 2014, compared to 0.7% at year-end fiscal 2013.

Tax Expense

Income tax expense increased by 32.1% from Rs. 34.9 billion in fiscal 2013 to Rs. 46.1 billion in fiscal 2014 due to an increase in profit before tax and increase in the effective tax rate. The effective tax rate increased from 25.6% in fiscal 2013 to 28.3% in fiscal 2014. The increase in effective tax rate was primarily due to the creation of deferred tax liability on Special Reserve by the Bank and an increase in surcharge on income tax from 5.0% in fiscal 2013 to 10.0% in fiscal 2014, offset, in part, due to tax benefit in our insurance subsidiaries.

The Bank creates special reserve through appropriation of profits, in order to avail tax deduction as per Section 36(1)(viii) of the Income Tax Act, 1961. Any drawdown from the reserve is subject to taxation. The Reserve Bank of India, through its circular dated December 20, 2013, advised banks to create deferred tax liability on the amount outstanding in special reserve, as a matter of prudence. In accordance with these guidelines, the Bank created a deferred tax liability of Rs. 14.2 billion on special reserve outstanding at year-end fiscal 2013, by reducing the general reserves. Further, the tax expense of the Bank for fiscal 2014 was higher by Rs. 3.0 billion due to the creation of deferred tax liability on the special reserve created in fiscal 2014.

Income tax expense of our life insurance subsidiary was a tax benefit of Rs. 0.4 billion in fiscal 2014 compared to a tax expense of Rs. 0.7 billion in fiscal 2013. Income tax expense of our general insurance subsidiary was a tax expense of Rs. 0.1 billion in fiscal 2014 compared to a tax benefit of Rs. 0.2 billion in fiscal 2013. The lower tax

expense or tax benefit was primarily due to tax benefit on carried forward business losses of earlier years, which were adjusted with current year's profit for tax purpose. As per Indian GAAP accounting guidelines, deferred tax were not created on such losses in earlier years, resulting in lower effective tax rate for our insurance subsidiaries during current year.

Financial Condition

Assets

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

	At March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Cash and cash equivalents	Rs. 493,709	Rs. 482,582	US$ 7,745	(2.3)%
Investments	2,556,667	2,676,094	42,948	4.7
Advances (net of provisions)	3,299,741	3,873,418	62,164	17.4
Fixed assets	54,735	55,068	884	0.6
Other assets	344,978	390,462	6,266	13.2
Total assets	**Rs. 6,749,830**	**Rs. 7,477,624**	**US$ 120,007**	**10.8 %**

Our total assets increased by 10.8% from Rs. 6,749.8 billion at year-end fiscal 2013 to Rs. 7,477.6 billion at year-end fiscal 2014 primarily due to an increase in net advances and investments. Net advances increased by 17.4% from Rs. 3,299.7 billion at year-end fiscal 2013 to Rs. 3,873.4 billion at year-end fiscal 2014.

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Investments increased by 4.7% from Rs. 2,556.7 billion at year-end fiscal 2013 to Rs. 2,676.1 billion at year-end fiscal 2014.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and balances with the Reserve Bank of India and other banks, including money at call and short notice. Cash and cash equivalents decreased from Rs. 493.7 billion at year-end fiscal 2013 to Rs. 482.6 billion at year-end fiscal 2014 primarily due to a decrease in deposits with other banks and term money lent, offset, in part, by an increase in the balances with the Reserve Bank of India.

Investments

Total investments increased by 4.7% from Rs. 2,556.7 billion at year-end fiscal 2013 to Rs. 2,676.1 billion at year-end fiscal 2014. Investments of ICICI Bank increased from Rs. 1,713.9 billion at year-end fiscal 2013 to Rs. 1,770.2 billion at year-end fiscal 2014 primarily due to an increase in investments in the Rural Infrastructure Development Fund and in other related investments in lieu of a shortfall in meeting directed lending requirements, pass-through-certificates and investments in government securities. This was offset, in part, by a decrease in investments in corporate bonds and debentures and commercial paper and certificates of deposit. The investment of ICICI Bank in government securities increased from Rs. 930.3 billion in fiscal 2013 to Rs. 958.9 billion in fiscal 2014.

Investments of ICICI Prudential Life Insurance Company increased from Rs. 720.3 billion at year-end fiscal 2013 to Rs. 790.9 billion at year-end fiscal 2014. The investments, other than held to cover linked liabilities, increased from Rs. 145.1 billion at year-end fiscal 2013 to Rs. 187.8 billion at year-end fiscal 2014 primarily on account of an increase in investment in government securities, corporate bonds and debentures, certificates of deposit and equity shares.

Investments of ICICI Lombard General Insurance Company increased from Rs. 67.3 billion at year-end fiscal 2013 to Rs. 87.5 billion primarily on account of increase in government securities, corporate bonds and debentures, offset, in part, by a decrease in certificates of deposit.

Our total investment in government securities in India of Rs. 1,147.5 billion at year-end fiscal 2014, compared to Rs. 1,097.6 billion at year-end fiscal 2013.

Investments of our overseas banking subsidiaries decreased primarily due to a decline in the investment portfolio of ICICI Bank Canada. ICICI Bank Canada's investment portfolio decreased by 52.5% from Rs. 58.9 billion at year-end fiscal 2013 to Rs. 28.0 billion at year-end fiscal 2014 primarily due to transfer of certain corporate bonds, with a fair value of CAD 532 million (Rs. 28.9 billion) (amortized cost of CAD 521 million (Rs. 28.3 billion)), from the available-for-sale category to loans and receivables during fiscal 2014. Investments of ICICI Bank UK increased from Rs. 28.5 billion at year-end fiscal 2013 to Rs. 29.9 billion at year-end fiscal 2014.

At year-end fiscal 2014, we had no funded credit derivatives as compared to Rs. 0.8 billion at year-end fiscal 2013. At year-end fiscal 2014, the Bank had an outstanding net investment of Rs. 8.8 billion in security receipts issued by asset reconstruction companies in relation to sales of non-performing assets, compared to Rs. 11.5 billion at year-end fiscal 2013. See also "*Business—Overview of Our Products and Services—Treasury*".

Advances

Net advances increased by 17.4% from Rs. 3,299.7 billion at year-end fiscal 2013 to Rs. 3,873.4 billion at year-end fiscal 2014 primarily due to an increase in retail advances and overseas corporate advances.

Net retail advances of ICICI Bank increased by 23.0% from Rs. 1,073.6 billion at year-end fiscal 2013 to Rs. 1,320.1 billion at year-end fiscal 2014 primarily due to an increase in home loans and automobile loans portfolio. Net advances of the overseas branches (including the offshore banking unit) of ICICI Bank increased in U.S. dollar terms by 11.1% from US$ 13.5 billion at year-end fiscal 2013 to US$ 15.0 billion at year-end fiscal 2014. However, due to exchange rate movements, the net advances of overseas branches (including offshore banking unit), in rupee terms, increased by 22.3% from Rs. 733.6 billion at year-end fiscal 2013 to Rs. 897.0 billion at year-end fiscal 2014. The rupee depreciated from Rs. 54.29 per USD at year-end fiscal 2013 to Rs. 59.92 per USD at year-end fiscal 2014.

Net advances of overseas banking subsidiaries increased in U.S. dollar terms by 10.8% from US$ 6.5 billion at year-end fiscal 2013 to US$ 7.2 billion at year-end fiscal 2014. However, due to exchange rate

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movements, the net advances increased by 22.7% from Rs. 351.7 billion at year-end fiscal 2013 to Rs. 431.7 billion at year-end fiscal 2014. Advances of ICICI Bank Canada increased primarily due to the transfer of certain corporate bonds, with a fair value of CAD 532 million (Rs. 28.9 billion) (amortized cost of CAD 521 million (Rs. 28.3 billion), from the available-for-sale category to loans and receivables during fiscal 2014 and an increase in the insured mortgages portfolio offset, in part, by a decrease in the corporate loan portfolio. Advances of ICICI Bank UK increased primarily due to an increase in corporate loan portfolio and loan against foreign currency non-resident (bank) deposits, offset, in part, by a reduction on account of maturities and redemptions. See also "*Business – Loan Portfolio*".

Fixed and other assets

Fixed assets include premises, furniture and fixtures, assets given on lease and other fixed assets. Fixed assets increased marginally by 0.6% from Rs. 54.7 billion at year-end fiscal 2013 to Rs. 55.1 billion at year-end fiscal 2014. Other assets increased by 13.2% from Rs. 345.0 billion at year-end fiscal 2013 to Rs. 390.5 billion at year-end fiscal 2014.

Liabilities and Stockholders' Equity

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

	At March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Deposits	Rs. 3,147,705	Rs. 3,595,127	US$ 57,697	14.2 %
Borrowings[1]	1,728,882	1,835,421	29,456	6.2
Other liabilities[2]	1,168,561	1,262,670	20,264	8.1
Minority interest	17,058	20,108	323	17.9
Total liabilities	6,062,206	6,713,326	107,741	10.7
Equity share capital	11,536	11,550	185	0.1
Reserves and surplus[3]	676,088	752,748	12,081	11.3
Total liabilities (including capital and reserves)	**Rs. 6,749,830**	**Rs. 7,477,624**	**US$ 120,006**	**10.8 %**

(1) Includes subordinated debt and redeemable non-cumulative preference shares.

(2) Includes proposed dividend (including corporate dividend tax) of Rs. 29.6 billion for fiscal 2014 (fiscal 2013: Rs. 26.4 billion).

(3) Includes employees stock options outstanding.

Our total liabilities (including capital and reserves) increased by 10.8% from Rs. 6,749.8 billion at year-end fiscal 2013 to Rs. 7,477.6 billion at year-end fiscal 2014, primarily due to an increase in deposits and borrowings.

Deposits

Deposits increased by 14.2% from Rs. 3,147.7 billion at year-end fiscal 2013 to Rs. 3,595.1 billion at year-end fiscal 2014. Term deposits of ICICI Bank increased from Rs. 1,700.4 billion at year-end fiscal 2013 to Rs. 1,895.4 billion at year-end fiscal 2014 primarily due to an increase in foreign currency non-resident (bank) deposits mobilized during the year. Savings account deposits increased from Rs. 856.5 billion at year-end fiscal 2013 to Rs. 991.3 billion at year-end fiscal 2014 and current account deposits increased from Rs. 369.3 billion at year-end fiscal 2013 to Rs. 432.5 billion at year-end fiscal 2014. The current and savings account deposits of ICICI Bank increased from Rs. 1,225.8 billion at year-end fiscal 2013 to Rs. 1,423.8 billion at year-end fiscal 2014.

Deposits of ICICI Bank UK increased from Rs. 97.7 billion at year-end fiscal 2013 to Rs. 151.8 billion at year-end fiscal 2014, primarily due to an increase in savings account deposits and term deposits. The deposits of ICICI Bank Canada increased from Rs. 128.8 billion at year-end fiscal 2013 to Rs. 132.1 billion at year-end fiscal 2014, primarily due to an increase in term deposits from Rs. 85.7 billion at year-end fiscal 2013 to Rs.

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96.2 billion at year-end fiscal 2014, offset, in part, by a decrease in savings account deposits from Rs. 38.3 billion at year-end fiscal 2013 to Rs. 31.8 billion at year-end fiscal 2014.

Our total term deposits increased from Rs. 1,846.3 billion at year-end fiscal 2013 to Rs. 2,073.2 billion at year-end fiscal 2014, while savings deposits increased from Rs. 921.7 billion at year-end fiscal 2013 to Rs. 1,078.3 billion at year-end fiscal 2014. Total deposits at year-end fiscal 2014 formed 66.2% of our funding (i.e., deposits and borrowings, including subordinated debt and redeemable non-cumulative preference shares). See also "*Business—Funding*".

Borrowings

Borrowings (including redeemable non-cumulative preference shares and subordinated debt) increased by 6.2% from Rs. 1,728.9 billion at year-end fiscal 2013 to Rs. 1,835.4 billion at year-end fiscal 2014. Borrowings of ICICI Bank increased primarily due to overseas borrowings including call and term borrowings and refinance borrowings, offset, in part, by a decrease in borrowings under the liquidity adjustment facility with the Reserve Bank of India at year-end fiscal 2014. The increase in overseas borrowings also reflects rupee depreciation from Rs. 54.29 per USD at year-end fiscal 2013 to Rs. 59.92 per USD at year-end fiscal 2014.

Further, there was an increase in borrowings of ICICI Bank UK during fiscal 2014 due to an increase in borrowings by way of bankers' acceptance, bilateral borrowings and borrowings under repurchase transactions during fiscal 2014, offset, in part, by a decrease in bond borrowings. The borrowings of ICICI Bank Canada increased due to an increase in borrowings through securitization of mortgages offset, in part, by repayment of subordinated debt. See also "*Business—Funding*".

Other liabilities

Other liabilities primarily consist of liabilities on insurance policies in force, pertaining to our insurance subsidiaries, and proposed dividend including corporate dividend tax. Other liabilities increased by 8.1% from Rs. 1,168.6 billion at year-end fiscal 2013 to Rs. 1,262.7 billion at year-end fiscal 2014 primarily due to an increase in liabilities on policies in force of our life insurance business from Rs. 689.1 billion at year-end fiscal 2013 to Rs. 749.3 billion at year-end fiscal 2014. The increase in liabilities on insurance policies in force was primarily due to increase in linked policy liabilities due to higher equity valuations and an increase in non-linked business resulting in higher reserving requirement in fiscal 2014.

Other liabilities include proposed dividends (including corporate dividend tax) of Rs. 29.6 billion for fiscal 2014 compared to Rs. 26.4 billion in fiscal 2013. In India, dividends declared for a fiscal year are normally paid in the following year. We declared a dividend of Rs. 20.00 per equity share for fiscal 2013, which was paid in fiscal 2014. We declared a dividend of Rs. 23.00 per equity share for fiscal 2014, which has been paid in fiscal 2015.

Equity share capital and reserves

Stockholders' equity increased from Rs. 687.6 billion at year-end fiscal 2013 to Rs. 764.3 billion at year-end fiscal 2014 primarily due to the annual accretion to reserves out of profit, offset, in part, by proposed dividend and deferred tax liability created through reserves on Special Reserve outstanding at year-end fiscal 2013.

Off Balance Sheet Items, Commitments and Contingencies

Foreign Exchange and Derivatives Contracts

We enter into foreign exchange forwards, options, swaps and other derivatives products to enable customers to transfer, modify or reduce their foreign exchange and interest rate risks and to manage our own interest rate and foreign exchange positions. These instruments are used to manage foreign exchange and interest rate risk relating to specific groups of on-balance sheet assets and liabilities.

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The following table sets forth, at the dates indicated, the notional amount of foreign exchange and interest rate derivatives contracts.

	Notional principal amounts At March 31,				Balance sheet fair value[1] At March 31,			
	2013	2014	2015	2015	2013	2014	2015	2015
	(in millions)							
Interest rate products:								
Swap agreements	Rs. 3,416,506	Rs. 3,476,714	Rs. 4,361,764	US$70,001	Rs. 26,282	Rs. 14,544	Rs. 15,838	US$254
Others	95,195	102,529	116,734	1,873	30	(38)	280	5
Total interest rate products	Rs. 3,511,701	Rs. 3,579,243	Rs. 4,478,498	US$71,874	Rs. 26,313	Rs. 14,506	Rs. 16,118	US$259
Foreign exchange products:								
Forward contracts	Rs. 2,838,268	Rs. 2,839,616	Rs. 3,035,674	US$48,719	Rs. 1,657	Rs. 2,417	Rs. (7,599)	US$(122)
Swap agreements	637,317	616,816	534,420	8,577	6,881	8,532	(340)	(5)
Others	404,839	450,440	535,252	8,590	(6,422)	(9,223)	(2,013)	(33)
Total foreign exchange products	**Rs. 3,880,424**	**Rs. 3,906,872**	**Rs. 4,105,346**	**US$65,886**	**Rs. 2,116**	**Rs. 1,726**	**Rs. (9,951)**	**US$(160)**

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(1) Denotes the net mark-to-market impact of the derivatives and foreign exchange products on the reporting date.

The notional principal amount of interest rate products increased from Rs. 3,579.2 billion at year-end fiscal 2014 to Rs. 4,478.5 billion at year-end fiscal 2015. The notional principal amount of foreign exchange products increased from Rs. 3,906.9 billion at year-end fiscal 2014 to Rs. 4,105.3 billion at year-end fiscal 2015. The credit exposure on interest rate derivatives decreased from Rs. 79.9 billion at year-end fiscal 2014 to Rs. 76.9 billion at year-end fiscal 2015. The credit exposure on foreign exchange derivatives decreased from Rs. 243.1 billion at year-end fiscal 2014 to Rs. 202.3 billion at year-end fiscal 2015.

An interest rate swap does not entail the exchange of notional principal, and the cash flow arises because of the difference between the interest rate pay and receive portions of the swap, which is generally much lower than the notional principal of the swap. A large proportion of interest rate swaps, currency swaps and forward exchange contracts are on account of market making, which involves providing regular two-way prices to customers or inter-bank counter-parties. This results in the generation of a higher number of outstanding transactions, and hence a

large value of gross notional principal of the portfolio. For example, if a transaction entered into with a customer is covered by an exactly opposite transaction entered into with another counterparty, the net market risk of the two transactions will be zero whereas the notional principal amount of the portfolio will be the sum of both transactions. We had no funded credit derivatives instruments and non-funded credit derivatives instruments at year-end fiscal 2015 and year-end fiscal 2014.

Securitization

We primarily securitize retail and corporate loans through securitization transactions involving special purpose entities, usually constituted as trusts. Post securitization of the loans, we generally continue to maintain customer account relationships and service loans transferred to the securitization trusts and act as the servicing agent. The securitization transactions can be either with or without credit enhancement. In accordance with the Reserve Bank of India guidelines for securitization of standard assets, with effect from February 1, 2006, the Bank accounts for any loss arising from securitization immediately at the time of sale, and the profit/premium arising from securitization is amortized over the life of the securities issued or to be issued by the special purpose vehicle to which the assets are sold. In accordance with the Reserve Bank of India guidelines for securitization of standard assets, with effect from May 7, 2012, the Bank accounts for any loss arising from securitization immediately at the time of sale and the profit/premium arising from securitization is amortized over the life of the transaction based on the method prescribed by the Reserve Bank of India guidelines.

The Bank acts in different capacities and under different contracts for a consideration including as originator, liquidity facility provider, servicing agent credit enhancement provider, underwriter, senior contributor etc.

In a securitization transaction, the excess interest spreads from the underlying assets in securitization transactions are generally subordinated to provide credit enhancement. In addition to the subordination of excess interest spreads, the Bank in a separate capacity provides external credit enhancement facilities to mitigate cash flow shortfalls that may arise from the underlying asset delinquencies. These facilities include first loss credit enhancement representing the first or primary level of protection provided to bring the ratings accorded to the beneficial interests of senior contributors to investment grade. The Bank also provides second loss credit enhancement representing a subsequent level of protection provided to protect the beneficiaries against further cash flow shortfalls. The Bank has provided credit enhancement (first loss and second loss enhancement) on the

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securitised pools originated by the Bank and guarantees (second loss enhancement) provided to the pools originated by a third party.

With respect to the securitised pools originated by the Bank,the first loss and second loss credit enhancements are provided either in the form of undertakings or cash collateral in a current account operated by the trust.

The total outstanding first loss credit enhancements at year-end fiscal 2015 were Rs. 2.3 billion and second loss credit enhancements were Rs. 2.2 billion for securitised pools originated by the Bank. With respect to the second loss guarantees provided to the third party originated pools, the outstanding at fiscal 2015 was Rs. 5.5 billion. The Bank, in a separate capacity, provides liquidity facility to help smoothen the timing differences faced by the special purpose vehicles between the receipt of cash flows from the underlying assets and the payments to be made to the investors. The liquidity facility enjoys a priority of claim over the future cash flows from the underlying assets, which is even senior to the claims of the senior contributors.

Loan Commitments

We have outstanding undrawn commitments to provide loans and financing to customers. These loan commitments aggregated to Rs. 1,240.8 billion (including fund-based commitments fungible with non-fund-based facilities) at year-end fiscal 2015, compared to Rs. 1,068.4 billion at year-end fiscal 2014. The interest rate on a significant portion of these commitments is dependent on the lending rates prevailing on the date of the loan disbursement. Further, the commitments have fixed expiration dates and are contingent upon the borrower’s ability to maintain specific credit standards.

Capital Commitments

We are obligated under a number of capital project contracts which have been committed. The estimated amounts of contracts remaining to be executed on capital projects decreased from Rs. 6.1 billion at year-end fiscal 2014 to Rs. 5.8 billion at year-end fiscal 2015.

The following table sets forth certain contractual obligations at year-end fiscal 2015.

	Payments due by period			
Contractual Obligations	Total		1-3 years	3-5 years

		Less than 1 year			More than 5 years
	(in millions, except percentages)				
Long-term debt obligations	Rs. 1,416,294	Rs. 172,554	Rs. 480,388	Rs. 306,163	Rs. 457,189
Time deposits	2,133,894	1,536,558	472,117	107,619	17,600
Life-insurance obligations[1]	1,384,329	(31,748)	(101,297)	32,014	1,485,360
Gratuity obligations[2]	13,444	1,428	2,677	2,851	6,489 [3]
Pension obligations[2]	9,932	635	1,785	2,255	5,256 [3]
Operating lease obligations	1,227	561	512	51	103
Guarantees					
Financial guarantees	461,262	273,976	132,341	42,002	12,943
Performance guarantees	611,080	353,964	162,353	74,883	19,880
Total	**Rs. 6,031,462**	**Rs. 2,307,928**	**Rs. 1,150,876**	**Rs. 567,838**	**Rs. 2,004,820**

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(1) The amounts shown represent an estimate of undiscounted cash flows under life insurance contracts. The cash flows shown consist of expected benefit payments net of premiums receivable as per the contractual terms. Cash flows associated with benefit payments are projected based on assumptions for factors like mortality and investment returns. The cash flows included in the above table are different from the liabilities on policies in effect at year-end fiscal 2015 that are disclosed in the balance sheet because the liabilities are disclosed at discounted values and include an allowance for other non-contractual cash flows, such as expenses.

(2) Based on actuarial assumptions.

(3) Based on outflow estimates between five and ten years.

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Long-term debt obligations

Long-term debt represents debt with an original contractual maturity greater than one year. Maturity distribution is based on contractual maturity or the date, at which the debt is callable at the option of the holder, whichever is earlier. For a detailed discussion on long-term debt, see note 3 to our "Consolidated Financial Statements—Additional Notes" included herein.

Time deposits

Time deposits represent deposits with fixed maturity terms. Generally, time deposits can be withdrawn by the depositors any time before maturity, subject to certain prepayment charges.

Life insurance obligations

Life insurance obligations primarily include liabilities for life insurance policies, including both unit-linked and non-linked policies.

A unit-linked life insurance policy is a policy in which the cash value of the policy varies according to the net asset value of units (i.e., shares) in investment assets chosen by the policyholder. The unit-liability is equal to the net asset value of the units in each policy as of the valuation date. The non-unit liability for linked insurance policies and liability for non-linked life insurance policies is calculated using the gross premium method using assumptions for interest, mortality, expense and inflation. For participating policies, the assumptions are also made for future bonuses, together with allowances for taxation and allocation of profits to shareholders. These assumptions are determined as prudent estimates at the date of valuation with allowances for adverse deviations.

Gratuity obligations

We provide gratuity, a defined benefit retirement plan covering all employees who retire or resign after a minimum prescribed period of continuous service. The plan provides a lump sum payment to eligible employees at retirement or termination of employment based on the respective employee's salary and years of employment with us.

The gratuity benefit is provided to employees through either an in-house fund or separate funds managed by Life Insurance Corporation of India Limited and ICICI Prudential Life Insurance Company Limited. We are responsible for settling the gratuity obligation through contribution to these funds.

Pension obligations

The Bank provides pensions—deferred retirement plans—covering certain employees of the former Bank of Madura, Sangli Bank and Bank of Rajasthan. The plans provide for monthly pension payments to these employees when they retire. These payments are based on the respective employee's years of service with the Bank and applicable salary and also include a cost of living adjustment. Pension funds for employees in service who previously worked at the former Bank of Madura, Sangli Bank or Bank of Rajasthan are managed in an in-house trust and the liability is funded as per actuarial valuation.

Pursuant to a master policy, the Bank purchases annuities from Life Insurance Corporation and ICICI Prudential Life Insurance Company Limited for the benefit of employees upon their retirement. These annuities provide the pension payments to retired employees of the former Bank of Madura, Sangli Bank and Bank of Rajasthan.

Operating lease obligations

We have commitments under long-term operating leases principally for premises. The following table sets forth a summary of future minimum lease rental commitments at year-end fiscal 2015.

Lease rental commitments for fiscal	(in millions)
2016	Rs. 561
2017	400
2018	112
2019	26
2020	25
Thereafter	103
Total minimum lease commitments	**Rs. 1,227**

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Guarantees

As a part of our project financing and commercial banking activities, we have issued bank guarantees to support business requirements of our clients. Guarantees represent irrevocable assurances that the Bank will pay in the event a customer fails to fulfill its financial or performance obligations. Financial guarantees are obligations to pay a third party beneficiary, when a customer fails to make payment towards a specified financial obligation. Performance guarantees are obligations to pay a third party beneficiary, where a customer fails to perform a non-financial contractual obligation. The guarantees are generally for a period not exceeding 10 years. The credit risks, as well as the operating risks, associated with bank guarantees are similar to those relating to other types of unfunded facilities. We enter into guarantee arrangements after conducting appropriate due diligence on our clients. We generally review these facilities on an annual basis. If a client's risk profile deteriorates to an unacceptable level, we may choose not to renew the guarantee upon expiry or may require additional security sufficient to protect our exposure. Guarantees decreased by 1.4% from Rs. 1,087.6 billion at year-end fiscal 2014 to Rs. 1,072.3 billion at year-end fiscal 2015.

The following table sets forth, at the dates indicated, guarantees outstanding.

	At year-end fiscal				
	2013	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)				
Financial guarantees	Rs. 292,767	Rs. 532,814[1]	Rs. 461,262	US$7,403	(13.4)%
Performance guarantees	706,453	554,784[1]	611,080	9,807	10.1
Total guarantees	**Rs. 999,220**	**Rs. 1,087,598**	**Rs. 1,072,342**	**US$17,210**	**(1.4)%**

(1) In fiscal 2014, based on the guidelines issued by the Reserve Bank of India, advance payment guarantees were re-classified from performance guarantees to financial guarantees.

Financial guarantees constituted approximately 43% of our guarantee exposure at year-end fiscal 2015. Of these financial guarantees, approximately 24% were issued towards risk participation, syndication and favoring other lenders as beneficiaries to allow our clients to avail credit assistance or credit enhancement from other lenders. The balance of financial guarantees were issued to support other business requirements of our clients, such as guarantees for the procurement of goods or guarantees in lieu of security/cash deposits etc. Performance guarantees constituted 57% of our guarantee exposure at year-end fiscal 2015. The increase in financial guarantees and decrease in performance guarantees in fiscal 2014 reflects the re-classification of advance payment guarantees earlier classified as performance guarantees, as financial guarantees based on the guidelines issued by the Reserve Bank of India.

Illustrative examples of client business activities requiring guarantees include: contracts to procure goods from suppliers where guarantees are obtained by clients to provide suppliers with assurance of payment in case the clients

fail to pay upon receipt of goods; submission of bids for projects where guarantees are obtained by clients to provide assurance of performance of contract obligations in case the bid is awarded to them; advances against goods or services to be supplied by clients to their own customers where guarantees are obtained by clients to assure their customers of a refund of the advance in case the clients are unable to supply goods or services; guarantees provided in lieu of security deposits or cash deposits that clients would otherwise be required to maintain with stock exchanges; commodity exchanges, regulatory authorities or other bodies, or for participating in tenders or in other business contracts; and guarantees obtained by clients in favor of lenders that enable the clients to receive credit assistance or credit enhancement from lenders by providing such lenders with assurance of payment.

Upon default by a client under the terms of the guarantee, the beneficiary may exercise its rights under the guarantees, and we are obligated to honor payments to the beneficiaries. Banks and financial institutions are beneficiaries for some of our financial guarantees, so as to enable clients to receive financial assistance from these banks and financial institutions. If our clients default on such loans, the banks and financial institutions may exercise their rights under the guarantee and we are obligated to honor payments to them. Amounts that we pay to the other banks and financial institutions and do not recover from clients are subject to the Reserve Bank of India's prudential norms on income recognition, asset classification and provisioning pertaining to advances.

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We also issue guarantees for clients to whom we have provided other funded facilities in the form of loans. The outstanding amount of such guarantees related to non-performing or restructured loans was Rs. 50.0 billion at year-end fiscal 2015. The guarantees we issue are not unilaterally changed or revised when a related loan is restructured. Guarantees are valid for a specified amount and a specified period. Any change in expiry date or amount requires the consent of both the beneficiary and the guarantor. We generally provide guarantee facilities to our customers for a validity period of 12-18 months.

In some cases, we have collateral available to reimburse potential losses on our guarantees. Margins in the form of cash and fixed deposit available to us to reimburse losses realized under guarantees amounted to Rs. 68.5 billion at year-end fiscal 2015, compared to Rs. 53.3 billion at year-end fiscal 2014. Other property or security may also be available to us to cover losses under these guarantees.

Our related party guarantees amounted to Rs. 0.01 million at year-end fiscal 2015.

The following table sets forth the roll-forward of activity for guarantees at year-end fiscal 2015.

Particulars	Performance Guarantees	Financial Guarantees
	(in millions)	
Opening balance at April 1, 2014	Rs. 554,784	Rs. 532,814
Additions: Issued during the year	239,267	301,053
Deletions: Closed due to expiry/termination during the year	(175,773)	(361,063)
Invoked and paid during the year	(7,197)	(11,542)
Closing balance at year-end fiscal 2015	**Rs. 611,080**	**Rs. 461,262**

Capital Resources

ICICI Bank actively manages its capital to meet regulatory norms and current and future business needs, considering the risks in its businesses, expectations of rating agencies, shareholders and investors, and the available options of raising capital. Its capital management framework is administered by the Finance Group and the Risk Management Group under the supervision of the Board and the Risk Committee. The capital adequacy position and assessment is reported to the Board and the Risk Committee periodically.

Regulatory capital

Reserve Bank of India issued final Basel III guidelines, applicable with effect from April 1, 2013 which is implemented in a phased manner through till March 31, 2019 as per the transitional arrangement provided by RBI for Basel III implementation. The Basel III rules on capital consist of measures on improving the quality, consistency and transparency of capital, enhancing risk coverage, introducing a supplementary leverage ratio, reducing pro-cyclicality and promoting counter-cyclical buffers and addressing systemic risk and inter-connectedness.

At year-end fiscal 2015, ICICI Bank was required to maintain a minimum common equity tier 1 risk-based capital ratio of 5.5%, a minimum tier 1 risk-based capital ratio of 7.0% and a minimum total risk-based capital ratio of 9.0%.

Under Pillar 1 of the Reserve Bank of India's Basel III guidelines, ICICI Bank follows the standardized approach for measurement of credit risk, standardized duration method for measurement of market risk and the basic indicator approach for measurement of operational risk. ICICI Bank is in the process of implementing various projects for migrating to the advanced approaches for calculating risk-based capital requirements.

Unconsolidated capital adequacy position

The following table sets forth, at the dates indicated, regulatory capital, risk-weighted assets and risk-based capital ratios computed in accordance with the Reserve Bank of India's Basel III guidelines and based on ICICI Bank's unconsolidated financial statements prepared in accordance with Indian GAAP.

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	As per the Reserve Bank of India's Basel III guidelines		
	At year-end fiscal		
	2014	2015	2015
	(in millions, except percentages)		
Common equity tier 1 capital	Rs. 637,381	Rs. 696,610	US$ 11,180
Tier 1 capital	637,381	696,610	11,180
Tier 2 capital	245,131	230,828	3,705
Total capital	**Rs. 882,512**	**Rs. 927,437**	**US$ 14,884**
Credit risk: risk-weighted assets	Rs. 4,409,130	Rs. 4,741,559	US$ 76,096
Market risk: risk-weighted assets	265,735	334,227	5,364
Operational risk: risk-weighted assets	311,163	373,172	5,989
Total risk-weighted assets	**Rs. 4,986,028**	**Rs. 5,448,958**	**US$ 87,449**
Common equity tier 1 risk-based capital ratio	12.8 %	12.8 %	
Tier 1 risk-based capital ratio	12.8 %	12.8 %	
Tier 2 risk-based capital ratio	4.9 %	4.2 %	
Total risk-based capital ratio	**17.7 %**	**17.0 %**	

During fiscal 2015, capital funds (net of deductions) increased by Rs. 44.9 billion from Rs. 882.5 billion at year-end fiscal 2014 to Rs. 927.4 billion at year-end fiscal 2015. The increase in the capital funds was due to retained earnings for fiscal 2015, lower deduction for investment in subsidiaries due to repatriation of capital from overseas banking subsidiaries and increase in share premium and general provisions, offset, in part, by decrease in eligible amount of non-common equity capital due to discounting as per Basel III grandfathering rules and utilization from reserves of an amount of Rs. 9.3 billion with the approval of the Reserve Bank of India on account of provisioning for outstanding funded interest term loans pertaining to restructurings prior to 2008. See also *"Consolidated Financial Statements-Schedules- Schedule 18-Notes forming part of the accounts- 14. Provision on Funded Interest Term Loan"*.

Risk-weighted assets relating to credit risk increased by Rs. 332.4 billion from Rs. 4,409.1 billion at year-end fiscal 2014 to Rs. 4,741.6 billion at year-end fiscal 2015, due to an increase of Rs. 324.6 billion in risk-weighted assets for on-balance sheet exposures and an increase of Rs. 7.8 billion in risk-weighted assets for off-balance sheet credit exposures.

Risk-weighted assets relating to market risk increased by Rs. 68.5 billion from Rs. 265.7 billion at year-end fiscal 2014 to Rs. 334.2 billion at year-end fiscal 2015, due to a increase in general market risk risk-weighted assets by Rs. 25.2 billion (reflecting a capital charge of Rs. 2.3 billion) and increase in specific market risk risk-weighted assets by Rs. 43.3 billion (reflecting a capital charge of Rs. 3.9 billion).

Risk-weighted assets relating to operational risk at year-end fiscal 2015 were Rs. 373.2 billion (reflecting a capital charge of Rs. 33.6 billion). The operational risk capital charge is computed based on 15% of the average of the

previous three financial years' gross income and is revised on an annual basis at June 30.

Consolidated capital adequacy position

Consolidation for regulatory capital calculations is based on the consolidated financial statements of ICICI Bank and its subsidiaries, in line with the standards on consolidated prudential reporting issued by the Reserve Bank of India. The entities considered for consolidation for regulatory capital calculations include subsidiaries, associates and joint ventures of the Bank, which carry on activities of a banking or of a financial nature as stated in the reporting guidelines prescribed by the Reserve Bank of India. Entities engaged in the insurance business and businesses not pertaining to financial services are excluded from consolidation for capital adequacy calculation. As per Basel III guidelines stipulated by the Reserve Bank of India, equity and other regulatory capital investments in the unconsolidated insurance and non-financial subsidiaries will be deducted from consolidated regulatory capital of the group.

At year-end fiscal 2015, our total risk-based capital ratio at the consolidated level as per Basel III guidelines stipulated by the Reserve Bank of India were common equity tier 1 risk-based capital ratio of 12.8%, tier 1 risk-based capital ratio of 12.9% and total risk-based capital ratio of 17.2% against the current requirement of minimum common equity tier 1 capital ratio of 5.5%, a minimum Tier 1 capital ratio of 7.0% and a minimum total capital ratio of 9.0% respectively.

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Internal assessment of capital

ICICI Bank's capital management framework includes a comprehensive internal capital adequacy assessment process conducted annually which determines the adequate level of capitalization for ICICI Bank to meet regulatory standards and current and future business needs, including under stress scenarios. The internal capital adequacy assessment process is formulated at both the stand alone bank level and the consolidated group level. The process encompasses capital planning for a four-year time horizon, identification and measurement of material risks and the relationship between risk and capital.

The capital management framework is complemented by the risk management framework, which includes a comprehensive assessment of material risks. Stress testing, which is a key aspect of the capital assessment process and the risk management framework, provides an insight on the impact of extreme but plausible scenarios on the risk profile and capital position. Based on our Board-approved stress testing framework, we conduct stress tests on our various portfolios and assess the impact on our capital ratios and the adequacy of our capital buffers for current and future periods. We periodically assess and refine our stress tests in an effort to ensure that the stress scenarios capture material risks as well as reflect possible extreme market moves that could arise as a result of market conditions. The business and capital plans and the stress testing results of the ICICI Bank entities are integrated into the internal capital adequacy assessment process.

Based on the internal capital adequacy assessment process, we determine the level of capital that needs to be maintained by considering the following in an integrated manner:

- strategic focus, business plan and growth objectives;
- regulatory capital requirements as per the Reserve Bank of India guidelines;
- assessment of material risks and impact of stress testing;
- perception of credit rating agencies, shareholders and investors;
- future strategy with regard to investments or divestments in subsidiaries; and
- evaluation of options to raise capital from domestic and overseas markets, as permitted by the Reserve Bank of India from time to time.

The Bank continues to monitor further developments and believe that its current robust capital adequacy position and demonstrated track record of access to domestic and overseas markets for capital raising will enable it to maintain the necessary levels of capital as required by regulations while continuing to grow its business.

Liquidity Risk

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

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

Most of the Bank’s incremental funding requirements are met through short-term funding sources, primarily in the form of deposits including inter-bank deposits. However, a large portion of the Bank’s assets, primarily the corporate and project finance and home loan portfolio, have medium or long-term maturities, creating a potential for funding mismatches. The Bank actively monitors its liquidity position and attempts to maintain adequate liquidity at all times to meet all the requirements of its depositors and bondholders, while also meeting the credit demand of its customers.

The Bank seeks to establish a continuous information flow and an active dialogue between the funding and borrowing divisions of the organization to enable optimal liquidity management. A separate group is responsible for liquidity management. The Bank is required to submit a rupee gap reports for domestic operations on a fortnightly basis to the Reserve Bank of India. Pursuant to the Reserve Bank of India guidelines, the liquidity gap (if negative) must not exceed 5.0%, 10.0%, 15.0% and 20.0% of cumulative outflows in the 1-day, up to 7-

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day, up to 14-day and up to 28-day time categories, respectively. As per the Reserve Bank of India guidelines on liquidity risk management, these limits on near term liquidity gaps are applicable for rupee liquidity gaps in domestic operations of the Bank and country-wise for overseas branch operations. The Bank prepares a daily maturity gap analysis for the rupee book for domestic and overseas operations. The Bank's static gap analysis is also supplemented by a short-term dynamic cash-flow analysis, in order to provide the liability raising units with a fair estimate of its funding requirements in the near-term. In addition, the Bank monitors certain liquidity ratios on a fortnightly basis. The Bank also monitors liquidity coverage ratio which is applicable from January 1, 2015. The Bank has a liquidity contingency plan in place, through which it monitors key indicators that could signal potential liquidity challenges, to enable it to take necessary measures to ensure sufficient liquidity.

The Bank maintains diverse sources of liquidity to facilitate flexibility in meeting funding requirements. Incremental operations in India are principally funded by accepting deposits from retail and corporate depositors. The deposits are augmented by borrowings in the short-term inter-bank market and through the issuance of bonds. The Bank also has recourse to the liquidity adjustment facility and marginal standing facility which are short-term funding arrangements provided by the Reserve Bank of India. The Bank generally maintains a substantial portfolio of high quality liquid securities that may be sold on an immediate basis to meet our liquidity needs. The Bank also has the option of managing liquidity by borrowing in the inter-bank market on a short-term basis. The overnight market, which is a significant part of the inter-bank market, is susceptible to volatile interest rates. These interest rates on certain occasions have touched highs of 100.0% and above. To curtail reliance on such volatile funding, the Bank's liquidity management policy has stipulated daily limits for borrowing and lending in this market. The Bank's limit on daily borrowing is more conservative than the limit set by the Reserve Bank of India. ICICI Securities Primary Dealership, like us, relies for a certain proportion of its funding on the inter-bank market for overnight money and is therefore also exposed to similar risk of volatile interest rates.

The Bank's gross liquid assets consist of cash, nostro balances, overnight and other short-term money market placements, government bonds and treasury bills (including investments eligible for reserve requirements and net of borrowings on account of repurchase agreements, the liquidity adjustment facility and the marginal standing facility), corporate bonds (rated AA and above), other money market investments such as commercial paper and certificates of deposits and mutual fund investments. The Bank deducts short-term money-market borrowings (borrowings with maturity up to 28 days) from the aggregate of these assets to determine net liquid assets.

The Bank maintains a significant portion of its demand and time liabilities in forms required pursuant to regulatory reserve requirements imposed by the Reserve Bank of India. The Reserve Bank of India stipulates a cash reserve ratio applicable to Indian banks, which requires the Bank to maintain an average percentage of its demand and time liabilities as a cash balance deposited with the Reserve Bank of India over 14-day periods. At year-end fiscal 2015, the cash reserve ratio requirement percentage was 4.00%. In addition, cash reserves may not fall below 95% of the required cash reserve ratio on any day during any 14-day reporting period. The Bank generally holds additional securities over and above the stipulated level.

The Reserve Bank of India also stipulates a statutory liquidity ratio applicable to Indian banks, which requires the Bank to maintain a certain percentage of demand and time liabilities in certain prescribed investments. At year-end

fiscal 2015, the statutory liquidity ratio requirement percentage was 21.5%. The Bank generally holds more statutory liquidity ratio eligible securities than the statutory liquidity ratio requirement. Statutory liquidity ratio eligible instruments include cash, gold or approved unencumbered securities.

At various overseas branches of the Bank, certain reserves are maintained pursuant to local regulations. The Bank has complied with these local reserve requirements during fiscal 2015.

The Reserve Bank of India on June 9, 2014 issued final guidelines on the Basel III framework on liquidity standards including liquidity coverage ratio, liquidity risk monitoring tools and liquidity coverage ratio disclosure standards. The liquidity coverage ratio promotes short-term resilience of banks to potential liquidity disruptions by ensuring that banks have sufficient high quality liquid assets to survive an acute stress scenario lasting for 30 days. As per the guidelines, the liquidity coverage ratio requirement is effective January 1, 2015 with a minimum requirement of 60.0% starting from January 1, 2015, and will rise in equal steps to reach 100.0% on January 1, 2019. ICICI Bank has been computing its liquidity coverage ratio on monthly basis since January 2015 as per the Reserve Bank of India guidelines. The liquidity coverage ratio of ICICI Bank, based on month end values, for three months ended March 31, 2015 was 101.5%.

The Bank maintains liquid assets in addition to statutory liquidity ratio and cash reserve ratio requirement. Throughout fiscal 2015, the Bank maintained adequate reserves as per the regulatory requirements mentioned above.

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The following table indicates the details of the components of average and balance sheet date liquid assets of the Bank.

	At March 31, 2014	Fortnightly average for fiscal 2015	At March 31, 2015
		(in billions)	
Statutory liquidity ratio eligible investments and other government securities, net of borrowings on account of repurchase agreement, liquidity adjustment facility and collateralized borrowings	Rs. 879.6	Rs. 911.4	Rs. 952.0
Balance with central banks and current accounts with other banks	201.0	202.3	310.0
Other liquid assets	369.9	243.2	249.5
Gross liquid assets	1,450.5	1,356.9	1,511.5
(Less) Short-term borrowings	–	(10.9)	–
Net liquid assets	**Rs. 1,450.5**	**Rs. 1,346.0**	**Rs. 1,511.5**

The Bank held net liquid assets totaling about Rs. 1,511.5 billion at year-end fiscal 2015, compared to Rs. 1,450.5 billion at year-end fiscal 2014. During fiscal 2015, the Bank held fortnightly average net liquid assets of about Rs. 1,346.0 billion. In addition to the amounts included in net liquid assets above, at year-end fiscal 2015, the Bank also held other fixed-income non-government securities totaling about Rs. 72.9 billion, compared to Rs. 75.2 billion at year-end fiscal 2014.

As per local regulations, some of the overseas branches of the Bank are required to maintain a 'net due to' position with other group entities i.e. they can only be net borrower by specified amount. Accordingly, the liquidity maintained in excess of such 'net due to' requirements only can be utilized at other group entities. At March 31, 2015, such overseas branches of the Bank were holding net liquid assets of Rs. 125.1 billion (equivalent), which are included in overall net liquid assets of the Bank of Rs. 1,511.5 billion.

The Bank also has access to other reliable sources of liquidity. The Reserve Bank of India conducts repurchase and reverse repurchase transactions with banks through its liquidity adjustment facility and marginal standing facility to carry out monetary policy and manage liquidity for the Indian banking system. The Reserve Bank of India stipulates an interest rate applicable to such repurchase, reverse repurchase agreements and marginal standing facility, known as the repo rate, reverse repo rate and marginal standing facility rate, respectively. At year-end fiscal 2015, the Reserve Bank of India repo rate, reverse repo rate and marginal standing facility rate were 7.50%, 6.50% and 8.50% respectively. The liquidity adjustment facility and marginal standing facility are available throughout the year. Under the marginal standing facility, in addition to the eligible securities bank holds in excess of statutory requirement, banks can borrow overnight up to 2.0% of their respective net demand and time liabilities outstanding at the end of the second preceding 14-day period. Further, there is a liquid market for repurchase transactions with other market counterparties. Banks may enter into repurchase transactions with the Reserve Bank of India or other market counterparties against the statutory liquidity ratio eligible securities it holds in excess of statutory requirement.

At year-end fiscal 2015, the Bank had government securities amounting to Rs. 248.2 billion eligible for borrowings through the liquidity adjustment facility and marginal standing facility from the Reserve Bank of India.

The Reserve Bank of India uses the liquidity adjustment facility and the marginal standing facility to implement monetary policy. The Reserve Bank of India has the right to suspend the liquidity adjustment facility or reduce the amounts that Indian banks can access through the liquidity adjustment facility on any day on a proportionate basis for all banks. Such policy changes could affect the operations of these facilities and could restrict Indian banks', including the Bank's, access to these facilities. The Reserve Bank of India has restricted liquidity provision through overnight liquidity adjustment facility to a specified ratio of net demand and time liabilities and increasingly liquidity is provided through term repurchase agreements of various maturities. At year-end fiscal 2015, the liquidity provision through overnight liquidity adjustment facility was capped at 0.25% of net demand and time liabilities of banks.

The Bank has a well-defined borrowing program for it overseas operations. In order to maximize borrowings at a reasonable cost through its branches, liquidity in different markets and currencies is targeted. The wholesale borrowings are in the form of bond issuances, syndicated loans from banks, money market borrowings and inter-bank bilateral loans. The Bank also raises refinance from other banks against the buyers credit and other trade assets. Those loans that meet the Export Credit Agencies' criteria are refinanced as per the

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agreements entered into with these agencies. The Bank also mobilizes retail deposit liabilities, in accordance with the regulatory framework in place in the respective host country.

The Bank has the ability to use its rupee liquidity in India to meet re-financing needs at its overseas branches, although this may be at a relatively high cost based on swap and exchange rates prevailing at the time of such refinancing, ICICI Bank raised US$ 1,354 million through issuance of bonds in various currencies, USD denominated bonds raised were US$ 1,135 million (US$ 250 million with original maturity of 5 years in May 2014, US$ 35 million with original maturity of 1 year, US$ 500 million with original maturity of 5.5 years and US$ 100 million with original maturity of 10 years in September 2014, US$ 50 million with original maturity of 9.9 years in November 2014 and US$ 200 million with original maturity of 5.3 years in December 2014), Chinese Yuan (CNH) denominated bonds in November 2014 (equivalent to US$ 97 million with original maturity of 3 years) and Australian Dollar (AUD) denominated bonds in April 2014 (equivalent to US$ 114 million with original maturity of 5 years) and in November 2014 (equivalent to US$ 8 million with original maturity of 3 years).

The terms of the Bank's bond issuances and loans from other financial institutions and export credit agencies contain cross-default clauses, restrictions on its ability to merge or amalgamate with another entity and restrictions on its ability to prematurely redeem or repay such bonds or loans. The terms of the Bank's subordinated debt issuances eligible for inclusion in tier 1 or tier 2 capital include the suspension of interest payments in the event of losses or capital deficiencies, and a prohibition on redemption, even at maturity or on specified call option dates, without the prior approval of the Reserve Bank of India. The Bank is currently not, and does not expect to be, in breach of any material covenants of its borrowings that would be construed as events of default under the terms of such borrowings.

There are restrictions on the use of liquidity maintained by UK and Canada subsidiaries of the Bank to meet their overall liquidity needs. The Office of the Superintendent of Financial Institutions of Canada has prescribed a limit of 100% of tier 1 and tier 2 capital (as defined under Canadian regulations) on the credit exposure to any single entity or a group of connected entities. ICICI Bank Canada, Bank's Canadian subsidiary, has internally capped this credit exposure at 25% of the limit specified by the Office of the Superintendent of Financial Institutions, except with respect to exposure to the ICICI Bank. During fiscal 2015, ICICI Bank Canada has complied with both regulatory and their internal limits on exposures to any single entity, including to ICICI Bank.

As per the extant regulatory guidelines in the United Kingdom, ICICI Bank UK is subject to a limit of 25% of the capital base on the exposure to an individual counterparty (or a group of related counterparties). The capital base is calculated as the sum of eligible tier 1 and tier 2 capital, less any deductions as per the Basel III guidelines. ICICI Bank UK has a large exposure capital base of US$ 707 million at year-end fiscal 2015, resulting in a limit of US$ 177 million. Also, ICICI Bank UK stipulates various internal limits to manage exposure concentrations within the Bank. The key parameters of risk concentrations measured include sectoral, country, rating category based, product specific exposures, counterparty and large exposures. During fiscal 2015, ICICI Bank UK has complied with both regulatory limits and their own internal limits on exposures to any single entity, including to ICICI Bank and other consolidated entities.

The Prudential Regulation Authority classifies ICICI Bank UK as an individual liquidity adequacy standards firm, which means it is required to meet certain quantitative requirements set out in the Prudential sourcebook for banks, building societies and investment firms. In addition, effective June 27, 2012, the Prudential Regulation Authority issued liquidity guidelines which ICICI Bank UK is in compliance with. The liquidity guidelines specify the quantity of liquid assets (in any currency that the Prudential Regulation Authority deems material with respect to ICICI Bank UK and also on an all currency combined basis) that the Prudential Regulation Authority believes is appropriate for ICICI Bank UK to hold. During fiscal 2015, ICICI Bank UK continued to have a strong liquidity position and complied with these guidelines.

In November 2014, The Office of Superintendent of Financial Institution revised the Liquidity Adequacy Requirements to incorporate Liquidity Coverage Ratio requirements for banks in Canada. The requirements expect banks to have an adequate stock of unencumbered High Quality Liquid Assets that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs for a 30 calendar day liquidity stress scenario. The standard requires that, absent a situation of financial stress, the value of the coverage ratio of High Quality Liquid Assets to total net cash outflows be no lower than 100%. The Office of the Superintendent of Financial Institutions expects each Canadian bank to have an internal liquidity policy articulating and defining the role of liquid assets within the bank's overall liquidity management system and establishing minimum targets for liquid asset holdings. ICICI Bank Canada has a Liquidity Management Policy and Market Risk Management Policy that are approved by its Board of Directors. These

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policies require ICICI Bank Canada to maintain a certain percentage of its customer liabilities in liquid assets and to maintain sufficient liquidity to cover net outflows in the “up to 30 days” maturity bucket. These limits are monitored monthly. ICICI Bank Canada has complied with these requirements throughout fiscal 2015.

The successful management of credit, market and operational risk is an important consideration in managing the liquidity because it affects the evaluation of our credit ratings by rating agencies. Rating agencies may reduce or indicate their intention to reduce the ratings at any time.

Rating agencies can also decide to withdraw their ratings of the Bank, which may have the same effect as a reduction in our ratings. Any reduction in our ratings (or withdrawal of ratings) may increase our borrowing costs, limit our access to capital markets and adversely affect our ability to sell or market our products, engage in business transactions (particularly longer-term transactions) and derivatives transactions, or retain our customers. See also “*Risk Factors—Any downgrade of India’s debt rating by an international rating agency could adversely affect our business, our liquidity and the price of our equity shares and ADSs*”.

Changes in or withdrawal of the Bank’s credit rating will not increase the amount of collateral that the Bank is required to post with counterparties. When Indian banks, including the Bank, engage in collateralized borrowing, they borrow from the Reserve Bank of India and through the Clearing Corporation of India Limited, a centralized clearing counterparty. When Indian banks borrow from the Reserve Bank of India, collateral is typically statutory liquidity ratio-eligible investments, such as central or state government securities. In general, the face value of collateral given for any such loan is higher than the value of the loan. This difference is referred to as a haircut. The haircut for all such securities borrowed from the Reserve Bank of India is stipulated by the Reserve Bank of India and is not based on the credit rating of the borrower. Similarly, the Clearing Corporation of India Limited’s margin requirement is based on maturity and certain other factors, but not on the credit ratings of the borrower. In addition, the Bank generally does not engage in derivative or swap transactions that require the Bank to increase its collateral if the Bank’s credit rating is downgraded. As such, any reduction in or withdrawal of the Bank’s credit ratings will not impact the Bank’s collateralized borrowing operations.

The Bank has certain borrowings that would be affected by a one or two notch downgrade from its current credit rating. These borrowings amount to less than 3% of the total borrowings of the Bank at year-end fiscal 2015. If an international credit rating agency downgrades the Bank’s credit rating by one or two notches, the Bank would be required to pay an increased interest rate on certain borrowings, and for certain borrowings, the Bank would be required to re-negotiate a new interest rate with its lenders. If the Bank is not able to reach an agreement for an interest rate with a lender, the lender could require the Bank to prepay the outstanding principal amount of the loan. The Bank has placed a limit on such borrowings.

Capital Expenditure

The following tables set forth, for the periods indicated, certain information related to capital expenditure by category of fixed assets.

	Fiscal 2013 Cost at year-end fiscal 2012 (in millions)	Additions/ transfers	Deletions/ transfers	Depreciation	Net assets at year-end fiscal 2013	
Premises	Rs. 46,967	Rs. 1,711	Rs. (1,498)	Rs. (9,896)	Rs. 37,284	US$ 598
Other fixed assets (including furniture and fixtures)	45,136	5,449	(2,933)	(32,549)	15,103	242
Assets given on lease	17,509	–	–	(15,161)	2,348	38
Total	**Rs. 109,612**	**Rs. 7,160**	**Rs. (4,431)**	**Rs. (57,606)**	**Rs. 54,735**	**US$ 878**

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	Fiscal 2014					
	Cost at year-end fiscal 2013	Additions/ transfers	Deletions/ transfers	Depreciation	Net assets at year-end fiscal 2014	
	(in millions)					
Premises	Rs. 47,180	Rs. 1,698	Rs. (949)	Rs. (11,149)	Rs. 36,780	US$ 590
Other fixed assets (including furniture and fixtures)	47,652	6,357	(3,207)	(34,847)	15,955	256
Assets given on lease	17,509	–	(210)	(14,966)	2,333	38
Total	**Rs. 112,341**	**Rs. 8,055**	**Rs. (4,366)**	**Rs. (60,962)**	**Rs. 55,068**	**US$ 884**

	Fiscal 2015					
	Cost at year-end fiscal 2014	Additions/ transfers	Deletions/ transfers	Depreciation		Net assets at year-end fiscal 2015
	(in millions)					
Premises	Rs. 47,929	Rs. 4,465	Rs. (629)	Rs. (12,258)	Rs. 39,507	US$634
Other fixed assets (including furniture and fixtures)	50,802	7,519	(3,049)	(38,393)	16,879	271
Assets given on lease	17,299	-	-	(14,973)	2,326	37
Total	**Rs. 116,030**	**Rs. 11,984**	**Rs. (3,678)**	**Rs. (65,624)**	**Rs. 58,712**	**US$ 942**

The additions to our premises and other assets were Rs. 12.0 billion in fiscal 2015, compared to Rs. 8.1 billion in fiscal 2014. Our capital expenditure on premises increased from Rs. 1.7 billion in fiscal 2014 to Rs. 4.5 billion in fiscal 2015. Capital expenditure of Rs. 7.5 billion on other fixed assets in fiscal 2015 included Rs. 2.4 billion on software.

Collateral Management

Overview

The Bank defines collateral as the assets or rights provided to the Bank by the borrower or a third party in order to secure a credit facility. The Bank would have the rights of a secured creditor in respect of the assets/contracts offered

as security for the obligations of the borrower/obligor. The Bank ensures that the underlying documentation for the collateral provides the Bank with appropriate rights over the collateral or other forms of credit enhancement including the right to liquidate, retain or take legal possession of it in a timely manner in the event of default by the counterparty. The Bank also endeavors to keep the assets provided as security to the Bank under adequate insurance during the tenor of the Bank's exposure. The collateral value is monitored periodically.

Collateral valuation

The Bank has an internal framework for updating the collateral values of commercial loans on a periodic basis. Generally, for commercial loans, the value of moveable property held as collateral is updated annually and the value of immovable property held as collateral is updated every three years.

Types of collateral taken by the Bank

The Bank determines the appropriate collateral for each facility based on the type of product and risk profile of the counterparty. In the case of corporate and small and medium enterprises financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance. For project finance, security of the assets of the borrower and assignment of the underlying project contracts is generally taken. In addition, in some cases, additional security such as pledge of shares, cash collateral, charge on receivables with an escrow arrangement and guarantees is also taken.

For retail products, the security to be taken is defined in the product policy for the respective products. Housing loans and automobile loans are secured by the security of the property/automobile being financed. The valuation of the properties is carried out by an empanelled valuer at the time of sanctioning the loan.

The Bank also offers products which are primarily based on collateral, such as shares, specified securities, warehoused commodities and gold jewelry. These products are offered in line with the approved product policies which include types of collateral, valuation and margining.

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The Bank extends unsecured facilities to clients for certain products such as derivatives, credit cards and personal loans. The limits with respect to unsecured facilities have been approved by our Board of Directors.

The decision on the type and quantum of collateral for each transaction is made by the credit approving authority as per the credit approval authorization approved by the Board of Directors. For facilities provided as per approved product policies, collateral is taken in line with the policy.

Significant Changes

Except as otherwise stated in this annual report, we have experienced no significant changes since the date of fiscal 2015 consolidated financial statements contained in this annual report.

Segment Revenues and Assets

The Reserve Bank of India in its guidelines on “segmental reporting” has stipulated specified business segments and their definitions, for the purposes of public disclosures on business information for banks in India.

The consolidated segmental report for fiscal 2014, based on the segments identified and defined by the Reserve Bank of India, has been presented as follows:

· **Retail Banking** includes exposures of the Bank, which satisfy the four qualifying criteria of “regulatory retail portfolio” as stipulated by the Reserve Bank of India’s Basel III guidelines. These criteria are as follows:

(i) Orientation criterion: Exposure to an individual person or persons (not to be restricted to an individual, Hindu Undivided Family, trust, partnership firm, private limited companies, public limited companies, co-operative societies, etc.) or to a small business are classified as retail. A small business is defined as one where the three year average annual turnover is less than Rs. 500 million.

(ii) Product criterion: All exposure should take the form of any of the following:

· revolving credits and lines of credit (including overdrafts);

- term loans and leases (e.g. installment loans and leases, student and educational loans); and

- small business facilities and commitments.

(iii) Low value of individual exposures: The maximum aggregate retail exposure to one counterparty should not exceed the absolute threshold limit of Rs. 50 million.

(iv) Granularity criterion: The regulatory retail portfolio should be sufficiently diversified to a degree that reduces the risks in the portfolio. The aggregate exposure to one counterparty should not exceed 0.2% of the overall retail portfolio.

- **Wholesale Banking** includes all advances to trusts, partnership firms, companies and statutory bodies, by the Bank which are not included in the Retail Banking segment, as per the Reserve Bank of India guidelines for the Bank.

- **Treasury** includes the entire investment and derivative portfolio of the Bank, ICICI Eco-net Internet and Technology Fund (up to December 31, 2013), ICICI Equity Fund, ICICI Emerging Sectors Fund (up to December 31, 2013), ICICI Strategic Investments Fund and ICICI Venture Value Fund (up to September 30, 2013).

- **Other Banking** includes leasing operations and other items not attributable to any particular business segment of the Bank. It also includes the Bank's banking subsidiaries, i.e., ICICI Bank UK PLC, ICICI Bank Canada and ICICI Bank Eurasia Limited Liability Company (up to December 31, 2014).

- **Life Insurance** represents results of ICICI Prudential Life Insurance Company Limited.

- **General Insurance** represents results of ICICI Lombard General Insurance Company Limited.

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- **Others** include ICICI Home Finance Company Limited, ICICI Venture Funds Management Company Limited, ICICI International Limited, ICICI Securities Primary Dealership Limited, ICICI Securities Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Prudential Asset Management Company Limited, ICICI Prudential Trust Limited, ICICI Investment Management Company Limited, ICICI Trusteeship Services Limited, TCW/ICICI Investment Partners Limited (up to June 30, 2013), ICICI Kinfra Limited (up to September 30, 2014), I-Ven Biotech Limited and ICICI Prudential Pension Funds Management Company Limited.

Framework for transfer pricing

Liabilities of retail banking and wholesale banking segments are transfer priced to a central treasury unit of the Bank, which pools all funds and lends to the business units at appropriate rates based on the relevant maturity of assets being funded after adjusting for regulatory reserve requirements and specific charge on account of directed lending to certain sectors categorized as priority sector. Current and savings account deposits are transfer priced at a fixed rate. For term deposits and borrowings the transfer pricing is primarily based on the categories specified in the Transfer Pricing Policy. Transfer pricing to our asset creation units is based on the incremental cost of deposits (blended for current and savings account deposits) and borrowings adjusted for the maturity of the asset (term premium) and regulatory reserve requirements. The allocated capital is also considered as a source of funding for this purpose.

Fiscal 2015 Compared with Fiscal 2014

The following table sets forth, for the periods indicated, profit before tax of various segments.

	Year ended March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Retail Banking	Rs. 18,295	Rs. 27,243	US$437	48.9 %
Wholesale Banking	65,886	62,241	999	(5.5)
Treasury	52,565	64,687	1,039	23.1
Other Banking	9,032	6,672	107	(26.1)
Life Insurance	15,292	16,343	262	6.9
General Insurance	5,202	6,907	110	32.8
Others	9,784	14,635	235	49.6
Profit before tax	**Rs. 176,056**	**Rs. 198,728**	**US$3,189**	**12.9 %**

Retail Banking

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Net interest income	Rs. 57,730	Rs. 71,415	US$ 1,146	23.7 %
Non-interest income	36,211	42,771	686	18.1
Total income	93,941	114,186	1,832	21.6
Non-interest expenses	76,583	86,147	1,382	12.5
Profit before provisions	17,358	28,039	450	61.5
Provisions	(937)	796	13	—
Profit before tax	**Rs. 18,295**	**Rs. 27,243**	**US$ 437**	**48.9 %**

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The following table sets forth, for the periods indicated, the outstanding balances of key assets and liabilities.

	Outstanding balance at March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Advances	Rs. 903,841	Rs. 1,193,521	US$ 19,155	32.0 %
Deposits	2,252,516	2,539,964	40,763	12.8

Loans in the retail banking segment increased primarily due to higher retail disbursements, mainly in home loans, automobile loans and personal loans. The retail banking segment maintained its focus on strengthening its deposit franchise reflected in the increase in retail deposit base. The savings account deposits of the segment increased by 15.9% from Rs. 991.3 billion at year-end fiscal 2014 to Rs. 1,148.6 billion at year-end fiscal 2015.

Profit before tax of the retail banking segment increased from Rs. 18.3 billion in fiscal 2014 to Rs. 27.2 billion in fiscal 2015, primarily due to an increase in net interest income and non-interest income. This was offset, in part, by an increase in non-interest expenses.

Net interest income increased by 23.7% from Rs. 57.7 billion in fiscal 2014 to Rs. 71.4 billion in fiscal 2015, primarily due to an increase in the loan portfolio and an increase in average current account and savings account deposits.

Non-interest income increased by 18.1% from Rs. 36.2 billion in fiscal 2014 to Rs. 42.8 billion in fiscal 2015, primarily due to the third party product distribution fees, fees from the credit card business , transaction banking fees and higher loan processing fees.

Non-interest expenses increased by 12.5% from Rs. 76.6 billion in fiscal 2014 to Rs. 86.1 billion in fiscal 2015, primarily due to increase in retail lending business and increase in operating expenses due to expansion in branch network.

During fiscal 2015, provision were Rs 0.8 billion compared to write-back of provision of Rs. 0.9 billion in fiscal 2014, primarily due to decrease in write-backs on unsecured retail non-performing loan portfolio. While in the past our retail portfolio had experienced higher than anticipated losses, especially in the unsecured retail segment, this portfolio has been stable since fiscal 2012 due to our focus on secured retail products and cautious approach to lending in unsecured retail products. Further, ICICI Bank while making its credit decisions also refers to a centralized database on delinquent loans and reports from the credit bureau to review the borrowers' profile and assign credit scores to each

applicant. This has also resulted in lower addition to non-performing assets. See also *“Business – Risk management – Credit risk – Assessment of Retail Loans” and “Business – Classification of loans – Impact of Economic Environment on Commercial and Consumer Loan Borrowers”.*

Wholesale Banking

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Net interest income	Rs. 75,393	Rs. 84,471	US$ 1,356	12.0 %
Non-interest income	40,565	39,004	626	(3.8)
Total income	115,958	123,475	1,982	6.5
Non-interest expenses	24,057	25,846	415	7.4
Profit before provisions	91,901	97,629	1,567	6.2
Provisions	26,015	35,388	568	36.0
Profit before tax	**Rs. 65,886**	**Rs. 62,241**	**US$ 999**	**(5.5)%**

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The following table sets forth, for the periods indicated, the outstanding balances of key assets and liabilities.

	Outstanding balance at March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Advances	Rs. 2,380,760	Rs. 2,564,172	US$41,152	7.7 %
Deposits	974,884	977,780	15,692	0.3

The wholesale banking loan portfolio increased by 7.7% from Rs. 2,380.8 billion at year-end fiscal 2014 to Rs. 2,564.2 billion at year-end fiscal 2015. The moderate growth in the wholesale banking loan portfolio was primarily due to weak demand and our cautious approach towards incremental lending in this segment. The increase in the loan portfolio was primarily due to an increase in the domestic corporate loan portfolio. The current account deposits increased by 16.0% from Rs. 241.1 billion at year-end fiscal 2014 to Rs. 279.8 billion at year-end fiscal 2015 and the term deposits in the segment decreased by 4.9% from Rs. 733.7 billion at year-end fiscal 2014 to Rs. 698.0 billion at year-end fiscal 2015.

Profit before tax of the wholesale banking segment decreased from Rs. 65.9 billion in fiscal 2014 to Rs. 62.2 billion in fiscal 2015, primarily due to an increase in provisions, offset, in part, by increase in net interest income.

Net interest income increased by 12.0% from Rs. 75.4 billion in fiscal 2014 to Rs. 84.5 billion in fiscal 2015, primarily due to an increase in loan portfolio.

Non-interest income decreased by 3.8% from Rs. 40.6 billion in fiscal 2014 to Rs. 39.0 billion in fiscal 2015 primarily due to a decrease in fee income. The corporate fee income continued to be muted due to the slow pace of economic recovery and limited new capital investments by the corporate sector.

Provisions increased from Rs. 26.0 billion in fiscal 2014 to Rs. 35.4 billion in fiscal 2015, primarily due to higher provisions reflecting higher additions to non-performing loans due to increase in classification of standard restructured loans as non-performing loans due to failure of the borrowers to perform as per the restructured debt terms. See also *"—Selected Consolidated Financial and Operating Data - Provisions and contingencies (excluding tax provisions) - Provisions for Restructured Loans and Non-performing Assets"*.

Treasury

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Net interest income	Rs. 29,390	Rs. 29,632	US$ 476	0.8 %
Non-interest income	25,704	39,779	638	54.8
Total income	55,094	69,411	1,114	26.0
Non-interest expenses	1,777	1,830	29	3.0
Profit before provisions	53,317	67,581	1,085	26.8
Provisions	752	2,894	46	-
Profit before tax	**Rs. 52,565**	**Rs. 64,687**	**US$ 1,039**	**23.1 %**

The following table sets forth, for the periods indicated, the closing balances of key assets and liabilities.

	Closing balance at March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Investments	Rs. 1,770,061	Rs. 1,866,036	US$ 29,948	5.4 %
Borrowings	1,547,591	1,724,173	27,671	11.4

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, such as forward contracts, swaps and options. It also includes investments made by ICICI Eco-net Internet and Technology Fund (up to December 31, 2013), ICICI Equity Fund, ICICI Emerging Sectors Fund (up to

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December 31, 2013), ICICI Strategic Investments Fund and ICICI Venture Value Fund (up to September 30, 2013).

Profit before tax of the treasury segment increased from Rs. 52.6 billion in fiscal 2014 to Rs. 64.7 billion in fiscal 2015, primarily due to an increase in non-interest income offset, in part, by increase in provisions.

Net interest income increased marginally by 0.8% from Rs. 29.4 billion in fiscal 2014 to Rs. 29.6 billion in fiscal 2015, primarily due to purchase of medium tenor securities at higher yields in the held-to-maturity category, maturity/sale of lower-yielding shorter tenor securities during fiscal 2015 and re-set of coupons on floating rate bonds at a higher yield as compared to fiscal 2014. The above increase was, offset, in part, by lower yields on non-statutory liquidity ratio investments due to maturity of high yielding bonds and debentures.

Non-interest income increased from Rs. 25.7 billion in fiscal 2014 to Rs. 39.8 billion in fiscal 2015, primarily due to higher realized gain on the treasury segment's government securities portfolio and other fixed income positions, net exchange gains relating to overseas operations, an increase in dividend income from subsidiaries, and higher gains on the equity and preference shares portfolio.

Provisions increased from Rs. 0.8 billion in fiscal 2014 to Rs. 2.9 billion in fiscal 2015 primarily on account of increase in provision on equity and preference shares.

Other Banking

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Net interest income	Rs. 10,615	Rs. 13,422	US$ 215	26.4 %
Non-interest income	5,903	4,472	72	(24.2)
Total income	16,518	17,894	287	8.3
Non-interest expenses	5,109	5,494	88	7.5
Profit before provisions	11,409	12,400	199	8.7
Provisions	2,377	5,728	92	-
Profit before tax	**Rs. 9,032**	**Rs. 6,672**	**US$ 107**	**(26.1)%**

The following table sets forth, for the periods indicated, the outstanding balances of the key assets and liabilities.

	Outstanding balance on March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Advances	Rs. 534,086	Rs. 561,366	US$ 9,009	5.1 %
Investments	58,417	60,344	968	3.3
Deposits	372,840	341,775	5,485	(8.3)
Borrowings	Rs. 187,829	Rs. 205,298	US$ 3,295	9.3 %

Other banking business includes our leasing operations, our overseas banking subsidiaries, ICICI Bank UK, ICICI Bank Canada and ICICI Bank Eurasia Limited Liability Company (up to December 31, 2014) and other items not attributable to any particular business segment of the Bank.

Profit before tax of our other banking segment decreased from Rs. 9.0 billion in fiscal 2014 to Rs. 6.7 billion in fiscal 2015, primarily due to an increase in provisions and decrease in non-interest income, offset, in part, by increase in net interest income.

Net interest income increased by 26.4% from Rs. 10.6 billion in fiscal 2014 to Rs. 13.4 billion in fiscal 2015, primarily due to an increase in net interest income of ICICI Bank UK and increase in interest received on income tax refunds upon the completion of pending income tax assessments. This was offset, in part, by decrease in net interest income of ICICI Bank Canada primarily due to decrease in net interest margin in fiscal 2015 compared to fiscal 2014.

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Non-interest income decreased by 24.2% from Rs. 5.9 billion in fiscal 2014 to Rs. 4.5 billion in fiscal 2015, primarily due to decrease in non-interest income of ICICI Bank, offset, in part, by increase in non-interest income of ICICI Bank UK. Non-interest income of ICICI Bank decreased primarily due to decrease in gain on the sale of fixed assets. Non-interest income of ICICI Bank UK increased primarily due to higher treasury income, offset, in part, by decrease in fee income.

Non-interest expenses increased by 7.5% from Rs. 5.1 billion in fiscal 2014 to Rs. 5.5 billion in fiscal 2015.

Provisions increased from Rs. 2.4 billion in fiscal 2014 to Rs. 5.7 billion in fiscal 2015 primarily due to higher provisions made by ICICI Bank UK and ICICI Bank Canada. In ICICI Bank UK, provision increased primarily due to specific provision made on certain existing impaired loans and increase in specific provision on investments and collective provision made compared to write-back of collective provision in fiscal 2014. In ICICI Bank Canada, provision increased primarily due to additional specific provision made on certain impaired loans. This was offset, in part, by higher write-back of collective provision in fiscal 2015.

Loans increased by 5.1% from Rs. 534.1 billion at year-end fiscal 2014 to Rs. 561.4 billion at year-end fiscal 2015, primarily due to an increase in loans of ICICI Bank UK and ICICI Bank. Loans of ICICI Bank UK increased from Rs. 166.2 billion at year-end fiscal 2014 to Rs. 189.7 billion at fiscal 2015 primarily due to increase in corporate loan book offset, in part, by reduction in foreign currency convertible bond portfolio due to maturities. Loans of ICICI Bank Canada decreased from Rs. 260.3 billion at year-end fiscal 2014 to Rs. 254.2 billion at fiscal 2015 primarily due to depreciation of Canadian dollar against the Rupee. However, in terms of Canadian dollar, the loan portfolio of ICICI Bank Canada increased from CAD 4.8 billion at year-end fiscal 2014 to CAD 5.2 billion at year-end fiscal 2015 due to increase in the securitization loan portfolio, offset, in part, by decrease in corporate loan portfolio.

Investments increased by 3.3% from Rs. 58.4 billion at year-end fiscal 2014 to Rs. 60.3 billion at year-end fiscal 2015, primarily due to an increase in investments of ICICI Bank Canada and ICICI Bank UK. ICICI Bank Canada's investment portfolio increased by 4.3 % from Rs. 28.0 billion at year-end fiscal 2014 to Rs. 29.2 billion at year-end fiscal 2015 primarily due to increase in investment in government securities. Investments of ICICI Bank UK increased on account of rupee depreciation against the U.S. dollar during fiscal 2015.

Deposits decreased by 8.3% from Rs. 372.8 billion at year-end fiscal 2014 to Rs. 341.8 billion at year-end fiscal 2015 due to decrease in deposits of ICICI Bank Canada and ICICI Bank UK. Deposits of ICICI Bank Canada decreased from Rs. 132.1 billion at year-end fiscal 2014 to Rs. 109.3 billion at year-end fiscal 2015, primarily due to a decrease in term deposits from Rs. 96.2 billion at year-end fiscal 2014 to Rs. 78.9 billion at year-end fiscal 2015 and decrease in savings account deposits from Rs. 31.8 billion at year-end fiscal 2014 to Rs. 25.9 billion at year-end fiscal 2015. Deposits of ICICI Bank UK decreased from Rs. 151.8 billion at year-end fiscal 2014 to Rs. 142.8 billion at year-end fiscal 2015, primarily on account of a decrease in savings account deposits and term deposits.

Borrowings increased by 9.3% from Rs. 187.8 billion at year-end fiscal 2014 to Rs. 205.3 billion at year-end fiscal 2015, primarily due to an increase in the borrowings of ICICI Bank Canada, offset, in part, by decrease in borrowings of ICICI Bank UK. Borrowings of ICICI Bank Canada increased due to an increase in borrowings through securitization of mortgages. Borrowings of ICICI Bank UK decreased due to repayment of syndicated loans and repo borrowings, offset, in part, by increase in inter-bank borrowings and bond borrowings.

Life Insurance

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Premium earned	Rs. 124,287	Rs. 153,066	US$ 2,457	23.2 %
Premium on reinsurance ceded	(1,460)	(1,462)	(23)	0.1
Net premium earned	122,827	**151,604**	2,434	23.4
Other income	22,989	21,377	343	(7.0)
Investment income	13,685	18,318	294	33.9
Total income	**159,501**	**191,299**	**3,071**	**19.9**
Commission paid	6,275	5,532	89	(11.8)
Claims/benefits paid	10,773	9,028	145	(16.2)
Operating expenses	17,095	17,067	274	(0.2)
Total expenses	34,143	**31,627**	**508**	(7.4)
Transfer to linked funds	81,387	108,205	1,737	33.0
Provisions for policy holder liabilities (non-linked)	28,679	35,124	564	22.5
Profit before tax	**Rs. 15,292**	**Rs. 16,343**	**US$ 262**	**6.9 %**

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The following table sets forth, for the periods indicated, the outstanding balance of key assets and liabilities.

	Outstanding balance on March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Investments	Rs. 187,764	Rs. 236,525	US$ 3,796	26.0 %
Assets held to cover linked liabilities	603,104	747,775	12,001	24.0
Liabilities on life policies in force	749,265	936,194	15,025	24.9

The life insurance industry in India registered a decline of 10.7% in retail weighted new business premium during fiscal 2015 according to the Life Insurance Council. The private sector registered a growth of 14.8% while ICICI Prudential Life Insurance Company registered a growth of 41.0% during fiscal 2015.

ICICI Prudential Life Insurance Company maintained its leadership position among the private sector companies with a private market share of 23.3% on a retail weighted new business premium basis in fiscal 2015 compared to 18.9% in fiscal 2014. Overall market share on this basis increased from 7.2% in fiscal 2014 to 11.3% in fiscal 2015, according to the Life Insurance Council. Assets under management increased by 24.3% from Rs. 806.0 billion at year-end fiscal 2014 to Rs. 1,001.8 billion at year-end fiscal 2015.

Profit before tax of ICICI Prudential Life Insurance Company increased by 6.9% from Rs. 15.3 billion in fiscal 2014 to Rs. 16.3 billion in fiscal 2015 primarily due to an increase in net premium earned and investment income and decrease in claims and benefits paid, offset, in part, by an increase in transfer to linked funds and provisions for policy holder liabilities.

The total premium income of ICICI Prudential Life Insurance Company increased by 23.2% from Rs. 124.3 billion in fiscal 2014 to Rs. 153.1 billion in fiscal 2015 primarily due to an increase in retail new business premium. Retail new business premium increased by 37.3% from Rs. 35.9 billion in fiscal 2014 to Rs. 49.3 billion in fiscal 2015. Retail renewal premium increased by 18.1% from Rs. 81.0 billion in fiscal 2014 to Rs. 95.7 billion in fiscal 2015. Group premium increased by 8.1% from Rs. 7.4 billion in fiscal 2014 to Rs. 8.0 billion in fiscal 2015.

Other income of ICICI Prudential Life Insurance Company decreased by 7.0% from Rs. 23.0 billion in fiscal 2014 to Rs. 21.4 billion in fiscal 2015 primarily due to decrease in policy fees, foreclosure income and surrender charges.

Investment income of ICICI Prudential Life Insurance Company increased by 33.9% from Rs. 13.7 billion in fiscal 2014 to Rs. 18.3 billion in fiscal 2015, primarily due to increase in net realized gains and interest income. The interest

income increased due to increase in debt assets under management.

Commission expenses of ICICI Prudential Life Insurance Company decreased by 11.8% from Rs. 6.3 billion in fiscal 2014 to Rs. 5.5 billion in fiscal 2015, primarily on account of a change in product mix from conventional products to linked products as linked products have lower commission rates.

Claims and benefit payouts of ICICI Prudential Life Insurance Company decreased from Rs. 10.8 billion in fiscal 2014 to Rs. 9.0 billion in fiscal 2015. There were higher surrender claims pertaining to group business in fiscal 2014.

Transfer to linked funds represents the transfer of premium received, including the renewal premium on linked policies of ICICI Prudential Life Insurance Company to investments, which has increased by 33.0% from

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Rs. 81.4 billion in fiscal 2014 to Rs. 108.2 billion in fiscal 2015 primarily due to an increase in new business premium on linked products in fiscal 2015.

Assets held to cover the linked liabilities of ICICI Prudential Life Insurance Company increased by 24.0% from Rs. 603.1 billion at year-end fiscal 2014 to Rs. 747.8 billion at year-end fiscal 2015 primarily due to increase in linked business and higher investment valuations due to improved market conditions in fiscal 2015.

Liability under existing life insurance policies to be paid by ICICI Prudential Life Insurance Company increased by 24.9% from Rs. 749.3 billion at year-end fiscal 2014 to Rs. 936.2 billion at year-end fiscal 2015 primarily due to increase in linked liabilities due to improved market conditions in fiscal 2015.

General Insurance

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Gross written premium (including premium on reinsurance accepted)	Rs. 71,761	Rs. 69,367	US$ 1,113	(3.3)%
Premium on reinsurance ceded	(26,781)	(25,091)	(403)	(6.3)
Unexpired risk reserve	(1,451)	(1,923)	(31)	32.5
Net premium earned	43,529	42,353	679	(2.7)
Commission income (net)	2,291	3,738	60	63.2
Investment income from pool[(1)]	179	218	3	21.8
Investment income	7,877	9,280	149	17.8
Total income	53,876	55,589	891	3.2
Operating expenses	12,129	13,862	222	14.3
Claims/benefits paid	36,189	34,434	553	(4.8)
Other expenses (net)	356	386	6	8.4
Total expense	**48,674**	**48,682**	**781**	**-**
Profit/(loss) before tax	**Rs. 5,202**	**Rs. 6,907**	**US$ 110**	**32.8 %**

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(1) Investment income from pool represents our share of income from the terrorism pool. The pool represents a multilateral reinsurance arrangement entered into by ICICI Lombard General Insurance Company together with other Indian insurance companies and the General Insurance Corporation of India. The funds belonging to the

terrorism pool are administered by the General Insurance Corporation of India.

The following table sets forth, for the periods indicated, the outstanding balances of key assets and liabilities.

	Outstanding balance on March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Investments	Rs. 87,452	Rs. 98,212	US$ 1,576	12.3 %
Current liabilities including claims outstanding	87,278	79,711	1,279	(8.7)
Provisions	Rs. 23,223	Rs. 25,058	US$ 402	7.9 %

ICICI Lombard General Insurance Company was the largest private sector general insurance company in India during fiscal 2015, with a market share of 8.3% on the basis of gross written premium according to the General Insurance Council of India.

Profit before tax of ICICI Lombard General Insurance Company increased by 32.8% from Rs. 5.2 billion in fiscal 2014 to Rs. 6.9 billion in fiscal 2015 primarily due to decrease in claim benefit paid and increase in investment income and commission income offset, in part, by an increase in operating expenses and decrease in net premium earned.

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The gross written premium (including share of the motor third party insurance pool) decreased by 3.3% from Rs. 71.8 billion in fiscal 2014 to Rs. 69.4 billion in fiscal 2015 primarily due to decline in weather insurance and health insurance business. In fiscal 2015, due to highly competitive pricing in the market, ICICI Lombard General Insurance Company reduced its business in group and mass health segments and adopted a cautious approach to the weather insurance segment. The net premium income decreased from Rs. 43.5 billion in fiscal 2014 to Rs. 42.4 billion in fiscal 2015.

Net commission income increased from Rs. 2.3 billion in fiscal 2014 to Rs. 3.7 billion in fiscal 2015 primarily due to an increase in commission on reinsurance ceded in retail health insurance business.

Investment income increased from Rs. 7.9 billion in fiscal 2014 to Rs. 9.3 billion in fiscal 2015 primarily due to an increase in interest income on investments and higher realized gains.

Operating expenses increased from Rs. 12.1 billion in fiscal 2014 to Rs. 13.9 billion in fiscal 2015 primarily due to higher business support expenses on account of an increase in retail business.

Claims/benefits paid decreased from Rs. 36.2 billion in fiscal 2014 to Rs. 34.4 billion in fiscal 2015 primarily due to decrease in aviation, health and weather insurance business and reduction in ultimate loss ratio for the declined risk pool from 210% to 175%.

Investments increased by 12.3% from Rs. 87.5 billion at year-end fiscal 2014 to Rs. 98.2 billion at year-end fiscal 2015 primarily due to an increase in business volumes. Current liabilities, including claims outstanding, decreased by 8.7% from Rs. 87.3 billion at year-end fiscal 2014 to Rs. 79.7 billion at year-end fiscal 2015 primarily due to settlement of motor third party pool for fiscal 2011 and fiscal 2012.

Others

The “others” segment mainly includes ICICI Prudential Asset Management Company Limited, ICICI Venture Funds Management Company Limited, ICICI Securities Limited, ICICI Securities Primary Dealership Limited and ICICI Home Finance Company Limited.

ICICI Prudential Asset Management Company Limited manages the investment schemes of ICICI Prudential Mutual Fund, the second largest mutual funds in India in terms of average funds under management in March 2015, with a

market share of 12.5%, according to Association of Mutual Funds in India. The average assets under management for ICICI Prudential Mutual Fund increased primarily on account of an increase in average assets under management of equity products in fiscal 2015.

ICICI Securities Limited and ICICI Securities Primary Dealership Limited are engaged in equity underwriting and brokerage and primary dealership in government securities respectively. ICICI Securities Limited owns icicidirect.com, a leading online brokerage platform.

Profit before tax of the "others" segment increased from Rs. 9.8 billion in fiscal 2014 to Rs. 14.6 billion in fiscal 2015 mainly due to increase in profit before tax of ICICI Securities Limited, ICICI Securities Primary Dealership Limited and ICICI Prudential Asset Management Company Limited.

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2014	2015	2015	2015/2014 % change
	(in millions, except percentages)			
Net interest income	Rs. 4,291	Rs. 3,977	US$ 64	(7.3)%
Non-interest income	17,606	25,854	415	46.8
Total income	21,897	29,831	479	36.2
Non-interest expenses	12,097	15,140	243	25.2
Operating profit before provisions and tax	9,800	14,691	236	49.9
Provisions	16	56	1	-
Profit before tax	**Rs. 9,784**	**Rs. 14,635**	**US$ 235**	**49.6 %**

Net interest income decreased by 7.3% from Rs. 4.3 billion in fiscal 2014 to Rs. 4.0 billion in fiscal 2015.

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Non-interest income increased from Rs. 17.6 billion in fiscal 2014 to Rs. 25.9 billion in fiscal 2015 primarily due to an increase in brokerage and distribution income of our securities broking subsidiary, trading gains of primary dealership subsidiary and management fees of asset management subsidiary.

Non-interest expenses increased from Rs. 12.1 billion in fiscal 2014 to Rs. 15.1 billion in fiscal 2015 primarily due to increase in distribution expenses of our asset management subsidiary.

Profit before tax of ICICI Securities Limited increased from Rs. 1.4 billion in fiscal 2014 to Rs. 4.5 billion in fiscal 2015 primarily due to an increase in brokerage income and third party product distribution fees, offset, in part, by an increase in staff cost. The brokerage and third party product distribution income increased in fiscal 2015 primarily due to an improvement in equity market in India.

Profit before tax of ICICI Securities Primary Dealership Limited increased from Rs. 2.0 billion in fiscal 2014 to Rs. 3.3 billion in fiscal 2015, primarily due to an increase in trading gains and fee income offset, in part, by decrease in net interest income. Trading gains were higher in fiscal 2015 due to favorable interest rate movements resulting in opportunities for participating in trading activities.

Profit before tax of ICICI Prudential Asset Management Company Limited increased from Rs. 2.8 billion in fiscal 2014 to Rs. 3.8 billion in fiscal 2015 primarily due to an increase in fee income on account of an increase in average assets under management, change in mix in favor of equity mutual funds which earn higher fees and increase in margins on mutual funds operations. The above increase was, offset, in part, by increase in administrative expenses and staff cost.

Profit before tax of ICICI Home Finance Company Limited decreased marginally from Rs. 3.1 billion in fiscal 2014 to Rs. 3.0 billion in fiscal 2015.

Profit before tax of ICICI Venture Fund Management Company Limited decreased from Rs. 0.4 billion in fiscal 2014 to Rs. 0.1 billion in fiscal 2015 primarily due to decrease in income from venture capital funds and increase in interest costs. In fiscal 2015, ICICI Venture Fund Management Company sought an extension for funds that were expected to conclude during the year and offered a liquidity option to investors who wished to exit from the funds. ICICI Venture Fund Management Company took bank loans to fund the liquidity option provided to investors and paid interest on loans taken.

Fiscal 2014 Compared with Fiscal 2013

The following table sets forth, for the periods indicated, profit before tax of various segments.

	Year ended March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Retail Banking	Rs. 9,546	Rs. 18,295	US$ 294	91.7 %
Wholesale Banking	66,189	65,886	1,057	(0.5)
Treasury	36,613	52,565	844	43.6
Other Banking	6,410	9,032	145	40.9
Life Insurance	15,697	15,292	245	(2.6)
General Insurance	2,817	5,202	83	84.7
Others	7,817	9,784	157	25.2
Profit before tax	**Rs. 145,089**	**Rs. 176,056**	**US$ 2,825**	**21.3 %**

Retail Banking

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Net interest income	Rs. 42,092	Rs. 57,730	US$ 927	37.2 %
Non-interest income	30,425	36,211	581	19.0
Total income	72,517	93,941	1,508	29.5
Non-interest expenses	63,216	76,583	1,229	21.1
Profit before provisions	9,301	17,358	279	—
Provisions	(245)	(937)	(15)	—
Profit before tax	**Rs. 9,546**	**Rs. 18,295**	**US$ 294**	**91.7 %**

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The following table sets forth, for the periods indicated, the outstanding balances of key assets and liabilities.

	Outstanding balance at March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Advances	Rs. 651,689	Rs. 903,841	US$ 14,506	38.7 %
Deposits	1,922,796	2,252,516	36,150	17.1

Loans in the retail banking segment increased primarily due to higher retail disbursements, mainly in home loans and automobile loans segment. The retail banking segment maintained its focus on strengthening its deposit franchise, reflecting the increase in retail deposit base. The savings account deposits of the segment increased by 15.7% from Rs. 856.5 billion at year-end fiscal 2013 to Rs. 991.3 billion at year-end fiscal 2014.

Profit before tax of the retail banking segment increased from Rs. 9.5 billion in fiscal 2013 to Rs. 18.3 billion in fiscal 2014, primarily due to increase in net interest income and non-interest income. This was offset, in part, by an increase in non-interest expense.

Net interest income increased by 37.2% from Rs. 42.1 billion in fiscal 2013 to Rs. 57.7 billion in fiscal 2014, primarily due to an increase in loan portfolio and an increase in average current account and savings account deposits.

Non-interest income increased by 19.0% from Rs. 30.4 billion in fiscal 2013 to Rs. 36.2 billion in fiscal 2014, primarily due to the higher level of lending linked fees, third party product distribution fees, fees from the credit card portfolio and transaction banking fees.

Non-interest expenses increased by 21.1% from Rs. 63.2 billion in fiscal 2013 to Rs. 76.6 billion in fiscal 2014, primarily due to an increase in employee expenses and an expansion in branch network offset, in part, by a reduction in collection expenses.

During fiscal 2014, there was a write-back of provision of Rs. 0.9 billion compared to Rs. 0.2 billion in fiscal 2013.

Wholesale Banking

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Net interest income	Rs. 68,458	Rs. 75,393	US$ 1,210	10.1 %
Non-interest income	38,216	40,565	651	6.1
Total income	106,674	115,958	1,861	8.7
Non-interest expenses	24,843	24,057	386	(3.2)
Profit before provisions	81,831	91,901	1,475	12.3
Provisions	15,642	26,015	418	66.3
Profit before tax	**Rs. 66,189**	**Rs. 65,886**	**US$ 1,057**	**(0.5)%**

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The following table sets forth, for the periods indicated, the outstanding balances of key assets and liabilities.

	Outstanding balance at March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Advances	Rs. 2,225,648	Rs. 2,380,760	US$ 38,208	7.0 %
Deposits	996,340	974,884	15,646	(2.2)

The wholesale banking loan book increased by 7.0% from Rs. 2,225.6 billion at year-end fiscal 2013 to Rs. 2,380.8 billion at year-end fiscal 2014. The moderation in the wholesale banking loan book was primarily due to cautious approach in incremental lending in this segment, offset in part by the rupee depreciation impact on the overseas branches' loan portfolio. The term deposits in the segment decreased by 8.5% from Rs. 802.0 billion at year-end fiscal 2013 to Rs. 733.7 billion at year-end fiscal 2014. The current account deposits increased by 24.1% from Rs. 194.3 billion at year-end fiscal 2013 to Rs. 241.1 billion at year-end fiscal 2014.

Profit before tax of the wholesale banking segment decreased from Rs. 66.2 billion in fiscal 2013 to Rs. 65.9 billion in fiscal 2014, primarily due to an increase in provisions offset, in part, by an increase in net interest income and non-interest income.

Net interest income increased by 10.1% from Rs. 68.5 billion in fiscal 2013 to Rs. 75.4 billion in fiscal 2014, primarily due to higher interest income on assets.

Non-interest income increased by 6.1% from Rs. 38.2 billion in fiscal 2013 to Rs. 40.6 billion in fiscal 2014 primarily due to an increase in fee income.

Provisions increased from Rs. 15.6 billion in fiscal 2013 to Rs. 26.0 billion in fiscal 2014, primarily due to higher provisions on account of an increase in non-performing loans and loans restructured during fiscal 2014. See also *"—Selected Consolidated Financial and Operating Data - Provisions and contingencies (excluding tax provisions) - Provisions for Restructured Loans and Non-performing Assets"*.

Treasury

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Net interest income	Rs. 25,094	Rs. 29,390	US$ 472	17.1 %
Non-interest income	14,175	25,704	413	81.3
Total income	39,269	55,094	885	40.3
Non-interest expenses	1,763	1,777	29	0.8
Profit before provisions	37,506	53,317	856	42.2
Provisions	893	752	12	(15.8)
Profit before tax	**Rs. 36,613**	**Rs. 52,565**	**US$ 844**	**43.6 %**

The following table sets forth, for the periods indicated, the closing balances of key assets and liabilities.

	Closing balance at March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Investments	Rs. 1,714,391	Rs. 1,770,061	US$ 28,407	3.2 %
Borrowings	1,453,415	1,547,591	24,837	6.5

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, such as forward contracts, swaps and options. It also includes investments made by ICICI Eco-net Internet and Technology Fund (up to December 31, 2013), ICICI Equity Fund, ICICI Emerging Sectors Fund (up to December 31, 2013), ICICI Strategic Investments Fund and ICICI Venture Value Fund (up to September 30, 2013).

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Profit before tax of the treasury segment increased from Rs. 36.6 billion in fiscal 2013 to Rs. 52.6 billion in fiscal 2014, primarily due to an increase in net interest income and non-interest income.

Net interest income increased by 17.1% from Rs. 25.1 billion in fiscal 2013 to Rs. 29.4 billion in fiscal 2014, primarily due to investment in longer duration statutory liquidity ratio securities at higher yields, offset, in part, by lower yields on non-statutory liquidity ratio investments due to maturity of high yielding bonds and debentures.

Non-interest income increased from Rs. 14.2 billion in fiscal 2013 to Rs. 25.7 billion in fiscal 2014, primarily due to an increase in dividend income from subsidiaries, realized gain on the treasury segment's government securities portfolio and other fixed income positions, exchange gain on repatriation of retained earnings at overseas branches, profit on security receipts and foreign exchange trading gains.

Other Banking

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Net interest income	Rs. 9,960	Rs. 10,615	US$ 170	6.6 %
Non-interest income	4,300	5,903	95	37.3
Total income	14,260	16,518	265	15.8
Non-interest expenses	4,396	5,109	82	16.2
Profit before provisions	9,864	11,409	183	15.7
Provisions	3,454	2,377	38	(31.2)
Profit before tax	**Rs. 6,410**	**Rs. 9,032**	**US$ 145**	**40.9 %**

The following table sets forth, for the periods indicated, the outstanding balances of the key assets and liabilities.

	Outstanding balance on March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Advances	Rs. 376,854	Rs. 534,086	US$ 8,571	41.7 %

Investments	88,111	58,417	938	(33.7)
Deposits	228,693	372,840	5,984	63.0
Borrowings	Rs. 166,315	Rs. 187,829	US$ 3,014	12.9 %

Other banking business includes our leasing operations, our overseas banking subsidiaries, ICICI Bank UK, ICICI Bank Canada and ICICI Bank Eurasia Limited Liability Company and other items not attributable to any particular business segment of the Bank.

Profit before tax of our other banking segment increased from Rs. 6.4 billion in fiscal 2013 to Rs. 9.0 billion in fiscal 2014, primarily due to an increase in net interest income and non-interest income.

Net interest income increased by 6.6% from Rs. 10.0 billion in fiscal 2013 to Rs. 10.6 billion in fiscal 2014, primarily due to an increase in net interest income of ICICI Bank UK and ICICI Bank Canada, offset, in part, by a decrease in interest received on income tax refunds upon the completion of pending income tax assessments of Rs. 2.0 billion in fiscal 2014 compared to Rs. 2.7 billion in fiscal 2013. The net interest income of ICICI Bank UK increased on account of an increase in average interest-earning assets. Average interest-earning assets increased primarily due to an increase in average loans and advances offset, in part, by a decrease in average investments and average overnight and term placements. The net interest income of ICICI Bank Canada increased primarily due to an increase in net interest margin in fiscal 2014 as compared to fiscal 2013.

Non-interest income increased by 37.3% from Rs. 4.3 billion in fiscal 2013 to Rs. 5.9 billion in fiscal 2014, primarily due to ICICI Bank UK's higher fee income and realized gains on investments in fiscal 2014, compared to realized loss on investments in fiscal 2013. Non-interest income of ICICI Bank increased primarily due to gain on the sale of fixed assets in fiscal 2014.

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Non-interest expenses increased by 16.2% from Rs. 4.4 billion in fiscal 2013 to Rs. 5.1 billion in fiscal 2014, primarily due to an increase in non-interest expenses of our overseas banking subsidiaries.

Loans increased by 41.7% from Rs. 376.9 billion at year-end fiscal 2013 to Rs. 534.1 billion at year-end fiscal 2014, primarily due to an increase in loans of ICICI Bank, ICICI Bank Canada and ICICI Bank UK partly reflecting depreciation of the Indian Rupee during the year. Loans of ICICI Bank increased primarily due to loans against foreign currency non-resident (bank) deposits made during fiscal 2014. Loans of ICICI Bank Canada increased primarily due to re-classification of investment in corporate bonds to loans and advances and an increase in the insured mortgages portfolio offset, in part, by a decrease in the corporate loan portfolio. Advances of ICICI Bank UK increased primarily due to an increase in corporate loan portfolio and loans against foreign currency non-resident (bank) deposits. The above increase was offset, in part, by reduction on account of maturities and redemptions.

Investments decreased by 33.7% from Rs. 88.1 billion at year-end fiscal 2013 to Rs. 58.4 billion at year-end fiscal 2014, primarily due to a decline in investments of ICICI Bank Canada. ICICI Bank Canada's investment portfolio decreased by 52.4 % from Rs. 58.9 billion at year-end fiscal 2013 to Rs. 28.0 billion at year-end fiscal 2014 primarily due to re-classification of corporate bonds to loans and advances and on account of sale/maturities of government securities.

Deposits increased by 63.0% from Rs. 228.7 billion at year-end fiscal 2013 to Rs. 372.8 billion at year-end fiscal 2014 due to an increase in deposits of ICICI Bank and ICICI Bank UK. Deposits of ICICI Bank increased primarily due to foreign currency non-resident (bank) deposits mobilized during fiscal 2014. Deposits of ICICI Bank UK increased primarily on account of an increase in savings account deposits and term deposits.

Borrowings increased by 12.9% from Rs. 166.3 billion at year-end fiscal 2013 to Rs. 187.8 billion at year-end fiscal 2014, primarily due to an increase in the borrowings of ICICI Bank UK and ICICI Bank Canada. Borrowings of ICICI Bank UK increased primarily due to an increase in borrowings by way of bankers' acceptance, bilateral borrowings and borrowings under repurchase transactions during fiscal 2014. The above increase was offset by a decrease in bond borrowings. Borrowings of ICICI Bank Canada increased due to an increase in borrowings through securitization of mortgages offset, in part, by repayment of sub-ordinated debt.

Life Insurance

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Premium earned	Rs. 135,382	Rs. 124,287	US$ 1,995	(8.2)%
Premium on reinsurance ceded	(1,210)	(1,460)	(23)	20.7
Net premium earned	134,172	122,827	1,972	(8.5)
Other income	26,479	22,989	369	(13.2)
Investment income	13,109	13,685	220	4.4
Total income	173,760	159,501	2,561	(8.2)
Commission paid	7,654	6,275	101	(18.0)
Claims/benefits paid	11,662	10,773	173	(7.6)
Operating expenses	18,026	17,095	274	(5.2)
Total expenses	37,342	34,143	548	(8.6)
Transfer to linked funds	94,334	81,387	1,306	(13.7)
Provisions for policy holder liabilities (non-linked)	26,387	28,679	460	8.7
Profit before tax	**Rs. 15,697**	**Rs. 15,292**	**US$ 247**	**(2.6)%**

The following table sets forth, for the periods indicated, the outstanding balance of key assets and liabilities.

	Outstanding balance on March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Investments	Rs. 145,083	Rs. 187,764	US$ 3,013	29.4 %
Assets held to cover linked liabilities	575,208	603,104	9,679	4.8
Liabilities on life policies in force	Rs. 689,105	Rs. 749,265	US$ 12,025	8.7 %

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The life insurance industry has witnessed a declining trend in new business year-on-year since fiscal 2011. The life insurance industry registered a decline of 3.4% in retail weighted new business premium during fiscal 2014. The private sector registered a decline of 3.4% while ICICI Prudential Life Insurance Company registered a decline of 1.7% during fiscal 2014.

ICICI Prudential Life Insurance Company maintained its leadership position among the private sector companies with a private market share of 18.9% on a retail weighted new business premium basis in fiscal 2014 compared to 18.5% in fiscal 2013. Overall market share on a retail weighted new business premium basis also increased to 7.2% in fiscal 2014 from 7.0% in fiscal 2013, according to the Insurance Regulatory and Development Authority. Assets under management increased by 8.7% from Rs. 741.6 billion at fiscal 2013 to Rs. 806.0 billion at fiscal 2014.

Profit before tax of ICICI Prudential Life Insurance Company decreased by 2.6% from Rs. 15.7 billion in fiscal 2013 to Rs. 15.3 billion in fiscal 2014 primarily due to a decrease in net premium earned and other income offset, in part by a decrease in expenses.

The total premium income of ICICI Prudential Life Insurance Company decreased by 8.2% from Rs. 135.4 billion in fiscal 2013 to Rs. 124.3 billion in fiscal 2014. Retail new business premium decreased by 1.5% from Rs. 36.4 billion in fiscal 2013 to Rs. 35.9 billion in fiscal 2014. Retail renewal premium increased marginally from Rs. 80.6 billion in fiscal 2013 to Rs. 81.0 billion in fiscal 2014. Group premium decreased from Rs. 18.4 billion in fiscal 2013 to Rs. 7.4 billion in fiscal 2014.

Other income of ICICI Prudential Life Insurance Company decreased by 13.2% from Rs. 26.5 billion in fiscal 2013 to Rs. 23.0 billion in fiscal 2014. There was a decrease in policy fees and fund management charges and surrender charges, including income on foreclosure of policies.

Investment income of ICICI Prudential Life Insurance Company increased by 4.4% from Rs. 13.1 billion in fiscal 2013 to Rs. 13.7 billion in fiscal 2014, primarily due to higher interest income as debt assets under management have increased.

Commission expenses of ICICI Prudential Life Insurance Company decreased by 18.0% from Rs. 7.7 billion in fiscal 2013 to Rs. 6.3 billion in fiscal 2014, primarily on account of a change in product mix from conventional products to linked products as linked products have lower commission rates.

Claims and benefit payouts of ICICI Prudential Life Insurance Company decreased from Rs. 11.7 billion in fiscal 2013 to Rs. 10.8 billion in fiscal 2014. There were higher surrender claims pertaining to group business in fiscal 2013.

The operating expenses of ICICI Prudential Life Insurance Company decreased by 5.2% from Rs. 18.0 billion in fiscal 2013 to Rs. 17.1 billion in fiscal 2014, mainly due to a decrease in staff cost on account of decrease in employee base.

Transfer to linked funds represents the transfer of premium received, including the renewal premium on linked policies of ICICI Prudential Life Insurance Company to investments, which has decreased by 13.7% from Rs. 94.3 billion in fiscal 2013 to Rs. 81.4 billion in fiscal 2014 due to a decrease in the volume of our unit-linked insurance business (including renewal) during fiscal 2014.

Assets held to cover the linked liabilities of ICICI Prudential Life Insurance Company increased by 4.8% from Rs. 575.2 billion at year-end fiscal 2013 to Rs. 603.1 billion at year-end fiscal 2014. The increase in linked assets under management is primarily attributable to the mark to market gains arising from an improvement in the equity market during fiscal 2014.

Liability under existing life insurance policies to be paid by ICICI Prudential Life Insurance Company increased by 8.7% from Rs. 689.1 billion at year-end fiscal 2013 to Rs. 749.3 billion at year-end fiscal 2014 on account of improved market conditions and an increase in non-linked liabilities during fiscal 2014.

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General Insurance

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Gross written premium (including premium on reinsurance accepted)	Rs. 64,091	Rs. 71,761	US$ 1,152	12.0 %
Premium on reinsurance ceded	(22,636)	(26,781)	(430)	18.3
Unexpired risk reserve	(1,362)	(1,451)	(23)	6.5
Net premium earned	40,093	43,529	699	8.6
Commission income (net)	1,831	2,291	37	25.1
Investment income from pool[1]	141	179	3	27.0
Investment income	5,730	7,877	126	37.5
Total income	47,795	53,876	865	12.7
Operating expenses	10,189	12,129	195	19.0
Claims/benefits paid	33,789	36,189	581	7.1
Other expenses (net)	1,000	356	6	(64.4)
Total expense	**44,978**	**48,674**	**782**	**8.2**
Profit/(loss) before tax	**Rs. 2,817**	**Rs. 5,202**	**US$ 83**	**84.7 %**

(1) Investment income from pool represents our share of income from the terrorism pool. The pool represents a multilateral reinsurance arrangement entered into by ICICI Lombard General Insurance Company together with other Indian insurance companies and the General Insurance Corporation of India. The funds belonging to the terrorism pool are administered by the General Insurance Corporation of India.

The following table sets forth, for the periods indicated, the outstanding balances of key assets and liabilities.

	Outstanding balance on March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Investments	Rs. 67,275	Rs. 87,452	US$ 1,403	30.0 %
Current liabilities including claims outstanding	77,460	87,278	1,401	12.7
Provisions	Rs. 21,875	Rs. 23,223	US$ 373	6.2 %

ICICI Lombard General Insurance Company was the largest private sector general insurance company in India during fiscal 2014, with a market share of 9.4% on the basis of gross written premium according to the Insurance Regulatory and Development Authority.

In accordance with the Insurance Regulatory and Development Authority direction effective April 01, 2012, ICICI Lombard General Insurance Company together with other insurance companies participated in the declined risk pool. Every insurer is required to underwrite a minimum percentage of standalone commercial vehicle motor third party insurance.

During fiscal 2014, the Insurance Regulatory and Development Authority declared the ultimate loss ratio for the declined risk pool for fiscal 2013 at 210% against the provisional estimate of 145%. Further, the Insurance Regulatory and Development Authority also advised that provisions for quarterly settlements for the fiscal 2014 should also be made at 210%. Accordingly, ICICI Lombard General Insurance Company accounted for the change in the ultimate loss ratio from 145% to 210% for fiscal 2013 in fiscal 2014. Further, as per the Insurance Regulatory and Development Authority recommendation, ICICI Lombard General Insurance Company also accounted for the claims in respect of fiscal 2014 based on the revised ultimate loss ratio of 210%. The change in the ultimate loss ratio from 145% to 210% has resulted in an additional provision of Rs. 0.4 billion pertaining to fiscal 2013.

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Profit before tax of ICICI Lombard General Insurance Company increased by 84.7% from Rs. 2.8 billion in fiscal 2013 to Rs. 5.2 billion in fiscal 2014 primarily due to an increase in net earned premium, investment income and commission income offset, in part, by an increase in claims and benefits paid and operating expenses.

The gross written premium (including share of the motor third party insurance pool) increased by 12.0% from Rs. 64.1 billion in fiscal 2013 to Rs. 71.8 billion in fiscal 2014, primarily due to the growth in weather insurance business and motor insurance business. The net premium income increased from Rs. 40.1 billion in fiscal 2013 to Rs. 43.5 billion in fiscal 2014. Net commission income increased from Rs. 1.8 billion in fiscal 2013 to Rs. 2.3 billion in fiscal 2014, primarily due to an increase in commission on reinsurance ceded in retail health insurance business. Investment income increased from Rs. 5.7 billion in fiscal 2013 to Rs. 7.9 billion in fiscal 2014 primarily due to an increase in interest income on investments and higher realized gains. Operating expenses increased from Rs. 10.2 billion in fiscal 2013 to Rs. 12.1 billion in fiscal 2014, primarily due to higher business support expenses on account of an increase in retail business. Claims/benefits paid increased from Rs. 33.8 billion in fiscal 2013 to Rs. 36.2 billion in fiscal 2014, primarily due to certain high value claims in weather insurance, engineering insurance and aviation insurance business. Claims in the group health portfolio also increased in fiscal 2014.

Investments increased by 30.0% from Rs. 67.3 billion at year-end fiscal 2013 to Rs. 87.5 billion at year-end fiscal 2014, primarily due to an increase in business and the re-investment of income from investments in fiscal 2014. Current liabilities, including claims outstanding, increased by 12.7% from Rs. 77.5 billion at year-end fiscal 2013 to Rs. 87.3 billion at year-end fiscal 2014, primarily due to an increase in deposits on reinsurance ceded in respect of health and motor insurance business and an increase in claims outstanding in fire, motor and weather insurance business.

Others

The “others” segment mainly includes ICICI Prudential Asset Management Company Limited, ICICI Venture Funds Management Company Limited, ICICI Securities Limited, ICICI Securities Primary Dealership Limited and ICICI Home Finance Company Limited.

ICICI Prudential Asset Management Company Limited manages the investment schemes of ICICI Prudential Mutual Fund, which was among the top two mutual funds in India in terms of average funds under management in March 2014, with a market share of 11.8%, according to Association of Mutual Funds in India. The average assets under management for ICICI Prudential Mutual Fund increased primarily on account of an increase in average assets under management of debt products in fiscal 2014.

ICICI Securities Limited and ICICI Securities Primary Dealership Limited are engaged in equity underwriting and brokerage and primary dealership in government securities respectively. ICICI Securities Limited owns

icicidirect.com, a leading online brokerage platform.

Profit before tax of the “others” segment increased from Rs. 7.8 billion in fiscal 2013 to Rs. 9.8 billion in fiscal 2014 mainly due to increase in profit before tax of ICICI Prudential Asset Management Company Limited, ICICI Securities Limited, ICICI Securities Primary Dealership Limited, ICICI Venture Funds Management Company Limited and ICICI Home Finance Company Limited.

The following table sets forth, for the periods indicated, the principal components of profit before tax.

	Year ended March 31,			
	2013	2014	2014	2014/2013 % change
	(in millions, except percentages)			
Net interest income	Rs. 3,960	Rs. 4,291	US$ 69	8.4 %
Non-interest income	14,740	17,606	261	19.4
Total income	18,700	21,897	330	17.1
Non-interest expenses	10,820	12,097	179	11.8
Operating profit before provisions and tax	7,880	9,800	151	24.4
Provisions	63	16	-	(74.6)
Profit before tax	**Rs. 7,817**	**Rs. 9,784**	**US$ 151**	**25.2 %**

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Net interest income increased by 8.4% from Rs. 4.0 billion in fiscal 2013 to Rs. 4.3 billion in fiscal 2014.

Non-interest income increased from Rs. 14.7 billion in fiscal 2013 to Rs. 17.6 billion in fiscal 2014, primarily due to an increase in fees on account of an increase in average assets under management and margins on mutual funds operations and increase in brokerage income.

Non-interest expenses increased from Rs. 10.8 billion in fiscal 2013 to Rs. 12.1 billion in fiscal 2014.

ICICI Prudential Asset Management Company made a profit before tax of Rs. 2.8 billion in fiscal 2014 compared to Rs. 1.6 billion in fiscal 2013, primarily due to an increase in fee income on account of an increase in average assets under management and margins on mutual fund operations, offset, in part, by increase in administrative expenses.

ICICI Securities Limited made a profit before tax of Rs. 1.4 billion in fiscal 2014, compared to Rs. 1.0 billion in fiscal 2013, primarily due to an increase in brokerage income and net interest income, offset, in part, by an increase in staff cost.

ICICI Securities Primary Dealership made a profit before tax of Rs. 2.0 billion in fiscal 2014, compared to Rs. 1.8 billion in fiscal 2013, primarily due to an increase in trading gains and net interest income.

ICICI Home Finance Company Limited made a profit before tax of Rs. 3.1 billion in fiscal 2014 compared to Rs. 3.0 billion in fiscal 2013 primarily due to an increase in fee income offset, in part, by a decrease in net interest income.

ICICI Venture Fund Management Company Limited made a profit before tax of Rs. 0.4 billion in fiscal 2014 compared to Rs. 0.3 billion in fiscal 2013 primarily due to an increase in income from venture capital funds offset, in part, by a decrease in management fees.

Related Party Transactions

During fiscal 2015, we entered into transactions with related parties consisting of (i) associates/other related entities and (ii) key management personnel and their close family members.

Related Parties

Associates/Other Related Entities

During fiscal 2015, the following parties were identified as our associates/other related entities: FINO PayTech Limited, I-Process Services (India) Private Limited, NIIT Institute of Finance Banking and Insurance Training Limited, Comm Trade Services Limited, ICICI Foundation for Inclusive Growth, ICICI Merchant Services Private Limited, India Infradebt Limited, India Advantage Fund-III, India Advantage Fund-IV and Catalyst Management Services Private Limited.

India Advantage Fund-III and India Advantage Fund-IV have been identified as related parties during the three months ended June 30, 2014 and September 30, 2014 respectively. Mewar Aanchalik Gramin Bank ceased to be a related party from the three months ended June 30, 2014.

Key Management Personnel and their Close Family Members

Our key management personnel include our executive directors. The following individuals were our key management personnel during fiscal 2015: Ms. Chanda Kochhar; Mr. N. S. Kannan; Mr. K. Ramkumar and Mr. Rajiv Sabharwal. The close family members of the above key management personnel are also our related parties. Close family members in relation to the executive directors means their spouses, children, siblings and parents. We have applied the Indian GAAP standard in determining the close family members of the executive directors.

Related Party Transactions

The following are the material transactions between us and our associates/other related entities or our key management personnel or their close family members. A related party transaction is disclosed as a material related party transaction whenever it exceeds 10% of all related party transactions in that category.

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For additional details, see also "*Management—Compensation and Benefits to Directors and Officers—Loans*" and note 2 - "Related Party Transactions" of Schedule 18 to the consolidated financial statements included herein.

Insurance Services

During fiscal 2015, we received insurance premiums from our associates/other related entities amounting to Rs. 34 million, from key management personnel of the Bank amounting to Rs. 1 million and from the close family members of key management personnel amounting to Rs. 1 million. Our material transactions during fiscal 2015 amounted to Rs.16 million of premiums received from ICICI Foundation for Inclusive Growth and amounted to Rs. 12 million of premiums received from FINO PayTech Limited. The premiums received were towards cover for health insurance, personal accident, motor and miscellaneous items.

During fiscal 2015, we paid claims to I-Process Services (India) Private Limited amounting to Rs. 0. 3 million and the close family members of key management personnel amounting to Rs. 0.6 million.

Fees, Commission and Other Income

During fiscal 2015, we received fees, commission and other income from our associates/other related entities amounting to Rs. 31 million, from key management personnel of the Bank amounting to Rs. 2 million and from the close family members of key management personnel, amounting to Rs. 0.0[1] million. Our material transactions during fiscal 2015 included Rs. 12 million of fees, commissions and other income received from India Advantage Fund IV, Rs. 9 million of fees, commission and other income received from India Infradebt Limited, Rs. 5 million of fees, commission and other income received from ICICI Merchant Services Private Limited. These transactions primarily generated management, arranger fees and bank charges for us.

[1] Insignificant amount

Lease of Premises, Shared Corporate and Facilities Expenses

During fiscal 2015, we received lease of premises, facilities and other administrative costs from our associates/other related entities amounting to Rs. 80 million. Our material transactions during fiscal 2015 included Rs. 52 million received from ICICI Foundation for Inclusive Growth and Rs. 23 million from FINO PayTech Limited. The amounts were paid to the Bank towards its share of the shared corporate expenses, infrastructure and technology sharing

charges as specified by the operations agreement between the Bank and ICICI Foundation for Inclusive Growth and FINO PayTech Limited.

Secondment of Employees

During fiscal 2015, we received compensation from ICICI Foundation for Inclusive Growth amounting to Rs. 12 million, and I-Process Services (India) Private Limited amounting to Rs. 7 million for the secondment of our employees.

Brokerage, Fees and Other Expenses

During fiscal 2015, we paid brokerage fees and other expenses to our associates/other related entities amounting to Rs. 4.9 billion. Our material transactions during fiscal 2015 included Rs. 2.4 billion brokerage fees and other expenses paid to I-Process Services (India) Private Limited, Rs. 2.2 billion brokerage fees and other expenses paid to ICICI Merchant Services Private Limited. These transactions primarily pertain to outsourcing services and expenses towards providing basic banking services.

Purchase of Investments

During fiscal 2015, we invested Rs. 2.0 billion in the units of India Advantage Fund-IV and Rs. 1.2 billion in the units of India Advantage Fund-III.

During fiscal 2015, we invested Rs. 800 million in the non-convertible debentures issued by India Infradebt Limited. Our material transactions during fiscal 2015 included investment of Rs. 550 million by ICICI Securities Primary Dealership Limited and Rs. 250 million by ICICI Prudential Life Insurance Company Limited.

Redemption/buyback of Investments

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During fiscal 2015, we received Rs. 281 million from India Advantage Fund-III and Rs. 102 million from India Advantage Fund-IV on account of redemption of units and distribution of gain/loss on units.

Custodial services

During fiscal 2015, we received custodian charges from India Advantage Fund-III amounting to Rs. 0.7 million and from India Advantage Fund-IV amounting to Rs. 0.4 million.

Interest Expenses

During fiscal 2015, we paid interest to our associates/other related entities amounting to Rs. 235 million, to our key management personnel amounting to Rs. 6 million and to the close family members of key management personnel amounting to Rs. 2 million, towards interest on deposits. Our material transactions during fiscal 2015 included Rs. 232 million of interest paid to India Infradebt Limited.

Interest Income

During fiscal 2015, we received interest from our associates/other related entities amounting to Rs. 71 million, from our key management personnel amounting to Rs. 1 million, and from the close family members of key management personnel amounting to Rs. 2 million. Our material transactions during fiscal 2015 included Rs. 48 million of interest received from ICICI Merchant Services Private Limited and Rs. 23 million of interest received from India Infradebt Limited. These transactions mainly pertain to interest received on Non-convertible debentures.

Dividends Paid

During fiscal 2015, the Bank paid dividends to its key management personnel, amounting to Rs. 10 million. The dividend paid during fiscal 2015 to Ms. Chanda Kochhar was Rs. 8 million, to Mr. N. S. Kannan was Rs. 1 million and Mr. Rajiv Sabharwal was Rs. 1 million.

Donations Given

During fiscal 2015, we gave donations to the ICICI Foundation for Inclusive Growth amounting to Rs. 707 million.

Related Party Balances

The following table sets forth, at the date indicated, our balance payable to/receivable from our associates/other related entities:

Items	At year-end fiscal 2015 (in millions)	
Deposits from related parties with us	Rs. 2,034	
Loans and advances to related parties[(1)]	1	
Our investments in related parties	5,683	
Investments in our shares held by related parties	..	
Payables to related parties	653	
Receivables from related parties	69	
Guarantees issued by us for related parties	Rs. 0	*

* Insignificant amount

The following table sets forth, at the date indicated, the balance payable to/receivable from the key management personnel:

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Items	At year-end fiscal 2015 (in million, except number of shares)
Deposits from key management personnel	Rs. 97
Loans and advances to key management personnel[2]	37
Investments in our shares held by key management personnel	5
Employee stock options outstanding (numbers)	19,255,000
Employee stock options exercised[3]	Rs. 6.3

The following table sets forth, at the date indicated, the balance payable to/receivable from the close family members of key management personnel:

Items	At year-end fiscal 2015 (in million)
Deposits from close family members of key management personnel	Rs. 42
Loans and advances to close family members of key management personnel[1]	Rs. 15

The following table sets forth, for the period indicated, the maximum balance payable to/receivable from the key management personnel:

Items	Year ended March 31, 2015 (in millions)
Deposits from key management personnel	Rs. 218
Loans and advances to key management personnel[2]	38
Investments in our shares held by key management personnel	Rs. 5

The following table sets forth, for the period indicated, the maximum balance payable to/receivable from the close family members of key management personnel:

Items

	Year ended March 31, 2015 (in million)
Deposits from close family members of key management personnel	Rs. 42
Loans and advances to close family members of key management personnel[1]	Rs. I8

(1) The loans and advances (a) were made in the ordinary course of business, (b) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and (c) did not involve more than the normal risk of collectability or present other unfavorable features.

(2) The loans and advances (a) were made in the ordinary course of business and were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons or (b) were made on the same terms, including interest rates and collateral, as those prevailing at the time for other employees as part of employee loan scheme, and (c) did not involve more than the normal risk of collectability or present other unfavorable features.

(3) During fiscal 2015, 3,170,000 employee stock options were exercised by the key management personnel of the Bank, which have been reported at face value.

Joint Ventures and Associates

From fiscal 2008, ICICI Bank started applying equity method accounting for investment in FINO Pay Tech Limited (earlier known as Financial Inclusion Network & Operations Limited), I-Process Services (India) Private Limited, I-Solutions Providers (India) Private Limited, NIIT Institute of Finance, Banking and Insurance Training Limited and ICICI Venture Value Fund as associates, as required by AS 23 on “Accounting for Investments in Associates in Consolidated Financial Statements”. Due to an increase in the equity stake in the ICICI Venture Value Fund from 48.0% to 54.8% during fiscal 2010 by ICICI Ventures Fund Management

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Company Limited, a wholly owned subsidiary of the Bank, ICICI Venture Value Fund has been consolidated as required by AS 21 on "Consolidated Financial Statements". However, from fiscal 2014, due to redemption of units of ICICI Venture Value Fund, this entity ceased to be a consolidating entity and accordingly, has not been consolidated. During fiscal 2012, I-Solutions Providers (India) Private Limited was amalgamated with I-Process Services (India) Private Limited.

From fiscal 2009, ICICI Bank started applying equity method accounting for investment in Prize Petroleum Company Limited as per the equity method prescribed by AS 23 on "Accounting for Investments in Associates in Consolidated Financial Statements". From fiscal 2012, due to the sale of investments in the equity share capital of Prize Petroleum Company Limited, this entity ceased to be an associate from its date of the sale, and, accordingly, has not been consolidated.

From fiscal 2010, ICICI Bank started applying equity method accounting for investment in Rainbow Fund and ICICI Merchant Services Private Limited as per the equity method prescribed by AS 23 on "Accounting for Investments in Associates in Consolidated Financial Statements". However, from fiscal 2014, due to redemption of units of Rainbow Fund, this entity ceased to be an associate from its date of the redemption, and, accordingly, has not been consolidated.

From fiscal 2011, ICICI Bank started applying equity method accounting for investment in Mewar Aanchalik Gramin Bank as per the equity method prescribed by AS 23 on "Accounting for Investments in Associates in Consolidated Financial Statements". However, from fiscal 2015, Mewar Aanchalik Gramin Bank and another Regional Rural Bank were amalgamated into a single Regional Rural Bank. ICICI Bank does not have any shareholding in the new Regional Rural Bank. Accordingly, this entity ceased to be an associate from its date of the amalgamation, and, accordingly, has not been consolidated.

From fiscal 2013, ICICI Bank started applying equity method accounting for investment in India Infradebt Limited as per the equity method prescribed by AS 23 on "Accounting for Investments in Associates in Consolidated Financial Statements".

During fiscal 2014, TCW/ICICI Investment Partners Limited ceased to be a jointly controlled entity and accordingly, has not been consolidated.

From fiscal 2015, ICICI Bank started applying equity method accounting for investment in India Advantage Fund-III and India Advantage Fund-IV as per the equity method prescribed by AS 23 on "Accounting for Investments in Associates in Consolidated Financial Statements".

Under Indian GAAP, we have not consolidated certain entities in which investments are intended to be temporary. However under U.S. GAAP, these entities have been consolidated in accordance with FASB ASC Subtopic 810-10, "Consolidation – Overall". Under Indian GAAP, investment in 3i Infotech Limited was not accounted as per equity method based on the severe long-term restrictions on 3i Infotech Limited under its debt restructuring arrangement that impair the ability of 3i Infotech Limited to transfer funds to its investors and the Group's continued intention to reduce the stake in 3i Infotech Limited below 20% in the future. However, under U.S. GAAP, this entity has been accounted for as an equity affiliate in accordance with FASB ASC Subtopic 323-10 "Investments – Equity Method and Joint Ventures".

Reconciliation of Net Profit between Indian GAAP and U.S. GAAP

Our consolidated financial statements are prepared in accordance with Indian GAAP, which differs in certain significant aspects from U.S. GAAP. The following discussion explains the significant adjustments to our consolidated profit after tax under Indian GAAP in fiscal 2015, fiscal 2014 and fiscal 2013 that would result from the application of U.S. GAAP instead of Indian GAAP.

Consolidated net income attributable to the shareholders of ICICI Bank of Rs. 116.9 billion in fiscal 2015 under U.S. GAAP was lower than the profit after tax attributable to the shareholders of ICICI Bank of Rs. 122.5 billion under Indian GAAP. During fiscal 2015, the net income under U.S. GAAP was lower primarily due to the impact of higher loan loss provisioning under U.S. GAAP as compared to Indian GAAP, reversal of exchange gain recognized in the income statement under Indian GAAP on repatriation of retained earnings by overseas branches, lower profits attributable to the shareholders' of ICICI Bank from insurance subsidiaries and higher share of loss in equity affiliate, higher losses on valuation of securities under U.S. GAAP and the impact of differences in accounting for compensation cost under U.S. GAAP, offset, in part, by a higher deferred tax benefit as compared to Indian GAAP and the impact of amortization of loan processing fees, net of costs under

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U.S. GAAP. See also *note 20 to our "Consolidated financial statements—Schedules forming part of the consolidated financial statements—Additional notes*" under U.S. GAAP included herein.

The difference in accounting for the provision for loan losses resulted in a lower net income by Rs. 7.8 billion in fiscal 2015 as compared to lower net income by Rs. 8.7 billion in fiscal 2014 under U.S. GAAP, as compared to Indian GAAP. This was primarily due to differences in the methodology of computing loan loss allowances between Indian GAAP and U.S. GAAP, resulting in timing differences in the recognition of such allowances. The cumulative provisions under U.S. GAAP at year-end fiscal 2015 continue to be higher than the cumulative provisions held under Indian GAAP, as shown in the statement of stockholders' equity reconciliation. See also *note 20(a) to our "Consolidated financial statements—Schedules forming part of the consolidated financial statements—Additional notes*" under U.S. GAAP included herein.

The difference in accounting for business combinations resulted in lower net income under U.S. GAAP by Rs. 0.7 billion in fiscal 2015 and by Rs. 0.8 billion in fiscal 2014, primarily because of the amortization of intangible assets. Under Indian GAAP, no intangible assets were created in business combinations by the Bank. However, under U.S. GAAP, intangible assets are created as required by FASB ASC Topic 805, "Business Combinations". These intangibles are amortized over the estimated useful life of the intangible assets.

The difference in accounting for consolidation resulted in lower net income by Rs. 4.0 billion in fiscal 2015 as compared to lower net income by Rs. 1.2 billion in fiscal 2014 under U.S. GAAP as compared to Indian GAAP. This was primarily due to lower profits of our insurance subsidiaries by Rs. 1.4 billion in fiscal 2015 under U.S. GAAP as compared to Indian GAAP. The share of losses from 3i Infotech Limited which is treated as equity affiliate under U.S. GAAP, but not under Indian GAAP, resulted in loss of Rs. 2.5 billion in fiscal 2015 under U.S. GAAP as compared to Indian GAAP. See also *note 20(c) to our "Consolidated financial statements—Schedules forming part of the consolidated financial statements—Additional notes*" under U.S. GAAP included herein.

The difference in accounting for the valuation of debt and equity securities resulted in lower net income by Rs. 2.2 billion in fiscal 2015 as compared to lower net income by Rs. 5.8 billion in fiscal 2014 under U.S. GAAP as compared to Indian GAAP. This was primarily due to the revaluation, resulting from changes in foreign currency exchange rates of Euro, USD and GBP denominated available-for-sale debt securities under U.S. GAAP resulting in a gain of Rs. 0.4 billion in fiscal 2015 as compared to a loss of Rs. 2.5 billion in fiscal 2014. Under U.S. GAAP, currency revaluation gains/losses on available-for-sale debt securities denominated in foreign currency, are reflected in other comprehensive income, while under Indian GAAP these changes are reflected in the profit and loss account. Such foreign currency denominated available-for-sale securities are either funded in the same currency or the exchange rate risk on these investments is covered by foreign currency forwards/swaps. The impact of currency revaluation on such funding liabilities and the derivatives is taken through the income statement under both Indian GAAP and U.S. GAAP. Therefore, while the exchange rate movement risk on foreign currency denominated available-for-sale securities is economically covered, the difference in accounting treatment of the assets under U.S. GAAP as compared to Indian GAAP results in a difference in net profit between Indian GAAP and U.S. GAAP.

Under Indian GAAP unrealized losses of held for trading and available for sale securities are taken to profit and loss account. Under Indian GAAP, net unrealized gains on investments by category are ignored. Under U.S. GAAP, unrealized gains or losses on trading assets are recognized in the profit and loss account and unrealized gains or losses on securities classified as 'available for sale', which include all securities classified as 'held to maturity' under Indian GAAP, are recognized in other comprehensive income under stockholders' equity except for the unrealized losses on securities identified as other than temporarily impaired which are recognized in profit and loss account. There was a negative impact of other-than-temporary impairment of Rs. 3.8 billion in fiscal 2015 as compared to Rs. 2.3 billion in fiscal 2014 under U.S. GAAP. Further, there was a positive impact of Rs. 1.3 billion in fiscal 2015 as compared to a negative impact of Rs. 0.9 billion in fiscal 2014 under U.S. GAAP, due to differences in mark-to-market accounting for available for sale securities and other differences. See also *note 20(d) to our "Consolidated financial statements —Schedules forming part of the consolidated financial statements —Additional notes*" under U.S. GAAP included herein.

We earn fees and incur costs on the origination of loans which are recognized upfront in Indian GAAP but are amortized in U.S. GAAP. Amortization of loan origination fees and costs resulted in higher income by Rs. 10.2 billion in fiscal 2015 as compared to higher income by Rs. 6.8 billion in fiscal 2014 under U.S. GAAP as compared to Indian GAAP. This was primarily due to a positive impact on account of retirement benefit costs and amortization of loan origination fees and costs. Under U.S. GAAP, the positive impact on loan processing fees and costs in fiscal 2015 increased as compared to fiscal 2014 primarily due to higher direct loan origination costs in consumer loans resulting from an increase in business volume in these loans. In fiscal 2015, retirement

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benefit cost was lower under U.S. GAAP as compared to Indian GAAP due to higher actuarial losses which are accounted upfront in the profit and loss account under Indian GAAP, but accounted in other comprehensive income under U.S. GAAP and thereafter amortised as per U.S. GAAP accounting guidelines. See also *note 20(e) to our "Consolidated financial statements—Schedules forming part of the consolidated financial statements—Additional notes*" under U.S. GAAP included herein.

Under Indian GAAP, on the disposal/partial disposal of a non-integral foreign operation, the cumulative/proportionate amount of the exchange differences which has been accumulated in the foreign currency translation reserve and which refers to that operation are recognized as income or expenses in the same period in which the gain or loss on disposal is recognized. Under U.S. GAAP, gain or loss accumulated in the foreign currency translation reserve is recognized in the income statement only on complete/substantially complete disposal of a non-integral foreign operation. Accordingly, profit on exchange gain on repatriation of retained earnings from overseas branches amounting to Rs. 7.5 billion under Indian GAAP was reversed under U.S. GAAP resulting in lower profit by Rs. 7.5 billion under U.S. GAAP compared to Indian GAAP in fiscal 2015. During fiscal 2014, profit on exchange difference on repatriation of retained earnings from overseas branches amounting to Rs. 2.2 billion under Indian GAAP was reversed under U.S. GAAP. See also *note 20(j) to our "Consolidated financial statements—Schedules forming part of the consolidated financial statements—Additional notes*" under U.S. GAAP included herein.

Deferred tax expenses were lower by Rs. 11.6 billion in fiscal 2015 as compared to being lower by Rs. 5.2 billion in fiscal 2014 under U.S. GAAP as compared to Indian GAAP.

The Bank and its housing finance subsidiary create a Special Reserve through appropriation of profits, in order to avail the tax benefits as per the Income Tax Act, 1961. Such tax benefits are refundable if the funds are withdrawn from the Special Reserve in future periods. A deferred tax liability was not being recognized on such Special Reserve as the Group does not intend to ever withdraw from this Reserve and therefore differences between taxable income and accounting income were considered not to be temporary in nature. In fiscal 2014, the Reserve Bank of India advised all banks in India to recognize a deferred tax liability on the amount outstanding in Special Reserve, under Indian GAAP. The Reserve Bank of India further permitted banks to recognized such deferred tax liabilities on the Special Reserve outstanding at year-end fiscal 2013 through reserves and the amount transferred to Special Reserve after April 1, 2013 through profit and loss account. Further, in fiscal 2015, the National Housing Board advised all housing finance companies in India to recognize a deferred tax liability on the amount outstanding in Special Reserve, under Indian GAAP. The National Housing Board further permitted housing finance companies to recognize such deferred tax liabilities on the Special Reserve outstanding at year-end fiscal 2014 through reserves and the amount transferred to Special Reserve after April 1, 2014 through profit and loss account. Under U.S. GAAP, deferred taxes are recognized and measured based on the expected manner of recovery and deferred taxes are not recognized if the expected manner of recovery does not give rise to tax consequences. Accordingly, a deferred tax liability was not created on Special Reserve based on the Group's continuing intention to not ever withdraw/utilize such Special Reserve and on an opinion from the legal counsel about non–taxability of such Special Reserve in the scenario of liquidation. This resulted in a reversal of deferred tax expenses of Rs. 3.7 billion under U.S. GAAP which were recognized under Indian GAAP.

Further, there was difference due to the positive tax impact of Rs. 3.8 billion in fiscal 2015 on U.S. GAAP adjustments over Indian GAAP as compared to the positive tax impact of Rs. 2.9 billion in fiscal 2014. In fiscal 2015, deferred tax assets of Rs. 2.4 billion was recognized on unabsorbed depreciation and carried forward capital losses under U.S. GAAP based on more-likely-than-not criteria as compared to Rs. 0.9 billion in fiscal 2014. Under Indian GAAP, deferred tax assets was not recognized on unabsorbed depreciation and carried forward capital losses due to virtual certainty criteria. Further, there was difference due to the tax impact of Rs. 1.9 billion recognized on undistributed earnings of subsidiaries and affiliates under U.S. GAAP, but not recognized under Indian GAAP. See also *note 20(i) to our "Consolidated financial statements—Schedules forming part of the consolidated financial statements—Additional notes*" under U.S. GAAP included herein.

Consolidated net income attributable to the shareholders of ICICI Bank of Rs. 101.4 billion in fiscal 2014 under U.S. GAAP was lower than the profit after tax attributable to the shareholders of ICICI Bank of Rs. 110.4 billion under Indian GAAP. During fiscal 2014, the net income under U.S. GAAP was lower primarily due to the impact of higher loan loss provisioning of Rs. 8.7 billion under U.S. GAAP, negative impact of Rs. 5.8 billion on valuation of securities under U.S. GAAP as compared to Indian GAAP, reversal of exchange gain recognized in the income statement under Indian GAAP on repatriation of profits by overseas branches amounting to Rs. 2.2 billion, negative impact of Rs. 2.2 billion due to differences in accounting for compensation cost under U.S. GAAP and lower profits of Rs. 1.2 billion attributable to ICICI Bank from insurance subsidiaries. During fiscal 2014, as compared to Indian GAAP, net income under U.S. GAAP was

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impacted positively by the impact of amortization of loan origination fees and costs of Rs. 6.9 billion and lower deferred tax expenses of Rs. 5.2 billion as compared to Indian GAAP. See also *note 20 to our "Consolidated financial statements—Schedules forming part of the consolidated financial statements—Additional notes*" under U.S. GAAP included herein.

Consolidated net income attributable to the shareholders of ICICI Bank of Rs. 101.1 billion in fiscal 2013 under U.S. GAAP was higher than the profit after tax attributable to the shareholders of ICICI Bank of Rs. 96.0 billion under Indian GAAP. During fiscal 2013, the net income under U.S. GAAP was higher primarily due to the positive impact of amortization of loan origination fees and costs of Rs. 6.8 billion under U.S. GAAP, higher profits of Rs. 3.8 billion on valuation of securities under U.S. GAAP as compared to Indian GAAP, higher profits of Rs. 1.8 billion attributable to the shareholders of ICICI Bank from insurance subsidiaries and the positive impact of consolidation of certain qualified special purpose entities under U.S. GAAP amounting to Rs. 1.4 billion. During fiscal 2013, as compared to Indian GAAP, net income under U.S. GAAP was impacted negatively by the higher deferred tax of Rs. 4.0 billion as compared to Indian GAAP, higher loan loss provisioning amounting to Rs. 1.3 billion, the impact of difference in accounting for business combinations of Rs. 1.1 billion and other-than-temporary impairment on available of sale securities under U.S. GAAP of Rs. 2.6 billion as compared to Indian GAAP. See also *note 20 to our "Consolidated financial statements—Schedules forming part of the consolidated financial statements—Additional notes*" under U.S. GAAP included herein.

For a further description of significant differences between Indian GAAP and U.S. GAAP, a reconciliation of net income and stockholders' equity to U.S. GAAP and certain additional information required under U.S. GAAP, see notes 20 and 21 to our consolidated financial statements included herein.

Critical Accounting Policies

In order to understand our financial condition and the results of operations, it is important to understand our significant accounting policies and the extent to which we use judgments and estimates in applying those policies. Our accounting and reporting policies are in accordance with Indian GAAP and conform to standard accounting practices relevant to our products and services and the businesses in which we operate. Indian GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expenses during the reported period. Accordingly, we use a significant amount of judgment and estimates based on assumptions for which the actual results are uncertain when we make the estimation. See also *Schedule 17-Significant Accounting Policies to our "Consolidated Financial Statements*" included herein.

ICICI Bank Limited

Accounting for Investments

ICICI Bank accounts for its investments in accordance with the guidelines on investment classification and valuation issued by the Reserve Bank of India. We classify all our investments into the following categories: (a) held to maturity, (b) available-for-sale and (c) held for trading. Under each classification, we further categorize investments into (a) government securities, (b) other approved securities, (c) shares, (d) bonds and debentures, (e) subsidiaries and joint ventures and (f) others.

Held to maturity securities are carried at their acquisition cost or at the amortized cost, if acquired at a premium over the face value. Any premium over the face value of the fixed rate and floating rate securities acquired is amortized over the remaining period to maturity on a constant effective yield basis and straight line basis respectively. Equity investments in joint ventures/associates are categorized as held-to-maturity in accordance with the Reserve Bank of India guidelines. These instruments are assessed for any permanent diminution in value and appropriate provisions are made.

Available for sale and held for trading securities of the Bank are valued in accordance with the guidelines issued by the Reserve Bank of India. The Bank amortizes the premium, if any, over the face value of its fixed and floating rate investments in government securities classified as available-for-sale over the remaining period to maturity on a constant effective yield basis and straight line basis respectively. The market value of quoted investments are based on the trades/quotes on recognized stock exchanges, subsidiary general ledger account transactions, and price list of the Reserve Bank of India or prices declared by the Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association, periodically.

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The Bank computes the market value of its unquoted government securities which are in the nature of statutory liquidity ratio securities included in the available-for-sale and held for trading categories in accordance with rates published by the Fixed Income Money Market and Derivatives Association.

The Bank computes the market value of unquoted non-government fixed income securities, under the available-for-sale and held for trading category, wherever linked to the yield-to-maturity rates, with a mark-up (reflecting associated credit risk) over the yield to maturity rates for government securities published by the Fixed Income Money Market and Derivatives Association.

The Bank computes the market value of its unquoted equity shares at the break-up value, if the latest balance sheet is available. If such a balance sheet is not available, the unquoted equity shares are valued at Re. 1 in accordance with the Reserve Bank of India guidelines.

The Bank computes the market value of its securities, under the available-for-sale and held for trading categories, scrip-wise (that is, by individual securities) and the depreciation/appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, as it is unrealized while net depreciation is provided for. Non-performing investments are identified based on the Reserve Bank of India guidelines.

The Bank accounts for repurchase and reverse repurchase transactions with banks and financial institutions as borrowing and lending transactions respectively in accordance with the current guidelines of the Reserve Bank of India. The Bank accounts for transactions with the Reserve Bank of India under the liquidity adjustment facility as borrowing and lending transactions.

As per the Reserve Bank of India guidelines, the Bank follows the trade date method of accounting for the purchase and sale of investments, except for government of India and state government securities, for which the settlement date method of accounting is followed.

Provisions/Write-offs on Loans and Other Credit Facilities

Provisions are generally made by ICICI Bank on standard, substandard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and unsecured portions of doubtful assets are provided/written off to the extent required by Reserve Bank of India guidelines. Loans held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant Reserve Bank of India guidelines, are classified as non-performing loans to the extent of the amount outstanding in the host country. For loans booked in overseas branches, which are standard as per the extant Reserve Bank of India

guidelines but are classified as non-performing loans based on host country guidelines, provisions are made as per the host country regulations. For loans booked in overseas branches, which are non-performing loans as per the extant Reserve Bank of India guidelines and as per host country guidelines, provisions are made at the higher of the provisions required under Reserve Bank of India regulations and host country regulations. In respect of borrowers classified as non-cooperative borrowers, willful defaulters and NPAs covered under distressed assets framework of RBI, the Bank makes accelerated provisions as per extant RBI guidelines. The Bank held specific provisions for retail loans that are higher than the minimum regulatory requirements. The Bank held specific provisions against non-performing loans and a general provision against standard loans and floating provision taken over from the Bank of Rajasthan upon amalgamation.

The Bank determines provision for its restructured/rescheduled loans based on the diminution in the fair value of the loan under the methodology prescribed by the Reserve Bank of India. Loan accounts that are classified as standard and subjected to restructuring attract higher standard asset provisions and carry higher risk weights than other standard assets. Loan accounts subjected to restructuring are upgraded to the standard category if the borrower demonstrates, over a minimum period of one year after the date when first payment of interest or of principal, whichever is later, falls due, the ability to repay the loan in accordance with the contractual terms and after it reverts to the normal level of standard asset provisions and risk weights.

The Bank also creates general provisions on its standard loans based on the guidelines issued by the Reserve Bank of India. For performing loans in overseas branches, the general provision is made at higher of host country regulations requirement and the Reserve Bank of India requirement.

Additionally, the Bank creates provisions on individual country exposures including indirect country risk (other than for home country exposures). The countries are categorized into seven risk categories: insignificant, low, moderately low, moderate, moderately high, high and very high and provisioning is made for those exposures exceeding 180 days on a graded scale ranging from 0.25% to 25%. For exposures with a contractual

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maturity of less than 180 days, provision is required to be held at 25% of the rates applicable to exposures exceeding 180 days. The indirect exposure is reckoned at 50% of the exposure. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is required for such country exposure.

Transfer and Servicing of Assets

ICICI Bank transfers commercial and consumer loans through securitization transactions. The transferred loans are de-recognized, and gains/losses are accounted for only if we surrender the rights to benefits specified in the underlying securitized loan contract. Recourse and servicing obligations are accounted for net of provisions.

Under Indian GAAP, with effect from February 1, 2006, net income arising from securitization of loan assets is accounted for over the life of the securities issued or to be issued by the special purpose vehicle/special purpose entity to which the assets are sold. With effect from May 7, 2012, the profit/premium arising from securitization is amortized over the life of the transaction based on the method prescribed by the Reserve Bank of India. Net loss arising on account of the sell-down securitization and direct assignment of loan assets is recognized at the time of sale.

In the case of loans sold to an asset reconstruction company, the excess provision was not reversed but is utilized to meet the shortfall/loss on account of the sale of other financial assets to the securitization/ reconstruction company. With effect from February 26, 2014, in accordance with the Reserve Bank of India guidelines, in case of non-performing loans sold to securitization/reconstruction company, the Bank reverses the excess provision in profit and loss account in the year in which amounts are received.

Further, as per the Reserve Bank of India circular dated March 11, 2015, the Bank reverses the excess provision/reserve on account of sale of non-performing loans to securitization/reconstruction company prior to February 26, 2014 to profit and loss account.

ICICI Prudential Life Insurance Company

Premium for non-linked policies is recognized as income when due from policyholders. For unit-linked business, premium is recognized as income when the associated units are created. Premium on lapsed policies is recognized as income when such policies are reinstated.

Income from unit-linked policies, which includes fund management charges, policy administration charges, mortality charges and other charges, if any, are recovered from the unit-linked funds in accordance with terms and conditions of policies issued and are recognized when due.

Acquisition costs are costs that vary with and are primarily related to the acquisition of insurance contracts and are expensed in the period in which they are incurred.

The actuarial liabilities are calculated in accordance with accepted actuarial practice, requirements of Insurance Act, 1938 (amended by the Insurance Laws (Amendment) Act, 2015), regulations notified by the Insurance Regulatory and Development Authority of India and Actuarial Practice Standards of the Institute of Actuaries of India.

Amounts estimated by Appointed Actuary as funds for future appropriations in respect of lapsed unit-linked policies, are set aside in the balance sheet and are not available for distribution to Shareholders until the expiry of the maximum revival period. After expiry of the revival period, the Company may appropriate as surplus on the Appointed Actuary's recommendation.

Based on the recommendation of Appointed Actuary unappropriated profits are held in the balance sheet as funds for future appropriations.

Investments are made and accounted for in accordance with the Insurance Act, 1938 (amended by the Insurance Laws (Amendment) Act, 2015), Insurance Regulatory and Development Authority (Investments) Regulations, 2000 amended from time to time, Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor’s Report of Insurance Companies) Regulations, 2002, Investment Policy of the Company and various other circulars/notifications issued by the Insurance Regulatory and Development Authority of India in this context from time to time. Accordingly, unrealized gain on investment is not taken into the profit and loss account except in the case of unit-linked businesses. Unrealized gains/losses arising due

to changes in the fair value of equity shares and mutual fund units, in non-unit-linked policyholders' and shareholders' segments, are reflected in the "Fair value change account" in the balance sheet.

Fair Value Measurements

We determine the fair values of our financial instruments based on the fair value hierarchy established in ASC Topic 820. The standard describes three levels of inputs that may be used to measure fair value.

The valuation of Level 1 instruments is based upon the unadjusted quoted prices of identical instruments traded in active markets.

The valuation of Level 2 instruments is based upon the quoted prices for similar instruments in active markets, the quoted prices for identical or similar instruments in markets that are not active, prices quoted by market participants and prices derived from valuation models which use significant inputs that are observable in active markets. Inputs used include interest rates, yield curves, volatilities and credit spreads, which are available from public sources such as Reuters, Bloomberg, Foreign Exchange Dealers Association of India and the Fixed Income Money Markets and Derivatives Association of India.

The valuation of Level 3 instruments is based on valuation techniques or models which use significant market unobservable inputs or assumptions. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable or when the determination of the fair value requires significant management judgment or estimation.

The valuation methodologies adopted by us for valuing our investments and derivatives portfolio are summarized below. A substantial portion of the portfolio is valued based on the unadjusted quoted or traded prices or based on models using market observable inputs such as interest rates, yield curves, volatilities and credit spreads available from public sources like Reuters, Bloomberg and stock exchanges.

The rupee denominated fixed income portfolio, which includes all rupee investments in government securities and corporate bonds, is valued based on guidelines for market participants established by the Fixed Income Money Market and Derivatives Association. The Fixed Income Money Market and Derivatives Association is an association of scheduled commercial banks, public financial institutions, primary dealers and insurance companies, and is a voluntary market body for bonds, derivatives and money markets in India. The international investments portfolio is generally valued on the basis of quoted prices. In certain markets, due to illiquidity, we use alternate valuation

methodologies based on our own assumptions and estimates of the fair values.

A substantial part of the derivatives portfolio is valued using market observable inputs like swap rates, foreign exchange rates, volatilities and forward rates. The valuation of derivatives is carried out primarily using the market quoted swap rates and foreign exchange rates. Certain structured derivatives are valued based on counterparty quotes. The exposure regarding derivative transactions is computed and is marked against the credit limits approved for the respective counterparties.

We also hold investments and derivatives that have been valued based on unobservable inputs or that involve significant assumptions made by the management in arriving at their fair values. Such instruments are classified under Level 3 as per the classification defined in FASB ASC Topic 820 "Fair Value Measurements and Disclosures".

A description of the valuation methodologies of Level 3 investments under U.S. GAAP

Our total investment in Level 3 instruments amounted to Rs. 128.7 billion at year-end fiscal 2015, as compared to Rs. 139.1 billion at year-end fiscal 2014. Out of the total Level 3 investments, investments amounting to Rs. 125.5 billion were India-linked and investments amounting to Rs. 3.2 billion were non-India linked. India-linked investments consisted of pass through certificates of Rs. 117.1 billion, venture capital units of Rs. 4.1 billion, corporate bonds of Rs. 1.0 billion, security receipts of Rs. 0.6 billion, equity shares of Rs. 2.3 billion and debentures of Rs. 0.4 billion. Non-India linked investments consisted of mortgage backed securities of Rs. 3.2 billion at year-end fiscal 2015.

Bonds that have been identified as illiquid and valued on the basis of a valuation model are classified as Level 3 instruments, only if the input used to value those securities is collected from unobservable market data or if the bonds were valued after making adjustment to the market observable data. The investment in bonds of

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Rs. 1.0 billion is valued at the amortized cost net of impairment or based on prices available from Bloomberg which are developed using internal estimates and assumptions or based on market value of the underlying collateral.

Due to illiquidity in the asset backed and mortgage backed security markets, a substantial part of these securities are classified as Level 3 and valuation models are used to value these securities.

The valuation of Indian pass through certificates is dependent on the estimated cash flows that the underlying trust would pay out. The underlying trust makes assumptions with regards to various variables to arrive at the estimated cash flows. The cash flows for pass through certificates are discounted at the yield-to-maturity rates and credit spreads published by Fixed Income Money Market and Derivatives Association on month ends.

The valuation of security receipts and venture capital funds is calculated using the net asset value published by the issuing company.

Our Canadian subsidiary holds retained interest, largely representing the excess spread of mortgage interest over the rate of return on the mortgaged backed securities, which has been recorded as available-for-sale securities in the balance sheet at fair value of Rs. 3.2 billion determined using an internal model.

The methodologies we use for validating the pricing of products which are priced with reference to market observable inputs include comparing the outputs of our models with counterparty quotes, in comparison with pricing from third party pricing tools, replicating the valuation methodology used in the model or other methods used on a case-by-case basis. The prices are also computed under various scenarios and are checked for consistency. However, for products where theres are no reliable market prices or market observable inputs available, valuation is carried out using models developed using alternate approaches and incorporating proxies wherever applicable. The validation of pricing models is performed by an entity/unit independent of the risk management group as per the framework approved by the Asset Liability Management Committee.

Recently Issued Accounting Pronouncements under U.S. GAAP

Reporting discontinued operations and disclosures of disposals of components of an entity

In April 2014, the FASB issued Accounting Standards Update No. 2014-08, “Reporting discontinued operations and disclosures of disposals of components of an entity” (ASU2014-08), an update to Topic 205 – Presentation of financial

statements and Topic 360 – Property, plant, and equipment. The amendments in this Update change the requirements for reporting discontinued operations in Subtopic 205-20. A discontinued operation may include a component of an entity or a group of components of an entity, or a business or nonprofit activity. A disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift having a major effect on an entity's operations and financial results. The amendments in this Update require additional disclosures that will provide more information about the assets, liabilities, income and expenses of discontinued operations. Accounting Standards Update No. 2014-08 is effective for interim and annual reporting periods beginning after December 15, 2014. We are in the process of evaluating the impact of adopting this statement.

Revenue from contracts with customers

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, "Revenue from contracts with customers" (ASU2014-09), an update to Topic 606 – Revenue from contracts with customers. The amendments in this Update require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Accounting Standards Update No. 2014-09 is effective for interim and annual reporting periods beginning after December 15, 2016. We are in the process of evaluating the impact of adopting this statement.

Repurchase-to-maturity transactions, repurchase financings, and disclosures

In June 2014, the FASB issued Accounting Standards Update No. 2014-11, "Repurchase-to-maturity transactions, repurchase financings, and disclosures" (ASU2014-11), an update to Topic 860 – Transfers and servicing. The amendments in this Update changes the accounting for repurchase-to-maturity transactions and linked repurchase financings to secured borrowed accounting. The ASU also requires disclosures about transfers accounted for as sales in transactions that are economically similar to repurchase agreements and about the types

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of collateral pledged in repurchase agreements and similar transactions accounted for as secured borrowings. Accounting Standards Update No. 2014-11 is effective for interim and annual reporting periods beginning after December 15, 2014. Adoption of this ASU will not have a material effect on our financial statements.

Measuring the financial assets and the financial liabilities of a consolidated collateralized financing entity

In August 2014, the FASB issued Accounting Standards Update No. 2014-13, "Measuring the financial assets and the financial liabilities of a consolidated collateralized financing entity" (ASU2014-13), an update to Topic 810 – Consolidation. The amendments in this Update provides two alternative methods for measuring the fair value of a consolidated collateralized financing entity's financial assets and financial liabilities. The first method requires the fair value of the financial assets and liabilities to be measured using the requirements of ASC Topic 820, Fair Value Measurements and Disclosures, with any differences between the fair value of the financial assets and financial liabilities being attributed to the consolidated collateralized financing entity and reflected in earnings in the consolidated statement of income. The alternative method requires measuring both the financial assets and financial liabilities using the more observable of the fair value of the assets or liabilities. The alternative method would also take into consideration the carrying value of any beneficial interests of the consolidated collateralized financing entity held by the parent, including those representing compensation for services, and the carrying value of any nonfinancial assets held temporarily. Accounting Standards Update No. 2014-13 is effective for interim and annual reporting periods beginning after December 15, 2015. Adoption of this ASU will not have a material effect on our financial statements.

Determining whether the host contract in a hybrid financial instrument issued in the form of a share is more akin to debt or to equity

In November 2014, the FASB issued Accounting Standards Update No. 2014-16, "Determining whether the host contract in a hybrid financial instrument issued in the form of a share is more akin to debt or to equity" (ASU2014-16), an update to Topic 815 – Derivatives and hedging. The ASU requires an entity to evaluate the economic characteristics and risks of an entire hybrid financial instrument issued in the form of a share (which includes the embedded derivative feature) in order to determine whether the nature of the host contract is more akin to debt or equity. Further, the ASU also clarifies that no single term or feature would necessarily determine the economic characteristics and risks of the host contract. Accordingly, an entity should use judgment based on an evaluation of all the relevant terms and features. Accounting Standards Update No. 2014-16 is effective for interim and annual reporting periods beginning after December 15, 2015. We are in the process of evaluating the impact of adopting this statement.

Amendments to the Consolidation Analysis

In February 2015, the FASB issued Accounting Standards Update No. 2015-02, "*Amendments to the consolidation analysis*" (ASU2015-02), an update to Topic 810 – Consolidation. The amendments in this Update intended to improve certain areas of consolidation guidance for legal entities such as limited partnerships, limited liability companies and securitization structures. The ASU will reduce the number of consolidation models. Accounting Standards Update No. 2015-02 is effective for interim and annual reporting periods beginning after December 15, 2015. We are in the process of evaluating the impact of adopting this statement.

Convergence of Indian accounting standards with International Financial Reporting Standards

The financial statements and other financial information included in this annual report are based on our unconsolidated and consolidated financial statements under Indian GAAP. The Institute of Chartered Accountants of India issued Ind AS (a revised set of accounting standards) which converges the Indian accounting standards with International Financial Reporting Standards. The Ministry of Corporate Affairs which is the law making authority for adoption of accounting standards in India has notified these Ind AS for adoption. Further, the ministry has also issued a roadmap for transition to Ind AS by Indian companies in a phased manner starting from April 1, 2016. However, the roadmap does not cover banking companies, non-banking finance companies and insurance companies. The roadmap for transition for these companies would be separately issued by their respective regulators in India. Accordingly, few of our group companies would adopt Ind AS from April 1, 2017 and other group companies, including ICICI Bank, would adopt Ind AS when notified by their respective regulators. Further, we may issue financial statements under International Financial Reporting Standards prior to the schedule that may be announced by Indian regulators, for compliance with regulations in certain jurisdictions where we have operations or where our securities are listed. Financial statements prepared under standards different than the existing GAAP may diverge significantly from the financial statements and other financial information included in this annual report.

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Management

Directors and Executive Officers

Our Board of Directors, consisting of 12 members at July 8, 2015, is responsible for the management of our business. Our organizational documents provide for a minimum of three directors and a maximum of 21 directors, excluding the government director and the debenture director (defined below), if any. We may, subject to the provisions of our organizational documents and the Companies Act, 2013, change the maximum number of directors by a special resolution which has to be duly approved by the shareholders. A special resolution is considered as duly approved where the votes cast by members in favour of the resolution are not less than three times the number of the votes, if any, cast against the resolution. In addition, under the Banking Regulation Act 1949, the Reserve Bank of India may require us to convene a meeting of our shareholders for the purposes of appointing new directors to our Board of Directors.

The Banking Regulation Act requires that at least 51% of our directors should have special knowledge or practical experience in banking and areas relevant to banking including accounting, finance, agriculture and small scale industry. All of our directors are professionals with special knowledge of one or more of the above areas. The appointment of the chairman and executive directors requires the approval of the Reserve Bank of India, in addition to the approval of shareholders required for appointment of all directors other than the government director and the debenture director. In classification of directors as independent, we have relied on the declaration of independence provided by the independent directors as prescribed under the Companies Act and placed at the board meeting held on April 27, 2015, applicable Reserve Bank of India guidelines and circulars and certain legal advice obtained. The Companies Act excludes the government director from the definition of independent director. The Reserve Bank of India has also prescribed ‘fit and proper’ criteria to be considered while appointing persons as directors of banking companies. Our directors (other than the government director) are required to make declarations confirming their ongoing compliance of the ‘fit and proper’ criteria. Our Board Governance, Remuneration & Nomination Committee/Board of Directors has reviewed the declarations received from the directors in this regard and determined that all our directors satisfy the ‘fit and proper’ criteria. Further, pursuant to the Reserve Bank of India guidelines, a person would be eligible for appointment as director if he or she is between 35 and 70 years of age.

Our organizational documents also provide that we may execute trust deeds in respect of our debentures under which the trustee or trustees may appoint a director, known as the debenture director. The debenture director is not subject to retirement by rotation and may only be removed as provided in the relevant trust deed. Currently, there is no debenture director on our Board of Directors.

Of the 12 directors, four directors are in our whole-time employment or executive directors, one is a government director and the remaining seven directors are independent directors. Mr. Alok Tandon, Joint Secretary, Department of Financial Services, Ministry of Finance, has been nominated as government nominee director on the Board of ICICI Bank Limited in place of Mr. Arvind Kumar, with effect from June 6, 2014. Of the seven independent directors, Mr.

M. K. Sharma is the Chairman of our Board and the others are company/corporate executives, retired company executives, advisors and chartered accountants. Of the seven independent directors, two have specialized knowledge in respect of agriculture and rural economy or small scale industry.

In 2013, the Indian Parliament enacted the Companies Act, 2013 which made several changes to corporate law in India which was thus far governed by the Companies Act, 1956. The Companies Act, 2013 provides that an independent director shall not hold office for more than two consecutive terms of five years each provided that the director is re-appointed by passing a special resolution on completion of first term of five consecutive years. To compute the period of five consecutive years, the tenure of every independent director was reckoned afresh from April 1, 2014. Pursuant to the provisions of the Banking Regulation Act, none of the directors other than the Chairman and executive directors may hold office continuously for a period exceeding eight years. The Companies Act also provides that in respect of banking companies, the provisions of the Act shall apply except in so far as the said provisions are inconsistent with the provisions of the Banking Regulation Act.

Pursuant to the provisions of the Companies Act, at least two-thirds of the total number of directors other than independent directors are subject to retirement by rotation. The government director and the debenture director are not subject to retirement by rotation as per our organizational documents. One-third of the directors liable to retire by rotation must retire from office at each annual meeting of shareholders. A retiring director is eligible for re-election.

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Mr. K.V. Kamath was the Managing Director and CEO of ICICI Bank from May 3, 2002 until April 30, 2009 and was appointed as non-executive Chairman for a period of five years effective May 1, 2009. The shareholders at the annual general meeting held on June 24, 2013 approved the re-appointment of Mr. K. V. Kamath for a period of five years effective May 1, 2014 up to April 30, 2019 and the Reserve Bank of India had approved his re-appointment for a period of three years effective May 1, 2014 up to April 30, 2017. Mr. K. V. Kamath has relinquished the office as non-executive Chairman effective close of business hours on June 30, 2015, consequent to his nomination as the first President of the New Development Bank being established by the BRICS (Brazil, Russia, India, China and South Africa) nations.

The Board of Directors of the Bank at its meeting held on June 9, 2015 approved the appointment of Mr. M. K. Sharma as the non-executive Chairman of the Board for a period of five years, in place of Mr. K. V. Kamath subject to the approval of the Reserve Bank of India, to be effective from the later of July 1, 2015 or the date of receipt of the Reserve Bank of India approval. The Reserve Bank of India through its letter dated June 30, 2015 approved the appointment of Mr. M. K. Sharma as part-time non-executive Chairman for a period of three years effective July 1, 2015 until June 30, 2018.

Ms. Chanda Kochhar was appointed as Executive Director effective April 1, 2001, designated as Deputy Managing Director effective April 29, 2006 and Joint Managing Director and Chief Financial Officer effective October 19, 2007. She was appointed as Managing Director and CEO for a period of five years effective May 1, 2009. The shareholders at the annual general meeting held on June 24, 2013, approved the re-appointment of Ms. Chanda Kochhar for a period of five years effective April 1, 2014 up to March 31, 2019. The Reserve Bank of India has approved the re-appointment of Ms. Chanda Kochhar up to April 30, 2017.

Mr. K. Ramkumar was appointed as Executive Director, for a period of five years, effective February 1, 2009. The shareholders at the annual general meeting held on June 24, 2013 approved the re-appointment of Mr. K. Ramkumar for a period of five years effective February 1, 2014 up to January 31, 2019. The Reserve Bank of India has approved the re-appointment of Mr. K. Ramkumar up to January 31, 2017.

Mr. N. S. Kannan was appointed as Executive Director, for a period of five years, effective May 1, 2009. The shareholders at the annual general meeting held on June 24, 2013 approved the re-appointment of Mr. N. S. Kannan for a period of five years effective May 1, 2014 up to April 30, 2019. The Reserve Bank of India has approved the re-appointment of Mr. N. S. Kannan up to April 30, 2017.

Mr. Rajiv Sabharwal was appointed as Executive Director for a period of five years effective June 24, 2010. The shareholders at the annual general meeting of the Bank held on June 30, 2014 approved the re-appointment of Mr. Rajiv Sabharwal for a period of five years effective June 24, 2015 until June 23, 2020. The Reserve Bank of India has approved the re-appointment of Mr. Rajiv Sabharwal until June 23, 2018.

The Board, at its Meeting held on March 6, 2014, appointed Mr. V. K. Sharma, Managing Director of Life Insurance Corporation of India as an additional director effective March 6, 2014. The shareholders at the annual general meeting held on June 30, 2014 approved the appointment of Mr. V. K. Sharma as an independent director for a period of five years until March 31, 2019, after which he would be eligible for re-appointment up to March 5, 2022. Mr. Alok Tandon, Joint Secretary, Department of Financial Services, Ministry of Finance, has been nominated as the government nominee director on the Board of Directors in place of Mr. Arvind Kumar with effect from June 6, 2014.

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Our Board of Directors had the following members at July 8, 2015:

Name, designation and profession	Age	Date of first Appointment	Particulars of other Directorship(s) at July 8, 2015
Mr. Mahendra Kumar Sharma Independent Chairman	68	July 1, 2015	**Non-executive Chairman** Thomas Cook (India) Ltd. **Director** Asian Paints Limited Atria Convergence Technologies Pvt. Ltd. Blue Star Limited East India Investment Co. Pvt. Ltd. Gwalior Webbing Co. Pvt. Ltd ICICI Lombard General Insurance Co. Ltd. ICICI Prudential Asset Management Co. Ltd. Indian School of Business The Anglo Scottish Education Society Ltd. United Spirits Limited Wipro Ltd.
Mr. Dileep Choksi Non-Executive Director **Profession**: Advisor	65	April 26, 2013	**Director** Arvind Limited ICICI Lombard General Insurance Company Limited ICICI Home Finance Company Limited AIA Engineering Limited Lupin Limited Mafatlal Cipherspace Private Limited Swaraj Engines Limited Tata Housing Development Company Limited Hexaware Technologies Limited

			Incube Ventures Private Limited
Mr. Homi Khusrokhan Non-Executive Director **Profession**: Advisor	71	January 21, 2010	**Director** Amanta Healthcare Limited Fulford (India) Limited Novalead Pharma Private Limited Samson Maritime Limited The Anglo Scottish Education Society
Mr. Alok Tandon Nominee Director **Profession**: Government Service	52	June 6, 2014	**Director** IFCI Limited National Credit Guarantee Trustee Company Limited National Housing Bank Small Industries Development Bank of India United India Insurance Company Limited
Mr. M. S. Ramachandran Non-Executive Director **Profession**: Advisor	70	April 25, 2009	**Director** Ester Industries Limited Gulf Oil Corporation Limited Gulf Oil Lubricants India Limited Houghton International Inc. (U.S.A.) Infrastructure India Plc (ISLE of MAN) Supreme Petrochem Limited International Paper APPM Limited
Dr. Tushaar Shah Non-Executive Director **Profession**: Advisor	63	May 3, 2010	**Member of Board of Governors** DSC Foundation

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Name, designation and profession	Age	Date of first Appointment	Particulars of other Directorship(s) at July 8, 2015
Mr. V. K. Sharma Non-Executive Director **Profession**: Managing Director, Life Insurance Corporation of India	56	March 6, 2014	**Managing Director** Life Insurance Corporation of India **Director** ACC Limited Infrastructure Leasing & Financial Services Limited LIC Pension Fund Limited Life (International) B.S.C Bahrain
Mr. V. Sridar Non-Executive Director **Profession**: Advisor	67	January 21, 2010	**Director** Aadhar Housing Finance Limited Cent Bank Home Finance Limited ICICI Prudential Life Insurance Company Limited IDFC AMC Trustee Company Limited Ponni Sugars (Erode) Limited Sarda Metals and Alloys Limited Seshasayee Paper & Boards Limited
Ms. Chanda Kochhar Managing Director and CEO **Profession**: Company Executive	53	April 1, 2001	**Chairperson** ICICI Bank UK Plc ICICI Bank Canada ICICI Prudential Life Insurance Company Limited ICICI Lombard General Insurance Company Limited ICICI Prudential Asset Management Company Limited ICICI Securities Limited **Director** Catalyst **Member-Board of Directors** Institute of International Finance, Inc

			Member-Executive Board Indian School of Business
Mr. N. S. Kannan Executive Director **Profession**: Company Executive	49	May 1, 2009	**Chairman** ICICI Securities Primary Dealership Limited **Director** ICICI Bank UK Plc ICICI Bank Canada ICICI Prudential Life Insurance Company Limited ICICI Lombard General Insurance Company Limited ICICI Prudential Asset Management Company Limited **Member - Advisory Board** IITB Monash Research Academy
Mr. K. Ramkumar Executive Director **Profession**: Company Executive	53	February 1, 2009	**Director** ICICI Prudential Life Insurance Company Limited ICICI Venture Funds Management Company Limited
Mr. Rajiv Sabharwal Executive Director **Profession**: Company Executive	49	June 24, 2010	**Chairman** ICICI Home Finance Company Limited **Director** ICICI Prudential Life Insurance Company Limited

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Our executive officers at June 30, 2015 were as follows:

Name	Age	Designation and Responsibilities	Years of work experience	Total remuneration in fiscal 2015[1] (in Rupees)	Bonus for fiscal 2015[2] (in Rupees)	Stock options granted for fiscal 2014	Stock options granted for fiscal 2015[2]	Total stock options granted through June 2015	Total stock options outstanding at June 30, 2015[3]	Sh at J 20
Ms. Chanda Kochhar	53	Managing Director and CEO	31	41,898,828	16,655,570	1,450,000	1,450,000	13,475,000	10,950,000	2,
Mr. N. S. Kannan	49	Executive Director	28	29,586,679	11,164,591	725,000	725,000	5,712,000	4,400,000	42
Mr. K. Ramkumar	53	Executive Director	30	30,802,570	11,164,591	725,000	725,000	6,800,000	3,290,000	–
Mr. Rajiv Sabharwal	49	Executive Director	25	27,630,149	9,593,920	725,000	655,000	4,305,000	3,670,500	12
Mr. Vijay Chandok	47	President	24	28,377,692	8,188,629	525,000	420,000	4,400,500	3,685,000	67
Ms. Zarin Daruwala	50	President	25	26,783,025	8,188,629	525,000	420,000	3,948,000	3,470,000	36
Mr. Rakesh Jha	43	CFO	18	20,014,195	5,009,256	290,000	290,000	2,983,250	2,140,000	13

(1) Includes salary and other benefits and ICICI Bank's contribution to superannuation fund, provident and gratuity fund paid for fiscal 2015 and excludes bonus for fiscal 2012, fiscal 2013 and fiscal 2014 which was paid in fiscal 2015.

(2) Stock options granted and bonuses for fiscal 2015 are subject to approval of the Reserve Bank of India and whole time directors.

(3) The shares-linked instruments (ESOPs) are at a face value of Rs. 2 each.

(4) Each stock option, once exercised, is equivalent to one equity share of ICICI Bank. ICICI Bank granted these stock options to its executive officers at no cost. See "—*Compensation and Benefits to Directors and Officers—Employee Stock Option Scheme*" for a description of the other terms of these stock options.

(5) Executive officers and directors (including non-executive directors) as a group held about 0.06% of ICICI Bank's equity shares as of this date.

Ms. Chanda Kochhar has a post-graduate degree in management from Jamnalal Bajaj Institute of Management Studies, Mumbai and a degree in cost and works accountancy from the Institute of Cost and Works Accountants of India. She started her career in 1984 with ICICI in its project finance department and has worked in the areas of corporate banking, infrastructure financing, e-commerce, strategy, retail banking, international banking and finance. She was appointed to our Board as an Executive Director in April 2001. Our Board designated her as Deputy Managing Director effective April 29, 2006 and as Joint Managing Director and Chief Financial Officer effective October 19, 2007. Effective May 1, 2009 our Board appointed Ms. Chanda Kochhar as Managing Director and CEO.

Mr. N. S. Kannan is a graduate in mechanical engineering, a post-graduate in management from the Indian Institute of Management, Bangalore and a chartered financial analyst from the Institute of Chartered Financial Analysts of India. He joined ICICI in 1991. He has worked in the areas of corporate finance, infrastructure finance, structured finance, treasury and life insurance. He was Chief Financial Officer and Treasurer of ICICI Bank from 2003 to 2005 and Executive Director on the board of ICICI Prudential Life Insurance Company from 2005 to 2009. Our Board of Directors appointed him as Executive Director and Chief Financial Officer effective May 1, 2009. Our board re-designated Mr. Kannan as Executive Director, effective October 25, 2013. His responsibilities include finance, treasury, commercial banking, corporate legal, risk management, secretarial, corporate communications, corporate branding and the strategic solutions group. He is also responsible for day-to-day administration of the compliance and internal audit functions.

Mr. K. Ramkumar is a science graduate from Madras University with a post-graduate diploma in personnel management. He worked with ICI India before joining ICICI Bank in 2001 in the human resources department. In 2006 he was designated as Group Chief Human Resources Officer. Our Board of Directors appointed him as Executive Director effective February 1, 2009. He is responsible for operations. Effective August 1, 2014, Mr. Ramkumar has also been appointed as the President of ICICI Foundation for Inclusive Growth.

Mr. Rajiv Sabharwal is a graduate in mechanical engineering and a post-graduate in management from the Indian Institute of Management, Lucknow. He joined ICICI in 1998 and has worked in the areas of credit policy, collections, mortgage finance, consumer loans, rural banking, microfinance and financial inclusion. He left the services of the Bank in December 2008 and rejoined effective April 1, 2010, as Senior General Manager in charge of retail banking. Our Board of Directors appointed him as an Executive Director effective June 24, 2010. He is currently responsible for retail banking and inclusive and rural banking.

Mr. Vijay Chandok is a post-graduate in management from Narsee Monjee Institute of Management Studies, Mumbai. He joined ICICI in 1993 and has worked in the areas of corporate banking, small enterprises

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and retail banking. He was designated as Group Executive-International Banking in April 2010 and re-designated as President effective May 10, 2011. He is responsible for international banking and the small & medium enterprises business.

Ms. Zarin Daruwala is a chartered accountant and company secretary. She joined ICICI in 1989 and has worked in various areas including project finance, corporate banking, investment banking and agri-business. She was designated as Group Executive – Wholesale Banking in July 2010 and re-designated as President effective May 10, 2011. She is responsible for wholesale banking including corporate banking, project finance, financial institutions & capital markets business and government banking.

Mr. Rakesh Jha is an engineering graduate from the Indian Institute of Technology at Delhi and a post-graduate in management from the Indian Institute of Management, Lucknow. He joined ICICI in 1996 and has worked in various areas including planning, strategy, finance and treasury. He was designated the Deputy Chief Financial Officer of ICICI Bank in May 2007 and Chief Financial Officer in October 2013. His responsibilities include financial reporting, planning & strategy, asset-liability management and technology management & infrastructure.

Corporate Governance

Our corporate governance policies recognize the accountability of the Board and the importance of making the Board transparent to all our constituents, including employees, customers, investors and the regulatory authorities, and for demonstrating that the shareholders are the ultimate beneficiaries of our economic activities.

Our corporate governance framework is based on an effective independent board, the separation of the Board's supervisory role from the executive management and the constitution of Board committees, generally comprising a majority of independent directors and chaired by independent directors, to oversee critical areas and functions of executive management.

Our corporate governance philosophy encompasses regulatory and legal requirements, such as the terms of listing agreements with stock exchanges, aimed at a high level of business ethics, effective supervision and enhancement of value for all stakeholders.

Our Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of monitoring corporate performance, the functions of our Board include:

- approving corporate philosophy and mission;
- participating in the formulation of strategic and business plans;
- reviewing and approving financial plans and budgets;
- monitoring corporate performance against strategic and business plans, including overseeing operations;
- ensuring ethical behavior and compliance with laws and regulations;
- reviewing and approving borrowing limits;
- formulating exposure limits; and
- keeping shareholders informed regarding plans, strategies and performance.

To enable our Board of Directors to discharge these responsibilities effectively, executive management provides detailed reports on its performance to the Board on a quarterly basis.

Our Board functions either as a full board or through various committees constituted to oversee specific operational areas. These Board committees meet regularly. The constitution and main functions of the various committees are given below.

Audit Committee

As of the date of filing this annual report, the Audit Committee comprises four independent directors — Mr. Homi Khusrokhan, Mr. Dileep Choksi, Mr. M. S. Ramachandran and Mr. V. Sridar. Mr. Homi Khusrokhan,

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an independent director, is the Chairman of the Committee and Mr. Dileep Choksi is the alternate Chairman. Mr. Homi Khusrokhan, Mr. Dileep Choksi and Mr. V. Sridar are chartered accountants.

Our Board of Directors has also determined that Mr. Dileep Choksi qualifies as an Audit Committee financial expert.

The Audit Committee provides direction to the audit function and monitors the quality of internal and statutory audit. The responsibilities of the Audit Committee include examining the financial statements and auditor's report and overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statements, recommendation of appointments, terms of appointment and removal of central and branch statutory auditors and chief internal auditor and fixation of their remuneration, approval of payment to statutory auditors for other permitted services rendered by them, review and monitor with the management the auditor's independence, performance and effectiveness of audit process, review of functioning of whistle blower policy, review of the quarterly and annual financial statements before submission to the Board, review of the adequacy of internal control systems and the internal audit function, review of compliance with inspection and audit reports and reports of statutory auditors, review of the findings of internal investigations, approval of transactions with related parties or any subsequent modifications, review of statement of significant related party transactions, review of management letters/letters on internal control weaknesses issued by statutory auditors, reviewing with the management the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take steps in this matter, discussion on the scope of audit with external auditors and examination of reasons for substantial defaults, if any, in payment to stakeholders, valuation of undertakings or assets, evaluation of risk managements systems, scrutiny of inter-corporate loans and investments. The Audit Committee is also empowered to appoint/oversee the work of any registered public accounting firm, establish procedures for receipt and treatment of complaints received regarding accounting and auditing matters and engage independent counsel and also provide for appropriate funding for compensation to be paid to any firm/advisors. In addition, the Audit Committee also exercises oversight on the regulatory compliance function of the Bank. The Audit Committee is also empowered to approve the appointment of the Chief Financial Officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.

All significant audit and non-audit services to be provided by our principal accountants are pre-approved by the Audit Committee before such services are provided to us.

Board Governance, Remuneration & Nomination Committee

As of the date of filing this annual report, the Board Governance, Remuneration and Nomination Committee comprises three independent directors— Mr. Homi Khusrokhan, Mr. M. K. Sharma, and Mr. M. S. Ramachandran. Mr. Homi Khusrokhan, an independent director, is the Chairman of the Committee.

The functions of the Committee include recommending appointments of the Directors to the Board, identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommending to the Board their appointments and removal, framing an evaluation framework for the evaluation of the performance of the wholetime/independent directors and the Board, recommending to the Board, evaluation of performance of every Director, recommending to the Board a policy relating to the remuneration for the Directors, key managerial personnel and other employees, recommending to the Board the remuneration (including performance bonus and perquisites) to wholetime directors, approving the policy for and quantum of bonus payable to the members of the staff including senior management and key managerial personnel, formulating the criteria for determining qualifications, positive attributes and independence of a Director, framing policy on Board diversity, framing guidelines for the Employees Stock Option Scheme and recommending of grant of the Bank's stock options to employees and the wholetime directors of the Bank and its subsidiary companies.

Corporate Social Responsibility Committee

As of the date of filing this annual report, the Corporate Social Responsibility Committee comprises four directors—Mr. M. S. Ramachandran, Dr. Tushaar Shah, Mr. Alok Tandon and Ms. Chanda Kochhar. Mr. M. S. Ramachandran, an independent director, is the Chairman of the Committee.

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The functions of the Committee include review of corporate social responsibility initiatives undertaken by the ICICI Group and the ICICI Foundation for Inclusive Growth, formulation and recommendation to the Board of a corporate social responsibility policy indicating the activities to be undertaken by the company and recommendation of the amount of the expenditure to be incurred on such activities, reviewing and recommending the annual corporate social responsibility plan to the Board, making recommendations to the Board with respect to the corporate social responsibility initiatives, policies and practices of the ICICI Group, monitoring the corporate social responsibility activities, implementation and compliance with the corporate social responsibility Policy and reviewing and implementing, if required, any other matter related to corporate social responsibility initiatives as recommended/suggested by the Reserve Bank of India or any other body.

Credit Committee

As of the date of filing this annual report, the Credit Committee comprises three directors—Mr. Homi Khusrokhan, Mr. M. S. Ramachandran and Ms. Chanda Kochhar. Ms. Chanda Kochhar, Managing Director & CEO, is the Chairperson of the Committee.

The functions of the Committee include review of developments in key industrial sectors, major credit portfolios and approval of credit proposals as per the authorization approved by the Board.

Customer Service Committee

As of the date of filing this annual report, the Customer Service Committee comprises four directors—Mr. M. S. Ramachandran, Mr. V. Sridar, Mr. Alok Tandon and Ms. Chanda Kochhar. Mr. M. S. Ramachandran, an independent director, is the Chairman of the Committee.

The functions of the Committee include review of customer service initiatives, overseeing the functioning of the Customer Service Council and evolving innovative measures for enhancing the quality of customer service and improvement in the overall satisfaction level of customers.

Fraud Monitoring Committee

As of the date of filing this annual report, the Fraud Monitoring Committee comprises six directors—Mr. V. Sridar, Mr. Dileep Choksi, Mr. Homi Khusrokhan, Mr. V. K. Sharma, Ms. Chanda Kochhar and Mr. Rajiv Sabharwal. Mr. V.

Sridar, an independent director, is the Chairman of the Committee.

The Committee monitors and reviews all the frauds involving an amount of Rs. 10.0 million and above with the objective of identifying the systemic lacunae, if any, that facilitated perpetration of the fraud and to put in place measures to rectify the same. The functions of this Committee include identifying the reasons for delay in detection, if any, and reporting to top management of the Bank and the Reserve Bank of India on the same. The progress of investigations and recovery positions is also monitored by the Committee. The Committee also ensures that staff accountability is examined at all levels in all the cases of frauds and action, if required, is completed quickly without loss of time. The role of the Committee is also to review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls and putting in place other measures as may be considered relevant to strengthen preventive measures against frauds.

Information Technology Strategy Committee

As of the date of filing this annual report, the Information Technology Strategy Committee comprises three directors—Mr. Homi Khusrokhan, Mr. V. Sridar and Ms. Chanda Kochhar. Mr. Homi Khusrokhan, an independent director, is the Chairman of the Committee.

The functions of the Committee are to approve strategy for information technology and policy documents, ensure that information technology strategy is aligned with business strategy, review information technology risks, ensure proper balance of information technology investments for sustaining the Bank's growth, oversee the aggregate funding of information technology at a Bank-level, ascertain if the management has resources to ensure the proper management of information technology risks and review contribution of information technology to businesses.

Risk Committee

As of the date of filing this annual report, the Risk Committee comprises seven directors—Mr. M. K. Sharma, Mr. Dileep Choksi, Mr. Homi Khusrokhan, Mr. V. K. Sharma, Mr. V. Sridar, Mr. Alok Tandon and Ms. Chanda Kochhar. Mr. M. K. Sharma, an independent director, is the Chairman of the Committee.

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The functions of the Committee are to review ICICI Bank's risk management policies pertaining to credit, market, liquidity, operational, outsourcing, reputation risks, business continuity and disaster recovery plan. The functions of the Committee also include review of the Enterprise Risk Management framework of the Bank, risk appetite, stress testing framework, internal capital adequacy assessment process and the framework for capital allocation; review of the status of Basel II and Basel III implementation, risk return profile of the Bank, outsourcing activities, compliance with the Reserve Bank of India guidelines pertaining to credit, market and operational risk management systems and the activities of Asset Liability Management Committee. The Committee also reviews the risk profile template and key risk indicators pertaining to various risks. In addition, the Committee has oversight on risks of subsidiaries covered under the Group Risk Management Framework.

Stakeholders Relationship Committee

As of the date of filing this annual report, the Stakeholders' Relationship Committee comprises three directors—Mr. Homi Khusrokhan, Mr. V. Sridar, and Mr. N. S. Kannan. Mr. Homi Khusrokhan, an independent director, is the Chairman of the Committee.

The functions and powers of the Committee include approval and rejection of transfer or transmission of equity shares, preference shares, bonds, debentures and securities, issue of duplicate certificates, allotment of shares and securities issued from time to time, review redressal and resolution of grievances of shareholders, debenture holders and other security holders, delegation of authority for opening and operation of bank accounts for payment of interest, dividend and redemption of securities and the listing of securities on stock exchanges.

Review Committee for Identification of Wilful Defaulters/Non Co-operative Borrowers

The Committee was constituted by the Board at its Meeting held on January 30, 2015, pursuant to the Master Circular on Wilful Defaulters updated by the Reserve Bank of India through its circular dated January 7, 2015. The Managing Director & CEO is the Chairperson of this Committee and any two Independent Directors will comprise the remaining members.

The role of this Committee is to review the order of the Committee for identification of wilful defaulters /non-cooperative borrowers (a Committee comprising wholetime directors and senior executives of the Bank to examine the facts and record the fact of the borrower being a wilful defaulter/non-cooperative borrower) and confirm the same for the order to be considered final.

Committee of Executive Directors

As of the date of filing this annual report, the Committee of Executive Directors comprises all four wholetime directors and Ms. Chanda Kochhar, Managing Director and CEO is the Chairperson of the Committee. The other members are Mr. N. S. Kannan, Mr. K. Ramkumar and Mr. Rajiv Sabharwal.

The powers of the Committee include approval/renewal of credit proposals, restructuring and settlement as per authorization approved by the Board, approvals of detailed credit norms related to individual business groups, approvals to facilitate introduction of new products and product variants, program lending within each business segment and asset or liability category, including permissible deviations and delegation of the above function(s) to any committee or individual. The Committee also approves and reviews from time to time limits on exposure to any group or individual company as well as approves underwriting assistance to equity or equity linked issues and subscription to equity shares or equity linked products or preference shares. The Committee also exercises powers in relation to borrowing and treasury operations as approved by the Board, empowers officials of the Bank and its group companies through execution of power of attorney, if required under the common seal of the Bank, and further exercises powers in relation to premises and property-related matters.

Code of Ethics

We have adopted a Group Code of Business Conduct and Ethics for our directors and all our employees. This code aims at ensuring consistent standards of conduct and ethical business practices across the constituents of the Company and is reviewed on an annual basis. We have not granted a waiver from any provision of the code to any of our directors or executive officers.

Principal Accountant: Fees and Services

The total fees to our principal accountant relating to the audit of consolidated financial statements for fiscal 2014 and fiscal 2015 and the fees for other professional services billed in fiscal 2014 and fiscal 2015 are as follows:

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	Year ended March 31,		
	2014	2015	2015
	(in millions)		(in thousands)
Audit			
Audit of ICICI Bank Limited and our subsidiaries	Rs. 180	Rs. 260	US$ 4,175
Audit-related services			
Opinion on non-statutory accounts presented in Indian Rupees	2	8	129
Others	8	10	161
Sub-total	**190**	278	4,465
Non-audit services			
Tax services	–	–	–
Tax compliance	7	5	76
Other services	20	1	17
Sub-total	**27**	**6**	**93**
Total	**Rs. 217**	**Rs. 284**	**US$ 4,558**

Fees for “other services” under the non-audit services category are principally fees related to advisory and certification services. Our Audit Committee approved the fees paid to our principal accountant relating to audit of consolidated financial statements for fiscal 2015 and fees for other professional services billed in fiscal 2015. Our Audit Committee pre-approves all significant assignments undertaken for us by our principal accountant.

Summary Comparison of Corporate Governance Practices

The following is a summary comparison of significant differences between our corporate governance practices and those required by the New York Stock Exchange for United States issuers.

Independent Directors. A majority of our Board are independent directors, as defined under applicable Indian legal requirements. Section 149 of the Companies Act, 2013 notified effective April 1, 2014 has defined an independent director and specified the eligibility criteria for a director to be classified as independent. The criteria includes that a director in order to be independent should not have any pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year. Exemptions have been prescribed for certain transactions which may be in the ordinary course of business and at arm’s length. As per the Companies Act, 2013, every independent director at the first meeting of the Board in which he/she participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect her/his independent status is required to give a declaration that he/she meets the relevant criteria. In classification of the directors as independent, we have relied on the declaration provided by the directors as prescribed under the Companies Act and placed at the board meeting held on April 27, 2015, applicable Reserve Bank of India guidelines and circulars and the legal advice obtained in this regard. The Board has accordingly determined the independence of these directors. Pursuant to the Companies Act, 2013, the director nominated by Government of India would not be classified as independent. Although the judgment on independence must be made by our Board, there is no requirement that our Board

affirmatively make such determination, as required by the New York Stock Exchange rules.

Non-Management Directors Meetings. Our non-management directors meet separately before or after each Board meeting. The Companies Act, 2013 requires independent directors to meet at least once a year without the non-independent directors and members of the management. The independent directors at such meetings are required to review the performance of the Chairman, non-independent directors and the Board as a whole. The independent directors met on March 31, 2015 during fiscal 2015 and further met on April 27, 2015 to carry out the reviews as stipulated earlier.

Board Governance, Remuneration and Nomination Committee and the Audit Committee. All members of our Board Governance, Remuneration and Nomination Committee are independent, as defined under applicable Indian legal requirements. All members of our Audit Committee are independent under Rule 10A-3 under the Exchange Act. The constitution and main functions of these committees as approved by our Board are described above and comply with the spirit of the New York Stock Exchange requirements for United States issuers.

Corporate Governance Guidelines. Under New York Stock Exchange rules, United States issuers are required to adopt and disclose corporate governance guidelines addressing matters such as standards of director qualification, responsibilities of directors, director compensation, director orientation and continuing education, management succession and annual performance review of the board of directors. While as a foreign private

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issuer, we are not required to adopt such guidelines, under the home country regulations, pursuant to the notification of the Companies Act, 2013, the Bank has disclosed the policy on director appointments and remuneration including criteria for determining qualifications and independence of a director in its Indian Annual Report to shareholders for fiscal 2015. The Bank is also required to provide a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors and the same has been included in the Annual Report.

Compensation and Benefits to Directors and Officers

Remuneration

Under our organizational documents, each non-executive director, except the government director, is entitled to receive remuneration for attending each meeting of our Board or of a Board committee. The amount of remuneration payable to non-executive directors is set by our Board from time to time in accordance with limits prescribed by the Companies Act, 2013 and the rules thereunder. The Board of Directors have approved the payment of Rs. 100,000 as sitting fee for each Meeting of the Board and Rs. 20,000 as sitting fee for each Meeting of the Committee attended. In addition, we reimburse directors for travel and related expenses in connection with Board and Committee meetings and related matters. If a director is required to perform services for us beyond attending meetings, we may remunerate the director as determined by our Board of Directors and this remuneration may be either in addition to or as substitution for the remuneration discussed above. We have not paid any remuneration to non-executive directors other than the remuneration for attending each meeting of our Board or of a Board committee, except to Mr. K. V. Kamath who was Chairman of our Board till June 30, 2015. Non-executive directors are not entitled to the payment of any benefits at the end of their terms of office.

Our shareholders approved a remuneration threshold of up to Rs. 5,000,000 per annum within which the remuneration as approved by the Board from time to time could be paid to Mr. K. V. Kamath. The Board at its Meeting held on October 25, 2013, approved a remuneration of Rs. 3,000,000 per annum effective May 1, 2014. The Reserve Bank of India while approving the re-appointment of Mr. K. V. Kamath for the period May 1, 2014, up to April 30, 2017, also approved the above remuneration.

The Board at its Meeting held on June 9, 2015 approved a remuneration range of Rs. 3,000,000 – Rs. 5,000,000 per annum for Mr. M. K. Sharma, with the remuneration for each year to be determined by the Board within this range. The Board also approved remuneration of Rs. 3,000,000 per annum effective July 1, 2015 to be paid to Mr. Sharma for the first year of his tenure. The Reserve Bank of India while approving the appointment of Mr. Sharma for the period July 1, 2015 to June 30, 2018 also approved the above remuneration.

Our Board or any committee thereof may fix, within the range approved by the shareholders, the salary and supplementary allowance payable to the executive directors. We are required to obtain specific approval of the Reserve Bank of India for the actual monthly salary, supplementary allowance and annual performance bonus paid each year to the executive directors.

The following table sets forth the currently applicable monthly salary ranges:

Name and Designation	Monthly Salary Range (Rs.)
Ms. Chanda Kochhar, Managing Director and CEO	1,350,000 – 2,600,000 (US$ 21,666 – US$ 41,727)
Mr. N. S. Kannan, Executive Director	950,000 – 1,700,000 (US$ 15,246 – US$ 27,283)
Mr. K. Ramkumar, Executive Director	950,000 – 1,700,000 (US$ 15,246 – US$ 27,283)
Mr. Rajiv Sabharwal, Executive Director	900,000 – 1,600,000 (US$ 14,444 – US$ 25,678)

The monthly supplementary allowance range for the Managing Director & CEO is Rs 1,000,000 – Rs. 1,800,000, for Mr. N. S. Kannan and Mr. K. Ramkumar, Executive Directors is Rs. 675,000 - Rs 1,225,000 and for Mr. Rajiv Sabharwal, Executive Director is Rs. 650,000 – Rs. 1,200,000. The Board determines the actual remuneration/supplementary allowance payable within the above ranges from time to time subject to the approval of the Reserve Bank of India.

The executive directors are entitled to perquisites (evaluated pursuant to Indian income-tax rules wherever applicable and otherwise at actual cost to the Bank) such as the benefit of the Bank's furnished accommodation, gas, electricity, water and furnishings, club fees, group insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof, medical reimbursement, leave and leave travel concession, education benefits, provident fund, superannuation fund and gratuity, in accordance with the scheme(s) and rule(s) applicable from time to time.

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In line with the staff loan policy applicable to specified grades of employees who fulfill prescribed eligibility criteria to avail loans for purchase of residential property, the executive directors are also eligible for housing loans subject to the approval of the Reserve Bank of India.

There are no service contracts with our executive directors providing for benefits upon termination of their employment.

The total compensation paid by ICICI Bank to its executive directors and executive officers during fiscal 2015 was Rs. 265.8 million.

Bonus

Each year, our Board of Directors awards discretionary bonuses to employees and executive directors on the basis of performance and seniority. The performance of each employee is evaluated through a performance management appraisal system. The aggregate amount of bonuses to all eligible employees and executive directors of ICICI Bank for fiscal 2015 was Rs. 3.8 billion. This amount was paid in fiscal 2016, excluding the payment of bonuses to executive directors which requires the approval of the Reserve Bank of India.

Employee Stock Option Scheme

ICICI Bank has an employee stock option scheme to encourage and retain high-performing employees. Pursuant to the stock option scheme as amended, up to 10.0% of the aggregate of issued equity shares at the time of the grant of stock options could be allocated under the employee stock option scheme. For year-end fiscal 2015, against the limit of 10.0% of issued shares, equivalent to 579.7 million shares, we had granted about 364.0 million options under the employee stock option scheme. Employees and directors of ICICI Bank, its subsidiaries and its holding company are eligible employees for grants of stock options. ICICI Bank has no holding company. The maximum number of options granted to any eligible employee in a year is restricted to 0.05% of the Bank's issued equity shares at the time of the grant.

The shareholders of the Bank have approved the sub-division of one equity share of Rs.10 into five equity shares having a face value of Rs. 2 each through postal ballot on November 20, 2014. The record date for the sub-division was December 5, 2014. Options granted after April 1, 2004 through March 31, 2014, vest in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting in each year commencing from the end of 12 months from the date of grant, other than options granted in April 2009 which vest in a graded manner over a five year period with 20%, 20%, 30% and 30% of the grant vesting in each year, commencing from the end of 24 months from

the date of the grant; options granted in February 2011, of which 50% vested on April 30, 2014 and the balance 50% vested on April 30, 2015; and options granted in September 2011 which vest in a graded manner over a five year period with 15%, 20%, 20% and 45% of the grant vesting in each year, commencing from end of 24 months from the date of grant. Options granted from April 2014 vest over a three year period, with 30%, 30%, and 40% of the grant vesting in each year commencing from the end of 12 months from the date of grant, other than certain options granted in April 2014 which will vest to the extent of 50% on April 30, 2017 and the balance on April 30, 2018.

Options can be exercised within 10 years from the date of grant or five years from the date of vesting, whichever is later. The exercise price for options granted by ICICI Bank is equal to the closing price on the stock exchange which recorded the highest trading volume preceding the date of grant of options. Options granted in February 2011 were granted at an exercise price which was approximately 3.0% below the closing price preceding the date of grant of options. The difference between the closing price and the exercise price is accounted for as an expense over the vesting period of the options.

The following table sets forth certain information regarding the stock option grants ICICI Bank has made under its employee stock option scheme and outstanding at April 27, 2015. ICICI Bank granted all of these stock options at no cost to its employees. Options granted include grants to wholetime directors and employees of subsidiaries of ICICI Bank. ICICI Bank has not granted any stock options to its non-executive directors.

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Date of grant	Number of options granted	Exercise price	
April 30, 2005	24,530,900	Rs. 71.99	USD 1.16
August 20, 2005	353,000	99.64	1.60
January 20, 2006	25,000	113.91	1.83
April 29, 2006	31,337,000	115.36	1.85
July 22, 2006	145,000	96.95	1.56
October 24, 2006	392,500	144.11	2.31
January 20, 2007	325,000	197.08	3.16
April 28, 2007	24,101,500	187.03	3.00
July 21, 2007	55,000	197.17	3.16
October 19, 2007	230,000	207.30	3.33
January 19, 2008	200,000	249.77	4.01
March 8, 2008	195,000	178.68	2.87
April 26, 2008	27,975,000	183.13	2.94
July 26, 2008	125,000	131.35	2.11
October 27, 2008	102,500	61.70	0.99
April 25, 2009	8,642,500	86.82	1.39
March 6, 2010	12,500	180.35	2.89
April 24, 2010	11,963,000	195.54	3.14
July 31, 2010	220,000	180.98	2.90
October 29, 2010	90,000	217.81	3.50
January 24, 2011	125,000	213.11	3.42
February 7, 2011	15,175,000	193.40	3.10
April 28, 2011	20,093,000	221.37	3.55
July 29, 2011	45,000	203.49	3.27
September 16, 2011	150,000	175.24	2.81
October 31, 2011	15,000	186.67	3.00
April 27, 2012	21,961,000	168.29	2.70
July 27, 2012	15,000	181.35	2.91
October 26, 2012	275,000	217.43	3.49
April 26, 2013	22,073,250	235.47	3.78
January 29, 2014	25,000	203.73	3.27
April 25, 2014	32,350,500	259.91	4.17
October 30, 2014	25000	321.17	5.15
April 27, 2015	33,627,000	308.25	4.95

(1) Options granted on April 27, 2015, include options granted to executive directors, which requires the approval of the Reserve Bank of India.

The following table sets forth certain information regarding the options granted by ICICI Bank (including options granted by ICICI adjusted in accordance with the Scheme of Amalgamation) at April 27, 2015. The number of options as shown in the table below reflect the effect of sub-division retrospectively for the period prior to the record date.

Particulars	ICICI Bank
Options granted[1] (net of lapsed)	364,018,995
Options vested	287,163,365
Options exercised	183,528,245
Options forfeited/lapsed	57,741,030
Extinguishment or modification of options	..
Amount realized by exercise of options	Rs. 12,006,254,611
Total number of options in force	180,490,750

(1) Includes options granted to full-time directors which requires approval of the Reserve Bank of India.

ICICI Prudential Life Insurance Company has an Employee Stock Option Scheme, the terms of which allow up to 3.0% of its issued capital to be allocated to employee stock options. ICICI Prudential Life Insurance Company had last granted options in fiscal 2009. During fiscal 2015, the maximum terms of certain options were extended by an additional period of three years. ICICI Prudential Life Insurance Company had 7,057,417 stock options outstanding (net of forfeited or lapsed options) at year-end fiscal 2015.

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ICICI Lombard General Insurance Company has an Employee Stock Option Scheme, the terms of which allow up to 5.0% of its paid-up capital to be allocated to employee stock options. ICICI Lombard General Insurance Company had last granted options in fiscal 2012. During fiscal 2015, the maximum terms of certain options were extended by an additional period of three years. ICICI Lombard General Insurance Company had 8,121,462 employee stock options outstanding (net of forfeited or lapsed options) at year-end fiscal 2015.

Loans

ICICI Bank has internal rules for grant of loans to employees and executive directors to acquire certain assets such as property, vehicles and other consumer durables. ICICI Bank's loans to employees have been made at interest rates ranging from 2.5% to 3.5% per annum and are repayable over fixed periods of time. The loans are generally secured by the assets acquired by the employees. Pursuant to the Banking Regulation Act, ICICI Bank's non-executive directors are not eligible for any loans. At year-end fiscal 2015, outstanding loans to ICICI Bank's employees totaled Rs. 8.4 billion, compared to Rs. 8.2 billion at year-end fiscal 2014. This amount included loans to certain of ICICI Bank's directors amounting to Rs. 37 million at year-ended fiscal 2015, compared to Rs. 28 million at year-end fiscal 2014, made on the same terms, including as to interest rates and collateral, as loans to other employees. Loans to the executive directors are made after approval by the Reserve Bank of India. See also "*Operating and Financial Review and Prospects—Related Party Transactions*".

Gratuity

ICICI Bank pays gratuity to employees who retire or resign after a minimum prescribed period of continuous service and, in the case of employees at overseas locations, in accordance with the rules in force in the respective countries. ICICI Bank makes contributions to gratuity funds for employees which are administered by the Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited.

Actuarial valuation of the gratuity liability for all the above funds is determined by an actuary appointed by the Bank. Actuarial valuation of gratuity liability is determined based on certain assumptions regarding rate of interest, salary growth, mortality and staff attrition as per the projected unit credit method.

The accounts of the fund are audited by independent auditors. The total corpus of the fund at year-end fiscal 2015 based on its audited financial statements was Rs. 6,575 million compared to Rs. 5,838 million at year-end fiscal 2014.

Superannuation Fund

ICICI Bank contributes 15% of the total annual basic salary to a superannuation fund in respect of the employees to whom it applies. ICICI Bank's employees get an option on retirement or resignation to receive one-third or one-half, depending on the tenure of service, of the total balance as commutation and a periodic pension based on the remaining balance. In the event of the death of an employee, his or her beneficiary receives the remaining accumulated balance, if eligible. ICICI Bank also gives a cash option to its employees, allowing them to receive the amount that would otherwise be contributed by ICICI Bank in their monthly salary during their employment. The superannuation fund is being administered by Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited. Employees have the option to choose between funds administered by the Life Insurance Corporation of India and ICICI Prudential Insurance Company Limited. The total corpus of the superannuation fund was Rs. 2,557 million at year-end fiscal 2015 compared to Rs. 2,232 million at year-end fiscal 2014.

Provident Fund

ICICI Bank is statutorily required to maintain a provident fund as part of its retirement benefits to its employees. There are separate provident funds for employees inducted from merged entities (Bank of Madura, The Bank of Rajasthan, Sangli Bank) and for other employees of ICICI Bank. These funds are managed by in-house trustees. Each employee contributes 12.0% of his or her basic salary and ICICI Bank contributes an equal amount to the funds. The investments of the funds are made according to rules prescribed by the government of India. The accounts of the funds are audited by independent auditors. The total corpuses of the funds for employees inducted from merged entities (Bank of Madura, The Bank of Rajasthan, Sangli Bank) and other employees of ICICI Bank at year-end fiscal 2015, based on their audited financial statements, amount to Rs. 3,539 million and Rs. 14,203 million, respectively as compared to Rs. 3,528 million and Rs. 12,285 million for fiscal 2014.

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Pension Fund

The Bank provides for pension, a deferred retirement plan covering certain employees of the former Bank of Madura, Sangli Bank and Bank of Rajasthan. The plan provides for pension payments, including dearness relief, on a monthly basis to these employees on their retirement based on the respective employee's years of service with the Bank and applicable salary. For the former Bank of Madura, Sangli Bank and Bank of Rajasthan employees in service, funds are managed by the trust and the liability is funded as per actuarial valuation. The trust purchases annuities from the Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited as part of its master policies for payment of pension to retired employees of the former Bank of Madura, Sangli Bank and Bank of Rajasthan. Employees covered by the pension plan are not eligible for their employer's contribution under the provident fund plan. The corpus, based on unaudited financial statements at year-end fiscal 2015 was Rs. 11,484 million compared to Rs. 8,983 million at year-end fiscal 2014.

Interest of Management in Certain Transactions

Except as otherwise stated in this annual report, no amount or benefit has been paid or given to any of our directors or executive officers.

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Overview of the Indian Financial Sector

Introduction

The Reserve Bank of India, the central banking and monetary authority of India, is the central regulatory and supervisory authority for the Indian financial system. A variety of financial intermediaries in the public and private sectors participate in India's financial sector, including the following:

- commercial banks;
- long-term lending institutions;
- non-banking finance companies, including housing finance companies;
- other specialized financial institutions, and state-level financial institutions;
- insurance companies; and
- mutual funds.

This discussion presents an overview of the role and activities of the Reserve Bank of India and of each of the major participants in the Indian financial system, with a focus on commercial banks. This is followed by a brief summary of the banking reform process and key reform measures announced or proposed in recent years. Finally, measures announced by the Reserve Bank of India in recent monetary policy statements are briefly reviewed.

The Reserve Bank of India

The Reserve Bank of India, established in 1935, is the central banking and monetary authority in India. The Reserve Bank of India manages the country's money supply and foreign exchange and also serves as a bank for the government of India and for the country's commercial banks. In addition to these traditional central banking roles, the Reserve Bank of India undertakes certain developmental and promotional roles.

The Reserve Bank of India issued guidelines on exposure limits, income recognition, asset classification, provisioning for non-performing and restructured assets, investment valuation and capital adequacy for commercial banks, long-term lending institutions and non-bank finance companies. The Reserve Bank of India requires these institutions to furnish information relating to their businesses to it on a regular basis. For further discussion regarding the Reserve Bank of India's role as the regulatory and supervisory authority of India's financial system and its impact on us, see "Supervision and Regulation".

Commercial Banks

Commercial banks in India meet the short-term financial needs, or working capital requirements, of industry, trade and agriculture, provide long-term financing to sectors like infrastructure and provide retail loan products. At March 31, 2015, there were 148 scheduled commercial banks in the country, with a network of 125,863 branches serving approximately Rs. 88.91 trillion in deposit accounts. Scheduled commercial banks are banks that are listed in the second schedule of the Reserve Bank of India Act, 1934, and are further categorized as public sector banks, private sector banks and foreign banks. Scheduled commercial banks have a presence throughout India, with approximately 64.8% of bank branches located in rural or semi-urban areas of the country.

Public Sector Banks

Public sector banks make up the largest category in the Indian banking system. They include the State Bank of India and its five associate banks, 20 nationalized banks and 56 regional rural banks. Excluding the regional rural banks, the remaining public sector banks have 86,696 branches, and accounted for 71.6% of the outstanding gross bank credit and 72.9% of the aggregate deposits of scheduled commercial banks at March 31, 2015. The State Bank of India is the largest bank in India in terms of total assets. At March 31, 2015, the State Bank of India and its five associate banks had 23,355 branches. They accounted for 21.9% of aggregate deposits and 21.5% of outstanding gross bank credit of all scheduled commercial banks.

Regional rural banks were established from 1976 to 1987 by the central government, state governments and sponsoring commercial banks jointly with a view to develop the rural economy. Regional rural banks provide

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credit to small farmers, artisans, small entrepreneurs and agricultural laborers. The National Bank for Agriculture and Rural Development is responsible for supervising the functions of the regional rural banks. Currently there are 56 regional rural banks and at March 31, 2015 they had 19,472 branches, and accounted for 3.0% of aggregate deposits and 2.6% of gross bank credit outstanding of scheduled commercial banks.

Private Sector Banks

After the first phase of bank nationalization was completed in 1969, public sector banks made up the largest portion of Indian banking. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking sector, the Reserve Bank of India permitted entry of the private sector into the banking system. This resulted in the introduction of private sector banks, including us. These banks are collectively known as the “new” private sector banks. At year-end fiscal 2015, there were seven “new” private sector banks. In addition, 13 old private sector banks existing prior to July 1993 were operating. The Sangli Bank Limited, an unlisted “old” private sector bank merged with us, effective April 19, 2007. The Centurion Bank of Punjab merged with HDFC Bank in May 2008. The Bank of Rajasthan Limited, an old private sector bank, merged with us with effect from the close of business on August 12, 2010.

At March 31, 2015, private sector banks accounted for approximately 19.7% of aggregate deposits and 20.9% of gross bank credit outstanding of the scheduled commercial banks. Their network of 19,376 branches accounted for 15.4% of the total branch network of scheduled commercial banks in the country.

In February 2013, the Reserve Bank of India issued guidelines on the entry of new banks in the private sector, specifying that select entities or groups in the private sector, entities in the public sector and non-banking financial companies with a successful track record of at least ten years would be eligible to promote banks. The initial minimum capital requirement for these entities is Rs. 5.0 billion, with foreign shareholding not exceeding 49.0% for the first five years. The business plan for the bank should cover a realistic plan for achieving financial inclusion. The new banks can be set up only through a non-operative financial holding company registered with the Reserve Bank of India. Around 25 applications were received by the Reserve Bank of India for banking licenses under these guidelines. In April 2014, the Reserve Bank of India issued in-principle licenses to two non-banking finance companies, IDFC Limited and Bandhan Financial Services Private Limited, to set up banks under these guidelines. These banks are expected to begin operations in fiscal 2016.

Foreign Banks

There were 45 foreign banks operating in India and at March 31, 2015, foreign banks had 319 branches in India. Foreign banks accounted for 4.4% of aggregate deposits and 4.9% of outstanding gross bank credit of scheduled commercial banks. As part of the liberalization process, the Reserve Bank of India has permitted foreign banks to

operate more freely, subject to requirements largely similar to those imposed on domestic banks. The primary activity of most foreign banks in India has been in the corporate segment. However, some of the larger foreign banks have made retail banking a significant part of their portfolios. Most foreign banks operate in India through branches of the parent bank. Certain foreign banks also have wholly owned non-bank finance company, investment banking, securities broking, insurance and asset management subsidiaries or joint ventures for both corporate and retail lending.

In a circular dated July 6, 2004, the Reserve Bank of India stipulated that banks should not acquire any fresh stake in another banks' equity shares, if by such acquisition, the investing bank's holding exceeded 5.0% of the investee bank's equity capital. This also applies to holdings of foreign banks with a presence in India, in Indian banks. The Reserve Bank of India issued a notification on "Roadmap for presence of foreign banks in India" on February 28, 2005, announcing the following measures with respect to the presence of foreign banks:

- During the first phase (up to March 2009), foreign banks were allowed to establish a presence by setting up wholly-owned subsidiaries or by converting existing branches into wholly-owned subsidiaries.

- In addition, during the first phase, foreign banks were allowed to acquire a controlling stake in a phased manner only in private sector banks that are identified by the Reserve Bank of India for restructuring.

- For new and existing foreign banks, it was proposed to go beyond the existing World Trade Organization commitment of allowing increases of 12 branches per year. A more liberal policy will be followed for areas with a small number of banks.

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- During the second phase (scheduled to be from April 2009 onwards), after a review of the first phase, foreign banks would be allowed to acquire up to 74.0% in private sector banks in India.

However, in view of the deterioration in the global financial markets during fiscal 2009, the Reserve Bank of India decided to put on hold the second phase until there was greater clarity over the economic recovery as well as the reformed global regulatory and supervisory architecture.

In November 2013, the Reserve Bank of India issued a scheme for the establishment of wholly owned subsidiaries by foreign banks in India. The scheme envisages that foreign banks who commenced business in India after August 2010, or will do so in the future, will be permitted to do so only through wholly owned subsidiaries if certain specified criteria apply to them. These criteria include incorporation in a jurisdiction which gives legal preference to home country depositor claims, among others. Further, a foreign bank that has set up operations in India through the branch mode after August 2010 will be required to convert its operations into a subsidiary if it is considered to be systemically important. A bank would be considered to be systemically important if the assets on its Indian balance sheet (including credit equivalent of off-balance sheet items) exceed 0.25% of the assets of the Indian banking system. Establishment of a subsidiary would require approval of the Reserve Bank of India and for this purpose, the Reserve Bank of India would take into account various factors including economic and political relations with the country of incorporation of the parent bank and reciprocity with the home country of the parent bank. The regulatory framework for a subsidiary of a foreign bank would be substantially similar to that applicable to domestic banks, including with respect to management, directed lending, investments and branch expansion. Wholly-owned subsidiaries of foreign banks may, after further review, be permitted to enter into mergers and acquisition transactions with Indian private sector banks, subject to adherence to the foreign ownership limit of 74% applicable to Indian private sector banks. The Reserve Bank of India, in its second quarter monetary policy review announced in October 2013 has also proposed near national treatment for foreign banks, based on the principles of reciprocity and subsidiary mode of presence.

In July 2012, the Reserve Bank of India revised priority sector lending norms and mandated foreign banks with 20 branches or more in India to meet priority sector lending norms as prescribed for domestic banks. In April 2015, revised priority sector lending guidelines were issued by the Reserve Bank of India, and require foreign banks with less than 20 branches to also meet priority sector lending norms in a phased manner by fiscal 2020.

Cooperative Banks

Cooperative banks cater to the financing needs of agriculture, small industry and self-employed businessmen in urban and semi-urban areas of India. The state land development banks and the primary land development banks provide long-term credit for agriculture. In light of the liquidity and insolvency problems experienced by some cooperative banks in fiscal 2001, the Reserve Bank of India undertook several interim measures, pending formal legislative changes, including measures related to lending against shares, borrowings in the call market and term deposits placed with other urban cooperative banks. Presently, the Reserve Bank of India is responsible for the supervision and regulation of urban cooperative banks, and the National Bank for Agriculture and Rural Development for state cooperative banks and district central cooperative banks. The Banking Regulation (Amendment) and Miscellaneous

Provisions Act, 2004 provides for the regulation of all cooperative banks by the Reserve Bank of India.

With a view to strengthen the capital structure of cooperative banks, the Reserve Bank of India announced a minimum capital adequacy requirement of 9.0% for state and central cooperative banks in January 2014 to be achieved in a phased manner over a period of three years. The guidelines prescribe a minimum capital adequacy ratio of 7.0% by March 31, 2015 and 9.0% with effect from March 31, 2017. Cooperative banks have also been allowed to issue long-term deposits and perpetual debt instruments in order to be able to meet the prescribed capital adequacy requirements.

In the first bi-monthly monetary policy statement for fiscal 2016, announced in April 2015, the Reserve Bank of India announced measures to enable well-managed co-operative banks to expand their business. Financially sound urban co-operative banks having a minimum net worth of Rs. 1.0 billion and technology enabled systems have been allowed to issue credit cards. State co-operative banks have been permitted to set up offsite automated teller machines (ATMs) and mobile ATMs without the prior approval of the Reserve Bank of India.

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Long-Term Lending Institutions

The long-term lending institutions were established to provide medium-term and long-term financial assistance to various industries for setting up new projects and for the expansion and modernization of existing facilities. These institutions provided fund-based and non-fund-based assistance to industries in the form of loans, underwriting, direct subscription to shares, debentures and guarantees. The primary long-term lending institutions included Industrial Development Bank of India (now a bank), IFCI Limited, and the Industrial Investment Bank of India, as well as ICICI prior to the merger. The long-term lending institutions were expected to play a critical role in Indian industrial growth and, accordingly, had access to concessional government funding. However, following the economic and financial sector reforms after 1991, the operating environment of the long-term lending institutions changed substantially. Although the initial role of these institutions was largely limited to providing a channel for government funding to industries, the reform process required such institutions to expand the scope of their business activities, including into:

- fee-based activities like investment banking and advisory services; and
- short-term lending activities, including making corporate finance and working capital loans.

Pursuant to the recommendations of the Narasimham Committee II and the Khan Working Group, a working group created in 1999 to harmonize the role and operations of long-term lending institutions and banks, the Reserve Bank of India, in its midterm review of monetary and credit policy for fiscal 2000, announced that long-term lending institutions would have the option of transforming themselves into banks subject to compliance with the prudential norms as applicable to banks. In April 2001, the Reserve Bank of India issued guidelines on several operational and regulatory issues, which needed to be addressed, and laid down a path for how long-term lending institutions can transition into universal banks. In April 2002, ICICI merged with ICICI Bank. The Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003 converted the Industrial Development Bank of India into a banking company incorporated under the Companies Act, 1956. IDBI Bank Limited, a new private sector bank that was a subsidiary of the Industrial Development Bank of India, was merged with the Industrial Development Bank of India in April 2005. The long-term funding needs of Indian companies are met primarily by banks, Life Insurance Corporation of India and specialized non-bank finance companies. Indian companies also issue bonds to institutional and retail investors.

Non-Banking Finance Companies

There were 12,029 non-banking finance companies in India at March 31, 2014, mostly in the private sector. All non-banking finance companies are required to register with the Reserve Bank of India. Non-banking finance companies are categorized on the following basis: (i) in terms of the type of liabilities into deposit and non-deposit accepting non-banking finance companies; (ii) non-deposit taking non-banking finance companies by their size into systemically important companies with asset size above Rs. 1.0 billion and other non-deposit holding companies; and (iii) by the kind of activity they conduct. The companies that take public deposits are subject to strict supervision and

capital adequacy requirements, similar to banks, by the Reserve Bank of India. Non-banking financial companies are broadly classified into eight categories — asset finance companies, loan companies, investment companies, infrastructure finance companies, infrastructure debt funds, microfinance companies, factors and core investment companies. ICICI Securities Limited, our subsidiary, is a non-banking finance company that does not accept public deposits, and ICICI Home Finance Company, our subsidiary, is a non-banking finance company that accepts public deposits. The primary activities of the non-banking finance companies are consumer credit (including automobile finance, home finance and consumer durable products finance, wholesale finance products such as bill discounting for small and medium companies), and infrastructure finance, and fee-based services, such as investment banking and underwriting. In November 2011, the Reserve Bank of India issued guidelines on the establishment of infrastructure debt funds in the form of mutual funds or non-banking finance companies. In fiscal 2013, we in partnership with other domestic and international banks and financial institutions launched India's first infrastructure debt fund set up in the form of a non-banking finance company. We along with our wholly owned subsidiary have a shareholding of 31.0% in this company.

The Reserve Bank of India issues guidelines with regard to lending, exposure, provisioning requirements and restructuring of loans for the various categories of non-banking finance companies. In August 2011, the Reserve Bank of India released a working group report on issues and concerns in the non-banking finance companies sector. Some key recommendations of the group included a minimum asset size of Rs. 500 million with a minimum net owned fund of Rs. 20 million for registering as a non-banking finance company, a minimum Tier I capital of 12% to be achieved in three years, introduction of liquidity ratios, more

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stringent asset classification norms and provisioning norms and limits on exposure to real estate. In March 2015, the Reserve Bank of India issued the final regulatory framework for non-banking finance companies in line with the recommendations of the working group. According to the guidelines, non-banking finance companies must have a minimum net owned fund of Rs. 20 million, and companies below the minimum requirement have to achieve the minimum requirement by April 1, 2017. Deposit accepting non-banking finance companies should have a minimum investment grade rating to accept public deposits. In the event of a downgrade below investment grade, the company would have to stop accepting new deposits and neither can renew existing deposits. Further, deposit accepting non-banking finance companies will have to achieve a minimum tier 1 capital of 8.5% by March 31, 2016, and 10.0% by March 31, 2017.

In July 2015, the Reserve Bank of India issued guidelines relating to acquisition or transfer of control of non-banking finance companies. According to the guidelines, any change in the management of a non-banking finance company either by way of a takeover or acquisition of control, change in shareholding or change in the management with at least 30% newly appointed directors, cannot be initiated without the prior permission of the Reserve Bank of India. A public notice of at least 30 days would also have to be given before the occurrence of these events.

Non-banking finance companies raise money by issuing capital or debt securities including debentures, by way of public issue or private placement. Non-deposit-taking non-banking financial companies can issue perpetual debt instruments which are eligible for inclusion as tier I capital to the extent of 15.0% of total tier I capital as on March 31 of the previous accounting year. Further, with regard to private placement of debentures by non-banking finance companies, the Reserve Bank of India issued guidelines in June 2013, which states that issue of debentures should necessarily be for deployment of funds on its own balance sheet, and not for facilitating resources for group companies. The guidelines also prescribe a minimum time gap of six months between two private placements, a limit on the number of investors to 49, and restrict non-banking finance companies from extending loans against the security of its own debentures.

In the past, the Reserve Bank of India has issued banking licenses to non-banking finance companies. In 2003, Kotak Mahindra Finance Limited was granted a banking license by the Reserve Bank of India and converted itself into Kotak Mahindra Bank. In April 2014, the Reserve Bank of India issued in-principle banking licenses to two non-banking finance companies, IDFC Limited and Bandhan Financial Services Private Limited. Both are expected to begin operations during fiscal 2016.

Housing Finance Companies

Housing finance companies form a distinct sub-group of the non-banking finance companies. As a result of the various incentives given by the government for investing in the housing sector, the scope of this business has grown substantially. Housing Development Finance Corporation Limited is a leading provider of housing finance in India. In recent years, several other players, including banks, have entered the housing finance industry. We also have a housing finance subsidiary, ICICI Home Finance Company. The National Housing Bank and the Housing and Urban

Development Corporation Limited are the two major financial institutions instituted through acts of Parliament to improve the availability of housing finance in India. The National Housing Bank Act provides for securitization of housing loans, foreclosure of mortgages and setting up of the Mortgage Credit Guarantee Scheme.

Microfinance Institutions

In fiscal 2012, the Reserve Bank of India introduced a new category of non-banking financial company called microfinance institutions. Microfinance institutions should have a minimum net worth of Rs. 50 million and maintain a minimum capital adequacy ratio of 15.0% of risk weighted assets. There are specific regulations with regard to pricing of credit by microfinance institutions. The margin above the cost of funds that can be charged on a loan is capped at 10.0% for microfinance institutions having a loan portfolio exceeding Rs. 1.0 billion and 12.0% for others. Further, the interest rate on individual loans is capped at the lower of the two: 1) cost of funds plus margin, and 2) the average base rate of the five largest commercial banks by assets (as informed by the Reserve Bank of India on a quarterly basis) multiplied by 2.75.

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Other Financial Institutions

Specialized Financial Institutions

In addition to the long-term lending institutions, there are various specialized financial institutions which cater to the specific needs of different sectors. These include the National Bank for Agricultural and Rural Development, Export Import Bank of India, Small Industries Development Bank of India, Tourism Finance Corporation of India Limited, National Housing Bank, Power Finance Corporation Limited, Infrastructure Development Finance Corporation Limited and India Infrastructure Finance Company.

State Level Financial Institutions

State financial corporations operate at the state level and form an integral part of the institutional financing system. State financial corporations were set up to finance and promote small and medium-sized enterprises. The state financial institutions are expected to achieve balanced regional socio-economic growth by generating employment opportunities and widening the ownership base of industry. At the state level, there are also state industrial development corporations, which provide finance primarily to medium-sized and large enterprises.

Insurance Companies

At December 31, 2014, there were 52 insurance companies in India, of which 24 were life insurance companies and 28 general insurance companies. Of the 24 life insurance companies, 23 were in the private sector and one is in the public sector. Among the general insurance companies, 22 in the private sector and six (including the Export Credit Guarantee Corporation of India Limited and the Agriculture Insurance Company of India Limited) are in the public sector. General Insurance Corporation of India, a reinsurance company, is in the public sector. Life Insurance Corporation of India, General Insurance Corporation of India and public sector general insurance companies also provide long-term financial assistance to the industrial sector.

The insurance sector in India is regulated by the Insurance Regulatory and Development Authority of India. In December 1999, the Indian Parliament passed the Insurance Regulatory and Development Authority Act, 1999, which also amended the Insurance Act, 1938. This opened up the Indian insurance sector for foreign and private investors. The Insurance Act allows foreign equity participation in new insurance companies of up to 26.0%. A new company should have minimum paid-up equity capital of Rs. 1.0 billion to carry on the business of life insurance or general insurance and of Rs. 2.0 billion to carry on exclusively the business of reinsurance.

In fiscal 2001, the Reserve Bank of India issued guidelines governing the entry of banks and financial institutions into the insurance business. The guidelines permit banks and financial institutions to enter the business of insurance underwriting through joint ventures provided they meet stipulated criteria relating to their net worth, capital adequacy ratio, profitability track record, level of non-performing loans and the performance of their existing subsidiary companies. According to the guidelines, the promoters of insurance companies had to divest in a phased manner their shareholding in excess of 26.0% after a period of 10 years from the date of commencement of business or within such period as may be prescribed by the Indian government. However, the Insurance Laws (Amendment) Act, 2015, passed by both houses of the Parliament and enacted in March 2015 removed the requirement that requires the promoters to dilute their stake to 26.0%. The Act also increased the foreign equity participation limit in insurance companies from 26.0% to 49.0%.

In the general insurance sector, gross premiums underwritten by general insurance companies moderated in fiscal 2008 and fiscal 2009 owing to detariffing of the general insurance sector. Until January 1, 2007 almost 70.0% of the general insurance market was subject to price controls under a tariff regime. With the commencement of a tariff-free regime effective January 1, 2007, the resultant competitive pricing led to a significant decrease in premium rates across the industry leading to moderate premium growth during fiscal 2009 and fiscal 2010.

During fiscal 2015, the new business weighted individual premium underwritten by the life insurance sector decreased by 10.3% to Rs. 407.42 billion compared to Rs. 454.29 billion during fiscal 2014. Of the above, the share of the private sector was 49.0% during fiscal 2015. The gross premium underwritten in the general insurance sector amounted to Rs. 806.09 billion during fiscal 2015 as against Rs. 728.53 billion during fiscal 2014, recording a year-on-year growth of 10.6% (excluding the Export Credit Guarantee Corporation of India Limited and the Agriculture Insurance Company of India Limited). The share of the private sector increased from 47.0% during fiscal 2014 to 47.3% during fiscal 2015.

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We have joint ventures in each of the life insurance and the general insurance sectors. Our life insurance joint venture, ICICI Prudential Life Insurance Company, is the largest private sector player in the life insurance sector in India in terms of new business retail weighted received premium. Our general insurance joint venture, ICICI Lombard General Insurance Company, is the largest private sector player in the general insurance sector in India in terms of gross written premium, excluding premium on motor third party insurance pool.

See also "*Risk Factors—Risks Relating to Our Business—While our insurance businesses are an important part of our business, there can be no assurance of their future rates of growth or level of profitability" and "Business—Overview of Our Products and Services—Insurance*".

Mutual Funds

There were 44 mutual funds in India with assets under management at March 31, 2015 of Rs. 10,827.6 billion. Average assets under management of all mutual funds increased by 31.1% to Rs. 11,886.9 billion during the three months ended March 31, 2015 from Rs. 9,051 billion during the three months ended March 31, 2014. From year 1963 to 1987, Unit Trust of India was the only mutual fund operating in the country. It was set up in 1963 at the initiative of the government and the Reserve Bank of India. From 1987 onwards, several other public sector mutual funds entered this sector. These mutual funds were established by public sector banks, the Life Insurance Corporation of India and General Insurance Corporation of India. The mutual funds industry was opened up to the private sector in 1993. The industry is regulated by the Securities and Exchange Board of India (Mutual Fund) Regulation, 1996. Our asset management joint venture, ICICI Prudential Asset Management Company, was the second largest mutual fund in India in terms of average assets under management for the three months ended March 31, 2015, with an overall market share of about 12.5%.

To enhance marketability and access to mutual fund schemes, the Securities and Exchange Board of India in November 2009 permitted the use of stock exchange terminals to facilitate transactions in mutual fund schemes. As a result, mutual funds units can now be traded on recognized stock exchanges. While this facility was available to stock brokers and clearing members initially, it was widened to include mutual fund distributors in October 2013. In June 2009, the Securities and Exchange Board of India removed the entry load and up-front charges deducted by mutual funds, for all mutual fund schemes and required that the up-front commission to distributors should be paid by the investor to the distributor directly. In February 2010, the Securities and Exchange Board of India introduced guidelines for the valuation of money market and debt securities, with a view to ensuring that the value of money market and debt securities in the portfolio of mutual fund schemes reflects the current market scenario. The valuation guidelines were effective from August 1, 2010. Further, the Union Budget for fiscal 2014 allowed mutual fund distributors to become members on the mutual fund segment of stock exchanges to enable them to leverage the stock exchange network to improve the reach and distribution of mutual fund products.

Pension Sector

Currently, the pension schemes operating in India can be broadly classified in the following categories: pension schemes for government employees, the employees' provident fund and employees' pension schemes for employees in the organized sector, voluntary pension schemes and the new pension scheme. In case of pension schemes for government employees, the government pays its employees a defined periodic benefit upon their retirement. Further, the contribution towards the pension scheme is funded solely by the government and not matched by a contribution from the employees. The Employees Provident Fund, established in 1952, is a mandatory program for employees of certain establishments. It is a contributory program that provides for periodic contributions of 10% to 12% of the basic salary by both the employer and the employees. The contribution is invested in prescribed securities and the accumulated balance in the fund (including the accretion thereto) is paid to the employee as a lump sum on retirement. Besides these, there are voluntary pension schemes administered by the government (the Public Provident Fund to which contribution may be made up to a maximum of Rs. 150,000 per year) or offered by insurance companies, where the contribution may be made on a voluntary basis. Such voluntary contributions are often driven by tax benefits offered under the scheme. The new pension scheme was launched in January 2004 and offers a defined contribution based pension scheme with the individual having the option to decide where to invest the funds.

The government initially made it mandatory for its new employees (excluding defense personnel) to join the new pension scheme where both the government and the employee would make monthly contributions of 10% of the employee's basic salary. In 2009, the government extended the New Pension System to all citizens of India on a voluntary basis, effective from May 1, 2009. With a view to encourage people to invest towards old age security, the government launched a pension scheme in fiscal 2015, called the Atal Pension Yojana. The scheme focuses on individuals in the unorganized sector to join the National Pension System.

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The government set up the Pension Fund Development and Regulatory Authority to regulate the pension industry in August 2003. In October 2013, the Pension Fund Regulatory and Development Authority Act, 2011 was enacted giving powers to the Pension Fund Development and Regulatory Authority to regulate pension schemes and funds and frame investment guidelines for pension funds. The Bill also allows foreign direct investments in the pension sector of up to 26%. Private sector participation in managing pension assets was permitted for the first time in fiscal 2009, and six private sector companies have been issued licenses, including us. See also "*Business— Overview*".

Legislative Framework for Recovery of Debts due to Banks

In fiscal 2003, the Indian Parliament passed the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (as amended, the "Securitization Act"). The Securitization Act provides that a secured creditor may, in respect of loans classified as non-performing in accordance with the Reserve Bank of India guidelines, give notice in writing to the borrower requiring it to discharge its liabilities within 60 days, failing which the secured creditor may take possession of the assets constituting the security for the loan, and exercise management rights in relation thereto, including the right to sell or otherwise dispose of the assets. The Securitization Act also provides for the setting up of asset reconstruction companies regulated by the Reserve Bank of India to acquire assets from banks and financial institutions. The Reserve Bank of India has issued guidelines for asset reconstruction companies in respect of their establishment, registration and licensing by the Reserve Bank of India, and operations. Asset Reconstruction Company (India) Limited, set up by us, Industrial Development Bank of India, State Bank of India and certain other banks and institutions, received registration from the Reserve Bank of India and commenced operation in August 2003. Foreign direct investment is now permitted in the equity capital of asset reconstruction companies and investment by Foreign Institutional Investors registered with the Securities and Exchange Board of India is permitted in security receipts issued by asset reconstruction companies, subject to certain conditions and restrictions.

In November 2004, the government of India issued an ordinance amending the Securitization Act and subsequently passed this ordinance as an Act. This Act, as amended, now provides that a borrower may make an objection or representation to a secured creditor after a notice is issued by the secured creditor to the borrower under such Act demanding payment of dues. The secured creditor has to give reasons to the borrower for not accepting the objection or representation. Further, this Act permits a lender to take over the business of a borrower under the Securitization Act under certain circumstances (unlike the earlier provisions under which only assets could be taken over). See also "*Supervision and Regulation—Regulations Relating to Sale of Assets to Asset Reconstruction Companies*". However, considering the procedures involved in legal litigations and with borrowers having the option to appeal the decision of the debt recovery tribunal, the process of recovery of loans is significantly delayed.

Corporate Debt Restructuring Forum

The Reserve Bank of India has devised a corporate debt restructuring system to put in place an institutional mechanism for the restructuring of corporate debt. The objective of this framework is to ensure a timely and transparent mechanism for the restructuring of corporate debts of viable entities facing problems, outside the purview of the Board of Industrial and Financial Rehabilitation, debt recovery tribunals and other legal proceedings. In particular, this framework aims to preserve viable corporations that are affected by certain internal and external factors and minimize the losses to the creditors and other stakeholders through an orderly and coordinated restructuring program. The corporate debt restructuring system is a non-statutory mechanism and a voluntary system based on debtor-creditor and inter creditor agreements.

Joint Lenders' Forum

The Reserve Bank of India released a Framework for Revitalising Distressed Assets in the Economy in January 2014. The framework outlines a corrective action plan to address stress in loans. The guidelines propose early identification of problem loans, timely restructuring of accounts which are considered to be viable, and steps for recovery or sale of unviable accounts. According to the guidelines, banks are required to identify accounts that show signs of stress at an early stage and categorize them into 'special mention accounts' based on certain criteria. These accounts should be reported to a central repository maintained by the Reserve Bank of India. This repository is called the Central Repository of Information on Large Credits. Banks are required to mandatorily form a committee called the Joint Lenders' Forum for accounts where the aggregate exposure of lenders to the account exceeds Rs. 1.0 billion and with repayments overdue by 60 days and the account has been reported by any of the lenders to the central repository. The Joint Lenders' Forum may explore options for early resolution of stress in the account which may include rectification to regularize the account, restructuring either through the corporate debt restructuring forum or by the joint lenders' forum itself, or decide on an appropriate recovery process. See also, "*Supervision and Regulation-Loan Loss provisions and non-performing assets*".

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Structural Reforms

Amendments to the Banking Regulation Act

In December 2012, the Indian Parliament amended the laws governing the banking sector. The amendment to the Banking Regulation Act was enacted in January 2013. The main amendments were as follows:

- permit all private banking companies to issue preference shares that will not carry any voting rights;
- make prior approval by the Reserve Bank of India mandatory for the acquisition of more than 5.0% of a banking company's paid-up capital or voting rights by any individual or firm or group, and empower the Reserve Bank of India to impose conditions while granting approval for such acquisition;
- empower the Reserve Bank of India, after consultations with the Central Government, to supersede the board of a private sector bank for a total period not exceeding 12 months, during which time the Reserve Bank of India will have the power to appoint an administrator to manage the bank;
- give the Reserve Bank of India the right to inspect affiliates of enterprises or banking entities (affiliates include subsidiaries, holding companies or any joint ventures of banks); and
- ease the restrictions on voting rights by making them proportionate to the shareholding up to a cap of 26% in the case of private sector banks from the earlier 10%, and 10% in the case of public sector banks from the earlier 1%. However, this is pending notification by the Reserve Bank of India.

Discussion Paper on Banking Structure

In August 2013, the Reserve Bank of India released a discussion paper 'Banking Structure in India — the way forward'. The paper envisages a re-orientation of the banking structure with a view to addressing specific issues like enhancing competition, financing higher growth, providing specialised services and further increasing financial inclusion. The discussion paper proposes a differentiated licensing policy for different types of banks for niche business areas. It advocates a continuous licensing policy for entry of new banks compared to the current system of intermittently issuing licenses. To promote financial inclusion, the paper proposes setting up small banks with geographical limitations for catering to the rural and unorganised segments.

Differentiated licenses

In November 2014, the Reserve Bank of India issued guidelines on licensing of small banks and payments banks as differentiated banks, with the purpose of promoting financial inclusion. These banks would have a minimum capital requirement of Rs. 1.0 billion, and would be limited in their product offering and geographical area of operation. According to the guidelines, payments banks are permitted to accept only demand deposits not exceeding Rs. 100,000 per individual customer, required to invest 75.0% of deposits in government securities of up to one year maturity and are allowed to sell credit products of other banks as business correspondents. Small finance banks can provide all basic banking products with at least 50.0% of their portfolio constituting loans up to Rs. 2.5 million and must meet a priority sector lending requirement of 75.0% of adjusted net bank credit. Forty-one applications for payment bank licenses and 72 applications for small finance bank licenses were submitted by the deadline for such applications.

Report on Governance of Boards of Banks in India

In May 2014, the Committee to Review the Governance of Boards of Banks in India submitted its report. The committee recommended a new governance structure for public sector banks and a reduction in the government's stake in banks to less than 50.0%. It proposed bringing public sector banks under the purview of the Companies Act and repealing other statutes that govern public sector banks. It also envisaged creation of a Bank Investment Company which would be the de facto holding company of equity stake in banks on behalf of the government with the powers to govern the public sector banks. A phased transition towards empowering the boards of public sector banks was also proposed which eventually should lead to government only acting as an investor rather than exercising ownership functions. With regard to governance in private sector banks, the committee recommended allowing certain types of investors to take larger stakes and permit creation of Authorised Bank Investors comprising of funds that would be permitted to hold a 20.0% equity stake without regulatory approval or 15.0% if the Bank has a seat on the bank's board. Further, other financial investors should be permitted to hold an equity stake of up to 10% from the current limit of 5.0% stake.

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Some recommendations of the committee have already been implemented. In fiscal 2015, the government decided to separate the functions of non-executive chairman and managing director in public sector banks. Further, in the union budget for fiscal 2016 announced by the government of India in February 2015, it was proposed to set up a Bank Board Bureau which would be responsible for deciding appointments of senior officials in public sector banks. This would replace the earlier structure where the appointments were decided by a committee led by the governor of the Reserve Bank of India.

Insurance Laws (Amendment) Act, 2015

The Insurance Laws (Amendment) Act, 2015, was passed by the Indian Parliament and notified in March 2015. Key features of the law are:

- raise the foreign investment limit in the insurance sector from 26.0% to a composite limit of 49.0%; and
- eliminated the requirement that promoters of an insurance company reduce their stake to 26.0% after ten years.

Credit Policy Measures

The Reserve Bank of India issues an annual policy statement setting out its monetary policy stance and announcing various regulatory measures. The Reserve Bank of India issues a review of the annual policy statement on a quarterly basis as well as four mid-quarter reviews. From January 2014, the Reserve Bank of India has been issuing bi-monthly monetary policy statements.

Credit Policy During Fiscal 2014

During fiscal 2014, the Reserve Bank of India had to continuously adjust monetary policy to evolving economic conditions. During the initial part of the year, in the annual policy statement for fiscal 2014 announced on May 3, 2013, the Reserve Bank of India reduced the repo rate by 25 basis points from 7.5% to 7.25%. Accordingly, the reverse repo rate was adjusted to 6.25% and the marginal standing facility rate was adjusted to 8.25%. The cash reserve ratio was unchanged at 4.0%. In July 2013, following the volatility in global markets in response to likely tapering of quantitative easing by the U.S. Federal Reserve, India's high current account deficit and the consequent sharp depreciation in the exchange rate, the Reserve Bank of India announced measures to stabilise the exchange rate. The measures included an increase in the marginal standing facility rate from 8.25% to 10.25% while the repo rate was kept unchanged at 7.25%. Also, banks' borrowing under the liquidity adjustment facility of the Reserve Bank of India was limited to 1.0% of net demand and time liabilities with effect from July 17, 2013, which was further revised

to 0.5% of net demand and time liabilities with effect from July 24, 2013. Further, the minimum daily cash reserve requirement of banks was increased to 99.0% of the fortnightly requirement from 70.0% of the fortnightly requirement.

In August 2013, considering the impact of measures announced to stabilise exchange rates, the Reserve Bank of India allowed certain prudential adjustments to the investment portfolio of banks. The measures announced on August 23, 2013 were as follows:

- the total government securities forming part of statutory liquidity ratio in the held-to-maturity category were allowed to be retained at 24.5% of net demand and time liabilities as against the earlier requirement of bringing it down to 24.0% during the quarter ended September 30, 2013;

- a one-time transfer of statutory liquidity ratio securities from the available-for-sale and held-for-trading categories to the held-to-maturity category up to the limit of 24.5% of net demand and time liabilities was permitted. The transfer had to be made before September 30, 2013 with the option to value it at July 15, 2013 rates;

- net depreciation on the available-for-sale and held-for-trading portfolio was allowed to be amortised over the remaining period of fiscal 2014.

Following an improvement in the currency market, the Reserve Bank of India gradually reduced the marginal standing facility during September and October 2014. The marginal standing facility rate was reduced by 75 basis points from 10.25% to 9.5% on September 20, 2013, by 50 basis points to 9.0% from October 7, 2013 and by a further 25 basis points to 8.75% on October 29, 2013. Correspondingly, the repo rate was increased by 25 basis points each effective September 20, 2013 and October 29, 2013 from 7.25% to 7.75%

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reflecting high inflation. With these changes, monetary operations were normalised and the 100 basis points gap between the marginal standing facility and repo rate was re-instated by end-October 2013. The minimum daily cash reserve requirement was reduced to 95.0% of the fortnightly requirement from 99.0% of the fortnightly requirement. Further, the repo rate was increased by another 25 basis points to 8.0% effective January 28, 2014. Accordingly, the reverse repo rate was adjusted to 7.0% and the marginal standing facility rate was adjusted to 9.0%. The cash reserve ratio was unchanged at 4.0%.

In October 2013, the Reserve Bank of India had introduced weekly variable rate term repo of 7-day and 14-day tenors equal to 0.25% of net demand and time liabilities as an additional liquidity enhancing measure. This was increased to 0.5% of demand and time liabilities in the second quarter review of monetary policy.

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

- strengthen and clarify the monetary policy framework. In this regard, the recommendations of the Urjit Patel Committee to Revise and Strengthen Monetary Policy Framework were considered and implementation was initiated during fiscal 2014. Key proposals included adopting the consumer price index as the key inflation measure for monetary policy action, target a disinflationary glide path of 8.0% consumer price index inflation by January 2015 and 6.0% by January 2016, transition to a bi-monthly monetary policy cycle, and progressive reduction in banking system's access to overnight liquidity under the liquidity adjustment facility and corresponding increase in access to liquidity through term repos;

- strengthen the banking structure through entry of new banks, branch expansion, encourage new varieties of banks, and clarify an organizational framework for foreign banks. In this regard, on April 2, 2014, two new banks were given in-principle licenses. The Reserve Bank of India indicated that it would issue licenses on an ongoing basis and create categories of differentiated bank licenses;

- broaden and deepen financial markets and increase their liquidity and resilience;

- expand access to finance to small and medium enterprises, the unorganized sector, the poor and the remote underserved areas. The Reserve Bank of India appointed a Committee on Comprehensive Financial Services for Small Businesses and Low-Income Households which submitted its recommendations in March 2014. In November 2014, the Reserve Bank of India issued guidelines for licensing small banks and payments banks;

- strengthen real and financial restructuring and debt recovery from corporates and improve the system's ability to deal with distress. In January 2014, the Reserve Bank of India issued a "Framework for Revitalizing Distressed Assets in the Economy". The framework outlines an action plan for early identification of problem cases, timely restructuring of accounts which are considered to be viable and

prompt steps for recovery or sale of unviable accounts. Accounts have to be categorized into 'special mention accounts' based on certain criteria. Joint lenders' forums are required to be formed to formulate corrective action plans for accounts overdue by more than 60 days with outstanding loans greater than Rs. 1.0 billion, and in case the forum fails to agree on an action plan, it would result in an accelerated provisioning requirement. An independent evaluation of large value restructuring with a focus on viability and fair sharing of gains and losses between promoters and creditors has been mandated. The framework is effective from April 1, 2014.

Credit Policy During Fiscal 2015

In the first bi-monthly monetary policy review for fiscal 2015, announced on April 1, 2014, the Reserve Bank of India had articulated an inflation target of 8.0% by January 2015 and 6.0% by January 2016. During fiscal 2015, the Reserve Bank of India remained focused on inflation and accordingly the repo rate was kept unchanged at 8.0% during the nine months ended December 31, 2014. The Reserve Bank of India announced a 25 basis points reduction in the repo rate from 8.0% to 7.75% on January 15, 2015 and another 25 basis points reduction to 7.50% on March 4, 2015. In March 2015, the Reserve Bank of India entered into a monetary policy framework agreement with the Government of India. As per the agreement, the Reserve Bank of India would pursue a target of bringing down the inflation level below 6.0% by January 2016 with the target for fiscal 2017 and all subsequent years set at 4.0% (with a band of +/- 2%).

The Reserve Bank of India reduced the statutory liquidity ratio by an aggregate 150 basis points from 23.0% to 21.5% during fiscal 2015, with 50 basis points reduction each in the monetary policy review on June

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3, 2014, August 5, 2014 and February 3, 2015. The ceiling for inclusion of government securities forming part of statutory liquidity ratio in the held-to-maturity category was reduced from 24.5% of net demand and time liabilities to 24.0% of net demand and time liabilities on August 5, 2014. In the fourth bi-monthly monetary policy review on September 30, 2014, the Reserve Bank of India announced a further reduction in the ceiling on statutory liquidity ratio securities under the held-to-maturity category to 22.0% of net demand and time liabilities with a phased reduction of 50 basis points each in January 2015, April 2015, July 2015 and September 2015. The Reserve Bank of India progressively reduced the access of banks to the liquidity adjustment facility window. On April 1, 2014, access to liquidity through the liquidity adjustment facility was reduced from 0.50% of net demand and time liabilities to 0.25% of net demand and time liabilities. Correspondingly, liquidity through 7-day and 14-day term repos was increased from 0.5% of net demand and time liabilities to 0.75% of net demand and time liabilities.

Credit Policy During Fiscal 2016

In the first bi-monthly monetary policy review for fiscal 2016 announced on April 7, 2015, the Reserve Bank of India kept the repo rate unchanged. Other measures announced in the policy included allowing banks to hold specific category of long term bonds issued by other banks, and calculation of base rate on the basis of the marginal cost of funds. In the second bi-monthly monetary policy review announced on June 2, 2015, the Reserve Bank of India reduced the repo rate by 25 basis points from 7.5% to 7.25%.

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Supervision and Regulation

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to us. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information.

The main legislation governing commercial banks in India is the Banking Regulation Act. The provisions of the Banking Regulation Act are in addition to and not, save as expressly provided in the Banking Regulation Act, in derogation of the Companies Act and any other law currently in force. Other important laws include the Reserve Bank of India Act, the Negotiable Instruments Act, the Foreign Exchange Management Act and the Banker's Books Evidence Act. Additionally, the Reserve Bank of India, from time to time, issues guidelines to be followed by banks. Compliance with all regulatory requirements is evaluated with respect to financial statements under Indian GAAP. Banking companies in India are also subject to the purview of the Companies Act and if such companies are listed on a stock exchange in India, then various regulations of the Securities and Exchange Board of India would additionally apply to such companies.

Reserve Bank of India Regulations

Commercial banks in India are required under the Banking Regulation Act to obtain a license from the Reserve Bank of India to carry on banking business in India. This license is subject to such conditions as the Reserve Bank of India may choose to impose. Before granting the license, the Reserve Bank of India must be satisfied that certain conditions are complied with, including, but not limited to (i) that the bank has the ability to pay its present and future depositors in full as their claims accrue; (ii) that the affairs of the bank will not be or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) that the bank has adequate capital and earnings prospects; and (iv) that the public interest will be served if such license is granted to the bank. The Reserve Bank of India can cancel the license if the bank, at any point, fails to meet the above conditions or if the bank ceases to carry on banking operations in India.

ICICI Bank, because it is licensed as a banking company, is regulated and supervised by the Reserve Bank of India. The Reserve Bank of India requires us to furnish statements and information relating to our business. It has issued, among others, guidelines for commercial banks relating to banking activities and prudential guidelines relating to recognition of income, classification of assets, provisioning, exposure norms on concentration risk, valuation of investments and maintenance of capital adequacy. The Reserve Bank of India has set up a Board for Financial Supervision, under the chairmanship of the Governor of the Reserve Bank of India. The appointment of the auditors of banks is subject to the approval of the Reserve Bank of India. The Reserve Bank of India can direct a special audit in the interest of the depositors or in the public interest.

Regulations Relating to the Opening of Branches

Opening of branches and shifting of existing branches are governed by the provisions of Section 23 of the Banking Regulation Act. The Reserve Bank of India may cancel a branch license for violations of the conditions under which the branch license is granted.

The Reserve Bank of India has substantially liberalised the branch authorisation policy for scheduled commercial banks since fiscal 2014. The term "branch" in this regard includes a full-fledged branch, specialised branches, satellite offices, mobile branches, extension counters, off-site automated teller machines, administrative offices and back offices. The current branch authorisation policy is based on the classification of centers into six tiers based on the population size according to the 2001 census. Banks are permitted to open branches in all centers without the prior approval of the Reserve Bank of India, subject to certain requirements. However, banks are required to report the opening of such branches or administrative offices to the Reserve Bank of India. Banks are mandated to allocate 25.0% of the total number of new branches opened during a year to unbanked rural areas, which are in tier 5 and tier 6 centers. Also, the total number of branches opened in tier 1 centers during a year cannot exceed the total number of branches opened in tier 2 to tier 6 centers during a year. However, banks can exceed the stipulated number of branches in tier 1 centers to the extent of the number of branches opened in tier 2 to tier 6 centers in underbanked districts of underbanked states. The Reserve Bank of India can withhold the general permission granted with respect to branch opening and impose penal measures on banks that fail to meet the requirements.

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Capital Adequacy Requirements

We are required to comply with the Reserve Bank of India's capital adequacy guidelines. The Reserve Bank of India has implemented the Basel III framework in India effective April 1, 2013. The implementation of the Basel III framework will be phased in over several years and fully implemented on March 31, 2019. Certain prescriptions under the Basel II capital adequacy framework will continue until March 2017.

Under the Reserve Bank of India's Basel II guidelines, banks had to maintain a minimum total risk-based capital ratio of 9.0% and a minimum Tier 1 risk-based capital ratio of 6.0%. Investments above 30.0% in the paid-up equity of financial subsidiaries and associates (including insurance companies) that were not consolidated for regulatory capital purposes and investments in other instruments eligible for regulatory capital status in those entities were required to be deducted to the extent of 50.0% from Tier 1 capital and 50.0% from Tier 2 capital. The total capital of a bank is classified into Tier 1 and Tier 2 capital. Under the Basel II guidelines, Tier 1 capital comprised paid-up equity capital, reserves consisting of any statutory reserves, other disclosed free reserves, capital reserves representing surplus arising out of sale proceeds of assets, innovative perpetual debt instruments, perpetual non-cumulative preference shares and any other type of instrument generally notified by the Reserve Bank of India from time to time for inclusion in Tier 1 capital. Tier 2 capital included undisclosed reserves, revaluation reserves, general provisions and loss reserves, subordinated debt capital instruments classified into upper Tier 2 and lower Tier 2, and any other type of instrument generally notified by the Reserve Bank of India from time to time for inclusion in Tier 2 capital.

The Basel III guidelines, among other things, establish common equity tier 1 as a new tier of capital; impose a minimum common equity tier 1 risk-based capital ratio of 5.5% and a minimum Tier 1 risk-based capital ratio of 7.0% while retaining the minimum total risk-based capital ratio of 9.0%; require banks to maintain a common equity tier 1 capital conservation buffer of 2.5% of risk-weighted assets above the minimum requirements to avoid restrictions on capital distributions and discretionary bonus payments; establish new eligibility criteria for capital instruments in each tier of regulatory capital; require more stringent adjustments to and deductions from regulatory capital; provide for more limited recognition of minority interests in the regulatory capital of a consolidated banking group; provide for additional capital requirements for derivative exposures; and impose a 4.5% leverage ratio (the ratio of tier 1 capital to exposure) measure till a final ratio is stipulated by the Basel Committee by end of 2017. The capital conservation buffer would be introduced in a phased manner from March 31, 2016. The leverage ratio will be disclosed on a quarterly basis from April 1, 2015. Credit value adjustment risk capital charges for over the counter derivatives were effective from April 1, 2014.

The Basel III guidelines stipulate that additional tier 1 and tier 2 capital instruments must have loss absorbency characteristics, which require them to be written down or be converted into common equity at a pre-specified trigger event. The guidelines prescribe two trigger points for instruments issued before March 31, 2019: a common equity tier 1 ratio of 5.5% of risk-weighted assets before March 31, 2019; and a common equity tier I ratio of 6.125% of risk-weighted assets on and after March 31, 2019. Instruments issued on or after March 31, 2019 will have a pre-specified trigger at common equity tier 1 ratio of 6.125% of risk-weighted assets. Capital instruments that no longer qualify as additional tier 1 or tier 2 capital are being phased out from April 1, 2013, with their recognition capped at 90.0% of the outstanding at December 31, 2012 from April 1, 2013 and reduced by 10 percentage points in

each subsequent year. Further, as per guidelines issued in September 2014, the Reserve Bank of India re-introduced temporary write-down features for non-equity capital instruments, revised from the earlier requirement of eliminating temporary write-down features. The guidelines also permit call options on perpetual debt instruments and non-cumulative preference shares after five years. Banks can issue tier 2 capital instruments with a minimum maturity of five years. Additionally, banks are allowed to issue additional tier 1 and tier 2 capital instruments to retail investors subject to approval of their boards and adherence to investor protection requirements.

Apart from capital requirements, Basel III also prescribes two new liquidity requirements, the liquidity coverage ratio and the net stable funding ratio. The Reserve Bank of India has issued final guidelines on liquidity coverage ratio which is effective from January 1, 2015 in a phased manner. The Reserve Bank of India issued draft guidelines on the net stable funding ratio in May 2015, which are likely to be implemented from January 1, 2018. See also "*-Regulations on Asset Liability Management*".

The Reserve Bank of India has issued guidelines on capital disclosure requirements in addition to the existing Pillar 3 guidance. The guidelines prescribe reconciliation of all regulatory capital elements with the published financial statements and other disclosure requirements.

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In July 2014, the Reserve Bank of India released the framework for domestic systemically important banks. Banks identified as systemically important based on their size, complexity, cross-jurisdictional activities and inter-connectedness in the financial sector would be required to maintain additional common equity tier 1 capital ranging from 0.2% to 0.8% of risk-weighted assets. The implementation of this higher capital requirement for domestic systemically important banks would be in a phased manner from April 2016 to April 2019. The names of banks classified as domestic systemically important banks would be disclosed in the month of August every year starting from fiscal 2016.

In February 2015, the Reserve Bank of India released the final guidelines on implementation of the counter-cyclical capital buffer for Indian banks. These guidelines would impose higher capital requirements on banks during periods of high economic growth. The counter-cyclical capital buffer would range from 0% to 2.5% of risk-weighted assets of a bank, based on the variation in the credit-to-GDP ratio from its long-term trend and other parameters. The Reserve Bank of India would pre-announce the buffer at least four quarters prior to implementation. The Reserve Bank of India will also announce guidance regarding the treatment of the surplus capital when the counter-cyclical capital buffer returns to zero. The Reserve Bank of India has stated that at present the economic conditions do not warrant activation of the countercyclical capital buffer. See also "*Operating and Financial Review and Prospects—Capital Resources— Regulatory capital*".

See also "*Risk Factors—Risks Relating to Our Business—We are subject to capital adequacy and liquidity requirements stipulated by the Reserve Bank of India, including Basel III, and any inability to maintain adequate capital or liquidity due to changes in regulations, a lack of access to capital markets, or otherwise may impact our ability to grow and support our businesses*".

With respect to computation of risk-weighted assets for capital adequacy purposes, the Bank follows the standardised approach for the measurement of credit and market risks and the basic indicator approach for the measurement of operational risk. In the measurement of risk-weighted assets on account of credit risk, degrees of credit risk expressed as a percentage weighting have been assigned to various balance sheet asset items and off-balance sheet items. The credit equivalent value of off-balance sheet items is determined by applying conversion factors to the notional amount of the off-balance sheet items. The value of each item is multiplied by the relevant risk weight (and conversion factor for off-balance sheet items) to produce risk-adjusted values of assets and off-balance sheet items. Consumer credit exposures have a risk weight of 125.0% and exposures meeting the qualifying criteria of regulatory retail, defined by the Reserve Bank of India, have a risk weight of 75.0%. Loans secured by residential property have differential risk weights ranging from 50.0% to 75.0% based on the size of the loan and the loan-to-value ratio. Till fiscal 2013, residential loans of Rs. 7.5 million and above had a risk weight of 125.0%, irrespective of the loan-to-value ratio. This was revised in June 2013 with the risk weight lowered to 75.0% up to a loan-to-value ratio of 75.0%. Further, a new sub-sector for residential housing was formed within the commercial real estate category in June 2013 called commercial real estate — residential housing. This segment has a risk weight of 75.0%. Credit exposures to commercial real estate, excluding residential housing, are risk-weighted at 100.0%. Further, restructured housing loans have an additional risk weight of 25.0%. Credit exposures to rated corporations other than specified categories such as commercial real estate, non-deposit taking systemically important non-banking financial companies, venture funds and capital markets are risk-weighted based on the external credit ratings at a facility level, with the risk weight ranging from 20% to 150% and unrated corporate exposures being risk-weighted at 100%. Credit exposures to non-deposit taking systemically important non-banking finance companies are risk-weighted at 100.0%, exposures to

capital markets are risk-weighted at 125% and exposures to venture capital funds are risk-weighted at 150.0%. Further, equity shares of corporations acquired by banks as part of a strategic debt restructuring of the loan account would be risk-weighted at 150%. Capital requirements for market risk are applicable to the trading book exposure (including derivatives) and securities included in the available-for-sale category. Capital requirements for operational risk are computed based on 15% of average of gross income for the previous three financial years. Central counterparties are treated as financial institutions for the purpose of capital adequacy. Capital requirements are defined based on the nature of the central counterparty, and a bank may consider holding capital in excess of the minimum requirement if the exposures are more risky or there is no clarity on the nature of the central counterparty.

The Reserve Bank of India has issued a timetable for the migration of Indian banks to the advanced approaches under the Basel II framework. Banks intending to migrate to the internal models approach for market risk and the standardized approach for operational risk are required to apply to the Reserve Bank of India after April 1, 2010. Banks intending to migrate to the advanced measurement approach for operational risk and internal ratings-based approaches for credit risk are required to apply to the Reserve Bank of India after April 1, 2012. In addition, in December 2011, the Reserve Bank of India issued guidelines on the internal ratings-based approach for calculating capital charges for credit risk. These guidelines prescribe the minimum loss given

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default levels to be considered for capital adequacy computation and treat restructured assets as non-performing assets for capital adequacy purposes. ICICI Bank is in the process of implementing various projects for migrating to the advanced approaches.

Under Pillar 2 of the Basel framework, banks are required to develop and put in place, with the approval of their boards, an Internal Capital Adequacy Assessment Process commensurate with their size, level of complexity, risk profile and scope of operations. The Reserve Bank of India has also issued guidelines on stress testing to advise banks to put in place appropriate stress testing policies and frameworks, including "sensitivity tests" and "scenario tests", for the various risk factors, the details and results of which are included in the Internal Capital Adequacy Assessment Process. The Reserve Bank of India issued updated guidelines on stress testing in December 2013. According to the guidelines, banks have to carry out stress tests for credit risk and market risk to assess their ability to withstand shocks. The guideline contains the overall objectives, governance, design and the implementation of stress testing programme. Banks are required to carry out risk factor based stress testing, scenario based stress testing and stress testing by employing shocks on a bank's portfolio at a standalone and group level. In addition, banks are required to create a reverse stress testing framework by March 31, 2015. Banks are classified into three categories based on size of risk-weighted assets. Complex and severe stress testing would be carried out by banks with risk-weighted assets of more than Rs. 2,000.0 billion.

Loan Loss Provisions and Non-Performing Assets

The Reserve Bank of India consolidated its instructions and guidelines relating to income recognition, asset classification and provisioning standards issued until June 30, 2015 in the Master Circular on "Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances" dated July 1, 2015.

The principal features of the Reserve Bank of India guidelines, which have been implemented with respect to our loans, debentures, lease assets, hire purchases and bills in our Indian GAAP financial statements, are set forth below.

Asset Classification

A non-performing asset is an asset in respect of which any amount of interest or principal is overdue for more than 90 days. In particular, an advance is a non-performing asset where:

· interest and/or installment of principal remains overdue for a period of more than 90 days in respect of a term loan;

- the account remains "out-of-order" (as defined below) in respect of an overdraft or cash credit;
- the bill remains overdue for a period of more than 90 days in case of bills purchased and discounted;
- installment of principal or interest remains overdue for two crop seasons for short duration crops or for one crop season for long duration crops;
- the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in accordance with the Reserve Bank of India guidelines on securitization issued on February 1, 2006;
- in respect of derivative transactions, the overdue receivables related to positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment; or
- in respect of credit card transactions, if the minimum amount due, as mentioned in the statement, remains overdue for a period of more than 90 days from the the payment due date mentioned in the statement.

An account is treated as "out-of-order" if the outstanding balance remains continuously in excess of the approved drawing limit for 90 days. In circumstances where the outstanding balance in the principal operating account is less than the approved drawing limit, but (i) there are no credits continuously for a period of 90 days as of the date of the balance sheet of the bank or (ii) the credits are not sufficient to cover the interest debited during the same period, these accounts are treated as "out-of-order".

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Interest in respect of non-performing assets is not recognized or credited to the income account unless collected.

Non-performing assets are classified as described below.

Sub-Standard Assets: Assets that are non-performing assets for a period not exceeding 12 months. Such an asset has well-defined credit weaknesses that jeopardize the liquidation of the debt and are characterized by the distinct possibility that the bank will sustain some loss, if deficiencies are not corrected.

Doubtful Assets: Assets that are non-performing assets for more than 12 months. A loan classified as doubtful has all the weaknesses inherent in assets that are classified as sub-standard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.

Loss Assets: Assets on which losses have been identified by the bank or internal or external auditors or during the Reserve Bank of India inspection but the amount has not been written off fully.

There are separate guidelines for classification of loans for projects under implementation which are based on the date of commencement of commercial production and date of completion of the project as originally envisaged at the time of financial closure. For infrastructure projects, a loan is classified as non-performing if it failed to commence commercial operations within two years from the documented date of commencement and for non-infrastructure projects, the loan is classified as non-performing if it failed to commence operations within 12 months from the documented date of commencement.

Restructured Loans

The Reserve Bank of India has separate guidelines for restructured loans. Up to year-end fiscal 2015, a fully secured standard loan (other than in specified categories such as personal loans, capital market exposures and commercial real estate exposures) could be restructured by rescheduling the principal repayment and/or the interest element without being classified as non-performing subject to compliance with prescribed conditions, but separately disclosed as a standard restructured loan. The classification of restructured loans as standard restructured loan was subject to compliance with certain conditions such as the loans being fully secured, promoter’s contribution, including additional funds brought in, comprising at least 20% of the restructured debt amount, and the account being restructured for the first time. Accounts restructured after April 1, 2015, are required to be classified as non-performing, except for restructuring of project loans on account of delay in commencement of operations (as discussed below) and accounts where the restructuring was proposed prior to April 1, 2015 but effected subsequent to that date.

With regard to restructuring of project loans, any extension in repayment of the loan beyond the prescribed period (two years for infrastructure projects and one year for non-infrastructure projects) of the date of commencement of commercial operations from the originally planned dateis treated as a restructuring of the account. In cases where projects under implementation have been stalled primarily due to inadequacies of the existing promoters and there is a change in the ownership and management of the borrowing entity, a further period of extension of the date of commencement of commercial operations was permitted by two years.

Standard restructured loans are subject to higher standard asset provisioning requirements and higher risk weights for capital adequacy purposes. The higher standard asset provisioning requirements continue for two years from the commencement of the first payment of interest or principal, whichever is later on the credit facility with the longest period of moratorium. The higher risk weights continue until satisfactory performance under the revised payment schedule has been established for one year from the date when the first payment of interest/principal falls due under the revised schedule. Restructured loans continue to be classified as such until they cease to be subject to the higher standard asset provisioning and/or risk weight requirements. If the restructured account is overdue as per the revised schedule for a period beyond the minimum period prescribed for classification of a loan as non-performing, it is required to be downgraded to non-performing status with reference to the pre-restructuring payment schedule.

In June 2015, the Reserve Bank of India issued guidelines on strategic debt restructuring. The guidelines provide for conversion of debt into equity and acquisition of majority ownership of the borrower by banks. On conversion of debt into equity, banks are allowed to continue with the current asset classification for an 18-month period. On transfer of ownership to a new sponsor, the asset can be upgraded to the standard category and refinancing of the debt is allowed without such refinancing being treated as a restructuring. However, in the event a new sponsor is not identified within the 18 month period, the bank has to revert to the earlier asset classification norm as was applicable prior to the stand-still in asset classification.

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Loans classified as sub-standard and doubtful assets can also be restructured. Non-performing accounts on restructuring can be upgraded only when all the outstanding loans or facilities in the account perform satisfactorily for a period of at least one year from the commencement of the first payment of interest or principal, whichever is later, on the credit facility with the longest period of moratorium.

Since fiscal 2014, banks have been mandated to disclose further details on accounts restructured in their annual reports. This includes disclosing accounts restructured on a cumulative basis excluding the standard restructured accounts which cease to attract higher provision and/or higher risk weight, the provisions made on restructured accounts under various categories and details of movement of restructured accounts.

Provisioning and Write-Offs

Provisions under Indian GAAP are based on guidelines specific to the classification of the assets. The following guidelines apply to the various asset classifications:

- *Standard Assets*: The allowances on the performing portfolios are based on guidelines issued by the Reserve Bank of India. The provisioning requirement is a uniform rate of 0.4% for all standard assets except —

- direct advances to agricultural and the small and micro enterprise sectors, which attract a provisioning requirement of 0.25%,

- advances to commercial real estate residential and non-residential sectors which attract a provisioning requirement of 0.75% and 1.0% respectively,

- housing loans, where such loans are made at comparatively lower interest rates for the first years of the loan after which the rates are reset at higher rates, which attract a provisioning requirement of 2.0%.

Further, an additional provision between 0%-0.8% is required from April 1, 2014 on standard loans to entities having unhedged foreign currency exposure. Banks also have to make an accelerated provision of 5.0% on the loans overdue for 61-90 days and where the formation of the joint lenders' forum, required for such accounts, has been delayed. See also "-*Framework for Early Identification of Stress and Information Sharing*". Further, standard loans require a higher provision of 5.0% in case any director of the company appears more than once in the list of wilful defaulters.

A standard asset provision of 5.0% is required for accounts restructured from June 1, 2013. The standard asset provision required on accounts restructured before June 1, 2013 has also been increased to 3.5% from March 31, 2014, 4.25% from March 31, 2015 and 5.0% from March 31, 2016.

- *Sub-Standard Assets*: A provision of 15.0% is required for all sub-standard assets as compared to the previous requirement of 10.0%. A provision of 25.0% is required for accounts that are unsecured. Unsecured infrastructure loan accounts classified as sub-standard require provisioning of 20.0%.

- *Doubtful Assets*: A 100.0% provision/write-off is required against the unsecured portion of a doubtful asset and is charged against income. With effect from fiscal 2012, for the secured portion of assets classified as doubtful, a 25.0% provision is required for assets that have been classified as doubtful for a year (compared to 20.0% through fiscal 2011), a 40.0% provision is required for assets that have been classified as doubtful for one to three years (compared to a 30.0% provision required through fiscal 2011) and a 100.0% provision is required for assets classified as doubtful for more than three years. The value assigned to the collateral securing a loan is the amount reflected on the borrower's books or the realizable value determined by third party appraisers.

- *Loss Assets*: The entire asset is required to be written off or provided for.

Restructured Loans: The provision on restructured loans is required to be equal to the difference between the fair value of the loan before and after restructuring. The fair value of the loan before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the loan before restructuring and the principal. The fair value of the loan after restructuring is computed as the present

value of cash flows representing the interest at the rate charged under the loan's restructured terms and the principal. Both sets of cash flows are discounted at the bank's base rate as on the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of restructuring. In July 2015, the Reserve Bank of India issued guidelines on the discount rate for computing the present value of future cash flows of a restructured account. The guideline prescribes that a rate equal to the actual interest rate charged to the borrower before restructuring should be used to discount the future cash flows for the purpose of determining the diminution in fair value of the loan on restructuring. A weighted average interest rate may be used as the discounting rate for accounts having multiple credit facilities with varying interest rates.

The Reserve Bank of India has issued prudential norms on creation and utilization of floating provisions (i.e., provisions which are not made in respect of specific non-performing assets or are made in excess of regulatory requirements for provisions for standard assets). The norms state that floating provisions can be used only for contingencies under extraordinary circumstances for making specific provisions against non-performing accounts after obtaining approval from the board of directors and with the prior permission of the Reserve Bank of India. Floating provisions for advances and investments must be held separately and cannot be reversed by credit to the profit and loss account. Until utilization of such provisions, they can be netted off from gross non-performing assets to compute the net non-performing assets. Alternatively, floating provisions could be treated as part of tier II capital within the overall ceiling of 1.25% of total risk-weighted assets for inclusion of general provisions and loss reserves in tier II capital. Floating provisions do not include specific voluntary provisions made by banks for advances which are higher than the minimum provision stipulated by the Reserve Bank of India guidelines.

In October 2009, the Reserve Bank of India advised Indian banks to increase their total provisioning coverage ratio, including floating provisions and prudential/technical write-offs, to 70% by September 30, 2010. The Reserve Bank of India allowed the banks to include prudential/technical write-off in both the gross non-performing assets and the provisions held in the calculation of provisioning coverage ratio. The Reserve Bank of India permitted us to achieve the stipulated level of provisioning coverage of 70% in a phased manner by March 31, 2011. We reached the required 70% in December 2010. In April 2011, the Reserve Bank of India stipulated that banks would be required to maintain their provisioning coverage ratios with reference to their gross non-performing assets position at September 30, 2010 and not on an ongoing basis. The Reserve Bank of India further clarified that any surplus provisioning should not be written back but should be segregated into a "counter-cyclical provisioning buffer" and that banks will be allowed to use this buffer to make specific provisions for non-performing assets during a system-wide downturn. For instance, considering the slowdown in economic growth and rising asset quality concerns during fiscal 2014, as a counter-cyclical measure, the Reserve Bank of India allowed banks to utilise up to 33.0% of the counter-cyclical provisioning buffer or floating provisions held as on March 31, 2013, for making accelerated or additional provisions towards non-performing assets during fiscal 2014. Further, in March 2015, the Reserve Bank of India increased the limit to 50.0% of the counter-cyclical provisioning buffer or floating provisions held as on December 31, 2014, for making accelerated or additional provisions towards non-performing assets during fiscal 2015. See also "*Risk Factors—Risks Relating to Our Business— Further deterioration of our non-performing asset portfolio combined with an increase in Reserve Bank of India requirements on provisioning could adversely affect our business and profitability*".

To limit the volatility of loan loss provisioning over the course of an economic cycle, the Reserve Bank of India released a discussion paper on a dynamic loan loss provisioning framework in March 2012. The framework proposes

to replace the existing general provisioning standards and recommends that banks make provisions on their loan book every year based on historical loss experience in various categories of loans. In those years where the bank's actual provisions are higher than the computed dynamic provisions requirement, the bank can draw down from existing dynamic provisions to the extent of the difference, subject to the retention of a specified minimum level of dynamic provisions. The final guidelines on the dynamic provisioning framework and its implementation have not been issued. The Reserve Bank of India indicated in early 2014 that the framework would be implemented as economic conditions improve along with an improvement in the banking system. In the meantime, banks are expected to develop necessary capabilities to compute their long term average annual expected loss for different asset classes in a step towards switching to the dynamic provisioning framework.

Guidelines on Sale and Purchase of Non-performing Assets

In order to provide banks with option to resolve their non-performing assets, the Reserve Bank of India issued guidelines on the sale and purchase of non-performing assets among banks, financial institutions and non-bank finance companies. As per these guidelines, the board of directors of the bank must establish a policy for the purchase and sale of non-performing assets. Purchases and sales of non-performing assets must be without recourse to the seller and on a cash basis, with the entire consideration being paid upfront. The purchasing bank must hold the non-performing asset on its books for at least 12 months before it can sell the asset to another bank. The asset cannot be sold back to the original seller.

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Guidelines Relating to Use of Recovery Agents by Banks

In April 2008, the Reserve Bank of India issued guidelines for those banks which are engaging recovery agents. The Reserve Bank of India has asked banks to put in place a due diligence process for the engagement of recovery agents, structured to cover, among others, individuals involved in the recovery process. Banks are expected to communicate details of recovery agents to borrowers and have in place a grievance redressal mechanism pertaining to the recovery process. The Reserve Bank of India has advised banks to initiate a training course for current and prospective recovery agents to ensure prudent recovery practices. In case of persistent complaints received by the Reserve Bank of India regarding violation of guidelines, the Reserve Bank of India may consider imposing a ban on the bank from engaging recovery agents.

Regulations Relating to Sale of Assets to Asset Reconstruction Companies

The Securitization Act, also known as the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), provides for the sale of financial assets by banks and financial institutions to asset reconstruction companies. The Reserve Bank of India has issued guidelines to banks on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank may sell financial assets to an asset reconstruction company provided the asset is a non-performing asset. These assets are to be sold on a 'without recourse' basis, only. A bank may sell a standard asset only if the borrower has a consortium or multiple banking arrangements, at least 75.0% by value of the total loans to the borrower are classified as non-performing and at least 75.0% by value of the banks and financial institutions in the consortium or multiple banking arrangements agree to the sale. In fiscal 2015, the Reserve Bank of India had also permitted banks to sell standard loans overdue for more than 60 days and reported as special mention accounts to asset reconstruction companies. The banks selling financial assets should ensure that there is no known liability devolving on them and that they do not assume any operational, legal or any other type of risks relating to the financial assets sold. Further, banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realization. However, banks may sell specific financial assets with an agreement to share in any surplus realized by the asset reconstruction company in the future. While each bank is required to make its own assessment of the value offered in the sale before accepting or rejecting an offer for purchase of financial assets by an asset reconstruction company, in consortium or multiple banking arrangements where more than 75.0% by value of the banks or financial institutions accept the offer, the remaining banks or financial institutions are obliged to accept the offer. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass-through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets. Banks can also invest in security receipts or pass-through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets. The Reserve Bank of India has also issued guidelines governing the affairs of securitization and reconstructions companies. The guideline provides norms relating to period of realization of assets by securitization and reconstruction company, mandatory holding of security receipts, period for formulating plan of recovery etc.

Banks are also allowed to reverse the excess provision in case a non-performing asset is sold to asset reconstruction companies at a value which is higher than the net book value subject to realization in cash and necessary disclosures. The quantum of excess provision reversed to the profit and loss account is limited to the extent to which cash received

exceeds the net book value of the non-performing assets sold. In the event the sale value is lower than the net book value, banks are allowed to spread over the shortfall from sale of non-performing assets over a period of two years as per guidelines issued in May 2015. This dispensation is available only for non-performing assets sold up to March 31, 2016. Further, securitization companies and asset reconstruction companies are not permitted to acquire any non-performing financial assets from their sponsor banks on a bilateral basis. However, they may participate in auctions of non-performing assets by their sponsor banks.

Pursuant to the powers conferred on the Government under section 20 of the SARFAESI Act, the Ministry of Finance established the central electronic registry, which became operational from March 31, 2011. Henceforth, all transactions relating to securitization, reconstruction of financial assets and the transactions relating to mortgage by deposit of title deeds to secure any loan or advances granted by banks and financial institutions are to be registered in the central electronic registry within 30 days of such transaction. The records will be available for search by any lender or any other person interested in dealing with the property and are designed to prevent frauds involving multiple lending against the same security as well as to prevent fraudulent sale of property without disclosing any existing security interest over such property.

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Framework for Early Identification of Stress and Information Sharing

In January 2014, the Reserve Bank of India issued a "Framework for Revitalizing Distressed Assets in the Economy". The framework outlines an action plan for early identification of problem cases, creating a central repository of information on large credits, timely restructuring of accounts which are considered to be viable, and taking prompt steps by banks for recovery or sale of unviable accounts. Accounts have to be categorised into 'special mention accounts' based on specified criteria. Joint lenders' forums are required to be formed to formulate corrective action plans within stipulated timelines, and in case the forum fails to agree on an action plan, it would result in accelerated provisioning. An independent evaluation of large value restructuring with a focus on viability and fair sharing of gains and losses between promoters and creditors has been mandated. The framework is effective from April 1, 2014. The joint lenders' forum can restructure an account either through the Corporate Debt Restructuring mechanism or independently. See also "*Overview of the Indian Financial Sector-Legislative Framework for Recovery of Debts due to Banks-Joint Lenders' Forum*". Wilful defaulters will normally not be eligible for restructuring, unless the joint lenders' forum on assessment concludes that the account can be restructured.

The Reserve Bank of India issued guidelines in May 2015 providing a framework for dealing with loan frauds. The guidelines relate to detection, reporting and monitoring of fraud accounts. They prescribe continuous monitoring and red flagging of accounts based on early warning signals for accounts above Rs. 500 million. They also require reporting frauds on the Reserve Bank of India's central repository of information on large credits for dissemination to other banks and decision-making by the joint lenders' forum in case of consortium or multiple banking arrangements. The framework also illustrates checks/investigations during the different stages of the loan life-cycle and timelines have been defined to complete the due diligence for evaluation of an account. Restructuring or grant of additional facilities would not be available in case of fraud or red flagged accounts.

Regulations Relating to Making Loans

The provisions of the Banking Regulation Act govern the making of loans by banks in India. The Reserve Bank of India also issues directions covering the loan activities of banks. These directions and guidelines issued by the Reserve Bank of India have been consolidated annually in the Master Circular on "Loans and Advances —Statutory and Other Restrictions" dated July 1, 2015. These guidelines and directions are revised from time to time by the Reserve Bank of India.

Banks are free to determine their own lending rates but each bank must disclose its base rate. The base rate, which takes into consideration all elements of lending rates that are common across borrowers, replaced the benchmark prime lending rate as the standard on July 1, 2010. The base rate is also applicable for loans renewed from July 1, 2010. The base rate is the minimum rate for all loans; banks are not permitted to lend below the base rate except for Differential Rate of Interest advances, loans to banks' own employees and loans to banks' depositors against their own deposits. Accordingly, the earlier stipulation of the benchmark prime lending rate as the ceiling rate for loans of up to Rs. 200,000 has been withdrawn. Further, banks are permitted to determine their final lending rates on loans and

advances with reference to the base rate and by including such other customer specific charges as they consider appropriate. Until such time that loans linked to the benchmark prime lending rate exist, banks must announce both the benchmark prime lending rate and the base rate. In April 2014, the Reserve Bank of India's Working Group on Pricing of Credit submitted its report proposing to increase transparency and fairness in credit pricing. The committee has recommended that banks should compute the base rate on the basis of marginal cost of funds and there should be a board approved policy delineating the various components that determine the spread that is charged to a customer. It is further recommended that the spread charged to a customer cannot be increased except when the credit risk profile of the customer deteriorates. Also, the periodicity of the interest rate reset should be notified in advance at the time of making the loan, and any change in interest rates can be made only on pre-specified dates irrespective of the changes made in the base rate. Banks should be able to demonstrate to the Reserve Bank of India the rationale of the pricing policy. Based on the recommendations of the committee, in January 2015, the Reserve Bank of India revised the guidelines on the methodology for calculation of base rate. According to the guidelines, banks will have the flexibility to choose the methodology for calculating the cost of funds, the basis for which could include the average cost of funds or marginal cost of funds. The interest rate on deposits forming part of the calculation, should be chosen for the tenor having the largest share in the deposit base of the bank. Further, banks are required to review the methodology every three years against the earlier requirement of five years. These guidelines are effective from February 19, 2015. Subsequently, the Reserve Bank of India has indicated that banks should consider calculating cost of funds on the basis of marginal cost of funds.

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Under Section 20(1) of the Banking Regulation Act, a bank cannot grant any loans and advances against the security of its own shares and a banking company is prohibited from entering into any commitment for granting any loans or advances to or on behalf of any of its directors, or any firm in which any of its directors is interested as partner, manager, employee or guarantor, or any company (not being a subsidiary of the banking company or a company registered under Section 25 of the Companies Act or a government company) of which, or the subsidiary or the holding company of which any of the directors of the bank is a director, managing agent, manager, employee or guarantor or in which he holds substantial interest, or any individual in respect of whom any of its directors is a partner or guarantor. There are certain exemptions in this regard as the explanation to the section provides that 'loans or advances' shall not include any transaction which the Reserve Bank of India may specify by general or special order as not being a loan or advance for the purpose of this section.

There are guidelines on loans against equity shares in respect of amount, margin requirement and purpose. The Reserve Bank of India has issued guidelines requiring banks to put in place a policy for exposure to real estate with the approval of their boards. The policy should include exposure limits, collaterals to be considered, collateral cover and margins and credit authorization. The Reserve Bank of India has also permitted banks to extend financial assistance to Indian companies for acquisition of equity in overseas joint ventures or wholly owned subsidiaries or in other overseas companies, new or existing, as strategic investment. Banks are not permitted to finance acquisitions by companies in India. With regard to mortgages, the Reserve Bank of India has imposed a ceiling of 75.0% on the loan-to-value ratio in respect of housing loans exceeding Rs. 7.5 million. However, small value loans of less than Rs. 2.0 million are permitted to have a loan-to-value ratio not exceeding 90.0% and loans from Rs. 2.0 million to Rs. 7.5 million can have a loan-to-value ratio of 80%. For loans where the cost of the house/dwelling unit is less than Rs. 1.0 million, the Reserve Bank of India allowed banks to include stamp duty, registration and other documentation charges to the cost of the house/dwelling unit for the purpose of calculating the loan-to-value ratio from March 2015.

In November 2012, the Reserve Bank of India issued instructions regarding sharing of information relating to credit, derivatives and unhedged foreign currency exposures among banks and to put in place an effective mechanism for information sharing. Also, from January 1, 2013, sanction of fresh loans and renewal of loans to new and existing borrowers should be done only after obtaining/sharing necessary information. In September 2013, the Reserve Bank of India announced the creation of a central repository of large common exposures across banks, to be based on submissions made by banks to the Reserve Bank of India on exposures of more than Rs. 100.0 million to individuals and entities.

In order to ensure adequate credit flow to infrastructure projects, the Reserve Bank of India allowed banks to issue long-term bonds for financing infrastructure projects and low-cost housing in July 2014. These bonds must have a minimum maturity of seven years and are exempted from reserve requirements, such as cash reserve ratio and statutory liquidity ratio, and are also permitted to be deducted from adjusted net bank credit for the purpose of priority sector lending targets.

The Reserve Bank of India has also issued guidelines in July 2014 permitting flexible structuring of long-term project loans to infrastructure and other core industries. According to the guidelines, banks are permitted to structure long-term project loans with the intent of refinancing these loans at periodic intervals without such refinancing being

considered as restructuring. Such loans could have tenors linked to the economic life of the project and can extend up to 25 years. The amortisation schedule of the loans can be modified once during the course of the loan without classifying them as restructured loans provided they meet certain specific requirements, such as being a standard asset with no loss on the net present value and the debt amortisation is scheduled within 85.0% of the economic life of the project. In December 2014, the flexible structuring of project loans to infrastructure and core industries was further extended to include existing project loans.

In August 2014, the Reserve Bank of India issued guidelines with regard to refinancing of existing project loans. According to the guidelines, banks are permitted to refinance such loans by way of full or partial take-out financing, even without a pre-determined agreement with other banks, without such refinancing being considered as restructuring. In the case of partial take-out financing, a minimum 25.0% of the outstanding loan value must be taken over by the new set of lenders as against the earlier requirement of 50.0%. Also, the total exposure of all institutional lenders to such projects must be a minimum of Rs. 10.0 billion. This facility would be available only once during the life of the existing project loan.

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Directed Lending

Priority Sector Lending

The guidelines on lending to priority sector require commercial banks to lend a certain percentage of their adjusted net bank credit to specific sectors (the priority sectors), such as agriculture, micro and small enterprises, micro-credit, education and housing finance. The target for total priority sector advances is set at 40.0% of adjusted net bank credit (which is net bank credit plus those investments made by banks in non-statutory liquidity bonds that are included in the held-to-maturity category minus recapitalization bonds floated by the government) or of the credit equivalent amount of off-balance sheet exposure, whichever is higher as of March 31 of the previous fiscal year. Of the total priority sector advances, agricultural advances are required to be 18.0% of adjusted net bank credit. The advances to weaker sectors are required to be at 10.0% of the adjusted net bank credit. Advances to the agricultural sector are further divided into "direct lending", with a target of 13.5% of adjusted net bank credit and "indirect lending", with a target of 4.5% of adjusted net bank credit.

The priority sector guidelines have been revised periodically. The revisions to the guidelines in July 2012 included classifying loans up to Rs. 20.0 million to corporates or cooperatives directly engaged in agriculture and related activities as direct finance to agriculture and the residual amount under indirect agriculture lending; lending to a small or micro enterprise in the services sector was capped at Rs. 10 million; investments by banks in securitised assets; outright purchases of loans and assignments were eligible for classification under priority sector if the underlying assets themselves qualified for such treatment. The interest rates charged to ultimate borrowers by the originating entities in such transactions were capped for such transactions to be classified as priority sector. However, the Reserve Bank of India maintained the priority sector lending targets including the overall target of 40% of adjusted net bank credit and sub-target of 18% towards agriculture lending. Further, the priority sector target for foreign banks with 20 or more branches in India were brought on par with domestic banks with their target increasing from 32% of adjusted net bank credit to 40%.

In October 2012, advances to housing finance companies for on-lending towards house purchase of upto Rs. 1.0 million per borrower were included under priority sector. Further, in May 2013, the Reserve Bank of India enhanced the loan limit on certain categories of priority sector lending. The categories included micro and small enterprises in the services sector where the loan limit was enhanced from Rs. 20.0 million to Rs. 50.0 million, bank loans to dealers/sellers of fertilizers, pesticides, seeds, cattle feed, poultry feed, agricultural implements and other inputs where the loan limit was enhanced from Rs. 10.0 million to Rs. 50.0 million and pledge loans to individual farmers and corporates engaged in agricultural activities from Rs. 2.5 million to Rs. 5.1 million.

Fresh loans to non-banking finance companies for on-lending to individuals were removed from priority sector effective from April 1, 2011. Loans to microfinance institutions, including non-banking finance companies operating as microfinance companies prior to April 1, 2011, for on-lending to individuals continue to be eligible for classification under the priority sector category. However, banks have to ensure that microfinance companies comply

with the restrictions prescribed by the Reserve Bank of India on margins and interest rates charged on individual loans. Further, loans sanctioned to non-banking finance companies which are then lent onwards to individuals and entities with gold jewellery as collateral are excluded from classification as direct agriculture lending under priority sector requirements since February 2011. Similarly, investments made by banks in securitised assets originated by non-banking finance companies, where the underlying assets were loans against gold jewellery, and the purchase/assignment of a gold loan portfolio from non-banking finance companies were also made ineligible for classification under agriculture sector lending.

Banks falling short of their priority sector lending targets are required to contribute amounts equivalent to the shortfall to specific government funds like the Rural Infrastructure Development Fund, established by the National Bank for Agriculture and Rural Development, or funds with other financial institutions. The allocation of amounts among the banks is decided by the Reserve Bank of India. The contribution is made by subscribing to bonds issued with a maturity of up to seven years. The interest rates on these contributions are below market rates and are generally set depending on the bank rate as set by the Reserve Bank of India. In May 2014, the Reserve Bank of India issued guidelines allowing banks to include the outstanding mandated investments in these government funds at March 31 of the fiscal year to be treated as part of indirect agriculture and count towards overall priority sector target achievement. Investments at March 31 of the preceding year would also be included in the adjusted net bank credit which forms the base for computation of the priority sector and sub-segment lending requirements. In December 2014, the Reserve Bank of India issued changes to the classification of shortfall and interest rates payable to banks on funds placed with the National Bank for Agriculture and Rural Development, the Small Industries Development Bank of India and the National Housing Bank towards shortfall in meeting priority sector obligations.

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Considering the volatility in the currency market, as a one-time measure in fiscal 2014, the Reserve Bank of India allowed incremental foreign currency non-resident bank deposits and non-resident (external) rupee deposits with a maturity of three years and above to be exempted from maintenance of reserve requirements including cash reserve ratio and statutory liquidity ratio. This benefit was available on deposits received between July 26, 2013 and March 7, 2014. Advances extended against such incremental foreign currency deposits were allowed to be excluded from the computation of adjusted net bank credit for priority sector lending targets. These advances would be eligible for exclusion from adjusted net bank credit till their repayment. Further, in fiscal 2015, the Reserve Bank of India allowed banks to issue long-term bonds for financing infrastructure and low-cost housing. The amount raised by way of these bonds is permitted to be excluded from adjusted net bank credit for the purpose of computing priority sector lending targets, except to the extent that the lending against these bonds is included in priority sector lending.

The Reserve Bank of India released revised priority sector lending guidelines in April 2015. These revised priority sector guidelines are applicable from fiscal 2016. The overall target for priority sector lending would continue to be 40.0% of adjusted net bank credit; sub-targets for direct and indirect lending to agriculture were combined and sub-targets of 8.0% for lending to small and marginal farmers and 7.5% lending target to micro-enterprises were introduced. These sub-targets are to be achieved in a phased manner by March 2017. Sectors qualifying for priority sector lending have been broadened to include medium enterprises, social infrastructure and renewable energy. Priority sector lending achievements would be evaluated on a quarterly average basis from fiscal 2017. According to the guidelines, foreign banks with less than 20 branches will also now be required to meet priority sector lending targets of 40.0% of adjusted net bank credit, on par with domestic banks by fiscal 2020. Further, in July 2015, the Reserve Bank of India has directed banks to maintain direct lending to non-corporate farmers at the banking system's average level for the last three years, failing which banks will attract penalties for shortfall. The Reserve Bank of India would notify the banking system's average level at the beginning of each year. The Reserve Bank of India has also directed banks to continue to pursue the target of 13.5% of adjusted net bank credit towards lending to borrowers who constituted the direct agriculture lending category under the earlier guidelines.

The Reserve Bank of India is also focused on promoting financial inclusion, and has envisaged a number of steps in this direction. The Committee on Comprehensive Financial Services for Small Businesses and Low-income Households, in its report released in January 2014, has proposed a differentiated banking system with creation of new payments and wholesale banks. These banks would have lower capital requirements and limited area of operations. The committee has further recommended giving certain non-bank entities direct access to the settlement systems and allowing non-deposit taking non-bank finance companies to act as business correspondents. The committee has also proposed a new framework for priority sector lending along with a new method for computation of priority sector targets based on district or sector wise credit penetration.

In November 2014, the Reserve Bank of India released final guidelines on licensing of payment and small finance banks. The minimum capital requirement of small banks and payments banks is Rs. 1.0 billion, of which the promoters' initial minimum contribution would be at least 40.0% with a lock-in period of five years. According to the guidelines, payments banks are permitted to accept only demand deposits not exceeding Rs. 100,000 per individual customer, required to invest 75.0% of deposits in government securities of up to one year maturity and are allowed to sell credit products of other banks as business correspondents. Also, a promoter/promoter group can enter into a joint venture with an existing bank whereby the bank can invest up to 30.0% equity stake in payment banks. Small banks can provide all basic banking products with at least 50.0% of their portfolio consisting of loans up to Rs. 2.5 million

and meet the priority sector lending requirement of 75.0% of adjusted net bank credit. There will be no restrictions on small banks in the area of operations. Forty-one applications for payment bank licenses and 72 applications for small finance bank licenses were submitted to the Reserve Bank of India.

With a view to ensure adequate flow of credit to the micro and small enterprises, in April 2014 the Reserve Bank of India advised banks to provide differential interest rates for such borrowers. While pricing the loan, banks have to take into account incentives made available to micro and small enterprises in the form of credit guarantee cover and the zero risk weight applicable to such guaranteed loans for capital adequacy purposes. However, the differential rate of interest cannot be below the base rate of the bank.

Export Credit

The Reserve Bank of India also requires commercial banks to make loans to exporters at concessional rates of interest. This enables exporters to have access to an internationally competitive financing option. Pursuant to existing guidelines, 12.0% of a bank's adjusted net bank credit is required to be in the form of export credit. This target is in addition to the priority sector lending mandate of 40.0% of adjusted net bank credit. We provide export credit for pre-shipment and post-shipment requirements of exporter borrowers in rupees and foreign currencies. In May 2014, the Reserve Bank of India allowed exporters with a satisfactory track record of at least three years to receive long-term export advance at concessional rates for execution of long-term supply contracts up to a maximum period of 10 years.

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Credit Exposure Limits

As a prudential measure aimed at better risk management and avoidance of concentration of credit risks, the Reserve Bank of India has prescribed credit exposure limits for banks and long-term lending institutions in respect of their lending to individual borrowers and to all companies in a single group (or sponsor group). These measures are consolidated in the Reserve Bank of India's Master Circular on exposure norms dated July 1, 2015. The limits currently set by the Reserve Bank of India are as follows:

- The exposure ceiling for a single borrower is 15.0% of capital funds and group exposure limit is 40.0% of capital funds. In case of financing for infrastructure projects, the exposure limit to a single borrower may be extended by another 5.0% (i.e., up to 20.0% of capital funds) and the group exposure limit may be extended by another 10.0% (i.e., up to 50.0% of capital funds). The exposure limit in respect of single borrower was raised to 25.0% of capital funds for oil companies that were issued oil bonds by the government of India. Banks may, in exceptional circumstances, with the approval of their board of directors, consider enhancement of the exposure to a borrower up to a maximum of further 5.0% of capital funds, subject to the borrower consenting to the banks making appropriate disclosures in their annual reports.

- Exposures to public sector undertakings are exempted from group exposure limits.

- Capital funds are the total capital as defined under capital adequacy norms (tier I and tier II capital).

- Exposure shall include credit exposure (funded and non-funded credit limits) and investment exposure (including underwriting and similar commitments). Non-fund based exposures are calculated at 100.0% and in addition, banks need to include exposure on account of forward contracts in foreign exchange and other derivative products, like currency swaps and options, computed in accordance with the current exposure method at their replacement cost value in determining individual or group borrower exposure ceilings.

The Reserve Bank of India requires banks to fix internal limits of exposure to specific sectors. These limits are subject to periodical review by the banks. We have fixed a ceiling of 15.0% on our exposure to any one industry (other than retail loans) and monitor our exposures accordingly.

As an interim measure to promote a central clearing of standardized over-the-counter derivative products through a central counterparty, in January 2014, the Reserve Bank of India issued guidelines allowing a bank's clearing exposure to qualifying central counterparties to be outside of the ceiling of 15.0% of its capital funds applicable to a single counterparty. Other exposures to qualifying central counterparties such as loans, credit lines, investments in the capital of central counterparty, liquidity facilities, etc. would continue to be within the existing ceiling of 15.0% of capital funds to a single counterparty. However, all exposures of a bank to a non-qualifying central counterparty should be within the exposure ceiling of 15.0%.

In March 2015, the Reserve Bank of India released a discussion paper on a large exposures framework and enhancing credit supply through market mechanism. The framework proposes a limit of 25.0% of the eligible capital base in respect of exposures to each counterparty, which will include a group of connected counterparties. The group will be identified on the basis of economic interdependence and the eligible capital base is defined as the tier 1 capital of the bank as against the current norm of total capital funds.

Limits on Exposure to Non-banking Finance Companies

The guidelines restrict each bank's exposure to non-banking finance companies, excluding asset financing and infrastructure financing companies, to 10.0% of the bank's capital funds as per the last audited balance sheet. Exposure to non-banking asset finance companies/infrastructure finance companies has been restricted to 15.0% of bank's capital funds and to non-banking gold loan companies to 7.5% of bank's capital funds. The limit may be increased to 12.5% for Non-Banking Finance Company-Gold Loan companies, 15% for non-banking finance companies excluding asset financing and infrastructure financing companies and 20.0% respectively for non-banking asset and infrastructure financing companies, provided that the excess exposure is on account of funds lent to infrastructure sectors.

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Limits on intra-group transaction and exposures

In February 2014, the Reserve Bank of India issued guidelines on management of intra-group transaction and exposures for financial conglomerates. The guidelines prescribe quantitative limits for intra-group financial transactions and prudential measures for non-financial transactions. The Reserve Bank of India has prescribed a single group entity exposure limit of 5.0% of paid-up capital and reserves of the bank for non-financial companies and unregulated financial services companies and 10.0% in case of regulated financial entities. The aggregate group exposure cannot exceed 20.0% of paid up capital and reserves in case of all group entities (financial and non-financial) taken together and 10% in case of all non-financial companies and unregulated financial services companies taken together. Banks' exposures to other banks/financial institutions in the group in form of equity and other capital instruments are exempted from above limits. In case a bank's current intra-group exposure is more than the limits stipulated in the guidelines, it should bring down the exposure within the limits before March 31, 2016. If the exposure exceeds the permissible limits after March 31, 2016, the excess amount would be deducted from common equity tier 1 capital of the bank. These guidelines are effective from October 1, 2014.

Regulations Relating to Investments and Capital Market Exposure Limits

In terms of Section 19(2) of the Banking Regulation Act, banks should not hold shares in any company except as provided in sub-section (1) of that Act, whether as pledgee, mortgagee or absolute owner, of an amount exceeding 30.0% of the paid-up share capital of that company or 30.0% of its own paid-up share capital and reserves, whichever is less. Further, in terms of Section 19(3) of the Banking Regulation Act, banks should not hold shares, whether as pledgee, mortgagee or absolute owner, in any company in the management of which any managing director or manager of the bank is in any manner concerned or interested.

The Reserve Bank of India guidelines on capital market exposures stipulate that a bank's exposure to capital markets in all forms (both fund based and non-fund based) by way of investments in shares, convertible bonds/debentures, units of equity oriented mutual funds, loans against shares, and secured and unsecured advances to stock brokers, should not exceed 40% of its net worth on both a stand-alone and consolidated basis as of March 31 of the previous year. Within this overall limit, direct investments in shares, convertible bonds/debentures, and units of equity oriented mutual funds and all exposures to venture capital funds have been restricted to 20.0% of their net worth on both a stand-alone and consolidated basis. Further, in July 2011, the Reserve Bank of India stipulated that a bank's investments in liquid schemes of debt oriented mutual funds are subject to a prudential cap of 10.0% of the bank's net worth as of March 31 of the previous year. The above guidelines are also applicable at a consolidated level.

Investment by banks in specified instruments which are issued by other banks or financial institutions and are eligible for capital status for the investee bank/financial institution should not exceed 10% of the investing bank's capital funds. Further, the banks/financial institutions should not acquire any fresh stake in a bank's equity shares, if by such acquisition, the investing bank's or financial institution's holding exceeds 5% of the investee bank's equity capital. The guideline requires banks to obtain prior approval of the Reserve Bank of India for equity investment in a company

engaged in the financial sector and such investments are held under the held-for-trading category.

The Reserve Bank of India has issued detailed guidelines on investments by banks in non-statutory liquidity ratio securities. These guidelines apply to primary market subscriptions and secondary market purchases. Pursuant to these guidelines, banks are prohibited from investing in non-statutory liquidity ratio securities with an original maturity of less than one year, other than commercial paper, certificates of deposits and certain non-convertible debentures issued by corporates and non-banking finance companies. Banks are also prohibited from investing in unrated securities. A bank's investment in unlisted non-statutory liquidity ratio securities may not exceed 10.0% of its total investment in non-statutory liquidity ratio securities at the end of the preceding fiscal year. However, the bank's investments in unlisted non-statutory liquidity ratio securities may exceed the 10.0% limit by an additional 10.0%, provided the investment is in securitization papers issued for infrastructure projects and bonds/debentures issued by securitization companies and reconstruction companies set up under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and registered with the Reserve Bank of India. In December 2007, the Reserve Bank of India permitted banks to invest in unrated bonds of corporations engaged in infrastructure activities within the ceiling of 10.0% for unlisted non-statutory liquidity ratio securities in order to encourage flow of credit to the infrastructure sector.

In July 2014, banks were allowed to issue long-term bonds for financing infrastructure projects and low-cost housing. Banks were not allowed to invest in the bonds issued by other banks. In June 2015, however, the Reserve Bank of India permitted banks to invest in bonds issued by other banks. These investments are subject

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to certain conditions including (i) investments in these bonds are not considered for the purpose of calculation of net demand and time liabilities, (ii) they are not held under the held-to-maturity category, and (iii) a bank's investment in these bonds cannot exceed 2.0% of its tier 1 capital or 5.0% of the issue size.

Further, the total investment by banks in liquid or short-term debt schemes of mutual funds with weighted average maturity of portfolio of not more than one year is subject to a prudential cap of 10% of their net worth as on March 31 of the previous year.

A 125.0% risk weight is assigned to all capital market exposures.

Banks' Investment Classification and Valuation Norms

The key features of the Reserve Bank of India guidelines on categorization and valuation of banks' investment portfolio are given below.

- The entire investment portfolio is required to be classified under three categories: (a) held to maturity, (b) held for trading and (c) available-for-sale. Held to maturity includes securities so classified in accordance with the Reserve Bank of India guidelines; held for trading includes securities acquired with the intention of being traded to take advantage of the short-term price/interest rate movements; and available-for-sale includes securities not included in held to maturity and held for trading. Banks should decide the category of investment at the time of acquisition.

The held to maturity category can include statutory liquidity ratio securities up to a specified percentage of the demand and time liabilities and certain non-statutory liquidity ratio securities, including fresh recapitalization bonds received from the government of India towards recapitalization requirement and held in the investment portfolio, fresh investment in the equity of subsidiaries and joint ventures, Rural Infrastructure Development Fund/Small Industries Development Board of India/Rural Housing Development Fund deposits and investment in long-term bonds (with a minimum residual maturity of seven years) issued by companies engaged in infrastructure activities. In May 2013, the Reserve Bank of India announced that the level of government securities portfolio permitted to be included in the held-to-maturity category in excess of the overall limit of 25.0% of the investment portfolio permitted to be classified as held-to-maturity, was reduced from 25.0% of demand and time liabilities to 23.0% of demand and time liabilities, in line with the then existing statutory liquidity ratio requirement, with the reduction to be implemented in a phased manner with 50 basis points being reduced every quarter beginning from the three months ended June 30, 2013.

However, following the sharp increase in long-term yields in August 2013 caused by monetary tightening measures announced by the Reserve Bank of India on July 15, 2013 and July 23, 2013, the Reserve Bank of India allowed certain adjustments in the investment portfolio classification and valuation of banks as a temporary measure. Banks

were allowed to retain the level of government securities portfolio in the held-to-maturity category at 24.5% of demand and time liabilities, as compared to the earlier requirement of 24.0% during the three months ended September 30, 2013. However, from August 2014, the Reserve Bank of India resumed the reduction in the level of government securities portfolio in the held-to-maturity category which was reduced to 24.0% of demand and time liabilities effective from August 9, 2014. In September 2014, there was a further reduction in the ceiling on government securities under the held-to-maturity category to 22.0% of demand and time liabilities with a 50 basis points reduction each to be effected on January 10, 2015, April 4, 2015, July 11, 2015 and September 19, 2015.

- Profit or loss on the sale of investments in both held for trading and available-for-sale categories are taken in the income statement. Profit on the sale of investments in the held to maturity category, net of tax and statutory reserve, is appropriated to the capital reserve account after being taken in the income statement. Loss on any sale is recognized in the income statement.

- The market price of the security available from the stock exchange, the price of securities in subsidiary general ledger transactions, the Reserve Bank of India price list or prices declared by Primary Dealers Association of India jointly with the Fixed Income Money Market and Derivatives Association of India serves as the “market value” for investments in available-for-sale and held for trading securities.

- Investments under the held for trading category should be sold within 90 days; in the event of inability to sell due to adverse factors including tight liquidity, extreme volatility or a unidirectional movement in the market, the unsold securities should be shifted to the available-for-sale category.

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- Investments may be shifted from or to held-to-maturity with the approval of the board of directors once a year, normally at the beginning of the accounting year; shifting of investments from available-for-sale to held for trading may be done with the approval of the board of directors, the Asset Liability Management Committee or the Investment Committee; shifting from held for trading to available-for-sale is generally not permitted. Since August 2010, the Reserve Bank of India has mandated that, with regard to sales and transfers of securities from or to the held-to-maturity category, if the value of sales exceeds 5.0% of the book value of the investment held in the held-to-maturity category at the beginning of the year, the market value of the investment will have to be disclosed in the notes to the financial accounts in the annual report along with the excess book value over market value for which a provision was not made. In August 2013, following the sharp movement in bond yields, the Reserve Bank of India permitted banks to transfer the government securities portfolio from the held-for-trading and available-for-sale categories to the held-to-maturity category up to 24.5% of demand and time liabilities as a one-time measure. This transfer was excluded from the 5.0% limit prescribed for value of sale or transfer to the held-to-maturity category. The transfer had to be done before September 30, 2013 and banks had the option to value the transferred portfolio at July 15, 2013 prices.

Held-to-maturity securities need not be marked to market and are carried at acquisition cost, unless it is more than the face value, in which case the premium should be amortized over the period remaining to maturity. Investments under available-for-sale category are marked to market at quarterly intervals and held for trading securities valued at market at monthly intervals. Depreciation or appreciation for each basket within the available-for-sale and held for trading categories is aggregated. Net appreciation in each basket, if any, which is not realized, is ignored, while net depreciation is provided for. In August 2013, as part of the special measures announced by the Reserve Bank of India following the sharp movement in market rates, banks were allowed to amortise the net depreciation in the available-for-sale and held for trading book in equal instalments over the remaining part of fiscal 2014.

Investments in security receipts or pass through certificates issued by asset reconstruction companies or trusts set up by asset reconstruction companies should be valued at the lower of: (a) the redemption value of the security receipts or pass through certificates; and (b) the net book value of the financial asset. However, if the instrument issued by securitization/asset reconstruction companies is limited to the actual realization of the financial asset assigned to the instrument, the net asset value should be obtained from the securitization/asset reconstruction companies for valuation of the investments.

On December 19, 2013, the Reserve Bank of India issued guidelines permitting banks to participate in interest rate futures for the dual purpose of hedging the risk in the underlying investment portfolio and to take a trading position. However, banks are not allowed to undertake transactions in interest rate futures on behalf of their clients.

Limit on Transactions through Individual Brokers

Guidelines issued by the Reserve Bank of India require banks to appoint brokers for transactions in securities. These guidelines also require that a disproportionate part of the bank’s business should not be transacted only through one broker or a few brokers. If for any reason this limit is breached, the Reserve Bank of India has stipulated that the board

of directors of the bank should be informed on a half yearly basis of such occurrence and ratify such action.

Prohibition on Short-Selling

The Reserve Bank of India permits scheduled commercial banks and primary dealers to undertake short sale of central government dated securities, subject to the short position being covered within a maximum period of three months. The short positions have to be covered only by outright purchase of an equivalent amount of the same security. The Reserve Bank of India has permitted banks to sell government securities already contracted for purchase, provided that the purchase contract is confirmed and the contract is guaranteed by Clearing Corporation of India Limited, or the security is contracted for purchase from the Reserve Bank of India. Each security is deliverable or receivable on a net basis for a particular settlement cycle. The Reserve Bank of India has also permitted a "when issued" market in government securities in order to further strengthen the debt management framework.

In February 2015, Reserve Bank of India permitted re-repo of government securities, including state development loans and treasury bills, acquired under reverse repo subject to prescribed conditions.

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Introduction of Credit Default Swaps for Corporate Bonds

In fiscal 2012, the Reserve Bank of India introduced credit default swaps on corporate bonds. Banks are allowed to undertake such transactions, both as market makers as well as users. Commercial banks are eligible to act as market makers provided they fulfill the criteria of a minimum 11.0% capital adequacy ratio with a tier I ratio of at least 7%, and a net non-performing assets ratio of less than 3.0%. Banks' net credit exposures on account of credit default swaps cannot exceed 10.0% of the investment portfolio of unlisted/unrated bonds. Credit default swaps were earlier allowed only on listed corporate bonds and unlisted but rated bonds of infrastructure companies. In January 2013, this was expanded to include unlisted but rated corporate bonds. Further, credit default swaps were permitted on securities with original maturities of up to one year such as commercial papers, certificates of deposit, and non-convertible debentures with original maturities of less than one year.

Subsidiaries and Other Financial and Non-Financial Sector Investments

Banks need prior permission of the Reserve Bank of India to incorporate a subsidiary. Banks are required to maintain an "arms' length" relationship with our subsidiaries and with mutual funds sponsored by us in regard to business parameters such as not taking undue advantage in borrowing/lending funds, transferring/selling/buying of securities at rates other than market rates, giving special consideration for securities transactions, in supporting/financing the subsidiary or financing our clients through them when we are not able or not permitted to do so ourselves. We have to observe the prudential norms stipulated by the Reserve Bank of India, from time to time, in respect of our underwriting commitments. Pursuant to such prudential norms, our underwriting or the underwriting commitment of our subsidiaries under any single obligation shall not exceed 15.0% of an issue. Banks also need the prior specific approval of the Reserve Bank of India to participate in the equity of financial services ventures including stock exchanges and depositories notwithstanding the fact that such investments may be within the ceiling (the lower of 30.0% of the paid-up capital of the investee company or 30.0% of the investing bank's own paid-up capital and reserves) prescribed under Section 19(2) of the Banking Regulation Act.

Under the Reserve Bank of India guidelines, a bank's equity investments in a subsidiary company, or a financial services company (including a financial institution, a stock or other exchange or a depository) which is not a subsidiary, should not exceed 10% of the bank's paid-up share capital and reserves and the total investments made in all subsidiaries and all non-subsidiary financial services companies should not exceed 20% of the bank's paid-up share capital and reserves. However, the cap of 20% does not apply, nor is the prior approval of the Reserve Bank of India required, if investments in financial services companies are held under the "held for trading" category, and are not held beyond 90 days.

Under the Reserve Bank of India regulations, a bank's equity investments in companies engaged in non-financial services activities are subject to a limit of 10% of the investee company's paid-up share capital or 10% of the bank's paid-up share capital and reserves, whichever is less. For the purpose of this limit, equity investments held under the "held for trading" category are included. Equity investments in any non-financial services company held by a bank, or

entities which are bank’s subsidiaries, associates or joint ventures, and mutual funds managed by asset management companies controlled by the bank should in the aggregate not exceed 20% of the investee company’s paid-up share capital. Any investment by a bank in excess of 10% of the investee company’s paid-up share capital, but not exceeding 30%, requires the approval of the Reserve Bank of India.

A bank may hold equity in excess of 10% of a non-financial services investee company’s paid-up capital without the prior approval of the Reserve Bank of India if the additional acquisition is made through a restructuring or corporate debt restructuring, or is acquired by the bank in order to protect its interest on loans/investments made in a company. However, banks have to submit to the Reserve Bank of India a time bound action plan for disposal of such shares within a specified period.

Further, a bank’s equity investments in subsidiaries and other entities that are engaged in financial services activities, together with equity investments in entities engaged in non-financial services activities, should not exceed 20% of the bank’s paid-up share capital and reserves. The cap of 20% would not apply for investments classified under the “held for trading” category and which are not held beyond 90 days. The Reserve Bank of India has clarified that investment in overseas banking subsidiaries can be excluded from the above 20% limit. In August 2006, the Reserve Bank of India issued guidelines that included banks’ investments in venture capital funds in this limit.

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Regulations Relating to Securitization of Loans

In February 2006, Reserve Bank of India issued guidelines on securitization of standard assets by banks and financial institutions. With a view to developing an orderly and healthy securitization market, and ensuring alignment of originators and investors' interests, the Reserve Bank of India issued guidelines on securitization in May 2012. Under the guidelines, all on-balance sheet standard assets are eligible for securitization, except for revolving credit facilities, mortgage backed securities and asset backed securities. Loans must also meet a minimum holding period requirement, based on the maturity and repayment frequency of the loan, in order to be eligible for securitization. A minimum retention requirement is prescribed to ensure that the originating banks have a continuing stake in the performance of the securitized assets. The total exposure of banks to the securitized loans cannot exceed 20% of the total securitized instruments, and any exposure in excess of this limit must be risk-weighted at 1,250%.

Regulations Relating to Deposits

The Reserve Bank of India has permitted banks to independently determine interest rates offered on term deposits. However, banks cannot pay interest on current account deposits. Interest rates payable on savings deposits were regulated until October 2011. In October 2011, the Reserve Bank of India deregulated the savings account interest rate, allowing a uniform interest rate to be paid on deposits up to Rs. 100,000 and permitting differential rates for deposits of over Rs. 100,000, depending on the amount in the account.

The Reserve Bank of India guidelines require that payment of interest be calculated on saving bank account deposits on the basis of daily average balances.

Domestic time deposits and rupee-denominated non-resident ordinary and non-resident rupee accounts have a minimum maturity of seven days. Time deposits from non-resident Indians denominated in foreign currency have a minimum maturity of one year and a maximum maturity of five years.

Banks are allowed to offer differential rates of interests on domestic deposits of the same maturity subject to the following conditions:

- time deposits are of Rs. 10.0 million and above; and
- interest on deposits is paid in accordance with the schedule of interest rates disclosed in advance by the bank and not pursuant to negotiation between the depositor and the bank.

In April 2015, the Reserve Bank of India allowed banks to introduce the feature of early withdrawal facility in a term deposit as a distinguishing feature for offering differential rates of interest. All term deposits of individuals of Rs. 1.5 million and below should, necessarily, have premature withdrawal facility. For all other term deposits, customers should be given the option to choose between term deposits either with or without premature withdrawal facility. Banks will be required to disclose in advance the schedule of interest rates payable on deposits.

Interest rates on non-resident foreign currency term deposits of one to three years and three to five years are linked to the LIBOR/SWAP rates for the U.S. dollar of corresponding maturity. The rate is periodically prescribed by the Reserve Bank of India. With effect from March 1, 2014, interest rates on FCNR (B) deposits of tenor one to three years was fixed at LIBOR/SWAP plus 200 basis points and interest rate for deposits of tenor three years to five years was fixed at LIBOR/Swap plus 300 basis points. Interest rates on non-resident rupee savings deposits are set at the rate applicable to domestic savings deposits. Since fiscal 2012, banks are free to determine the interest rates on non-resident (external) rupee deposits and ordinary non-resident accounts. However, the interest rates cannot exceed the rate offered by the bank on comparable domestic rupee deposits. In September 2013, the Reserve Bank of India removed the ceiling on interest rates for non-resident (external) rupee deposits of three years and above till February 28, 2014. Effective March 1, 2014, the interest rates offered on FCNR (B) deposits of tenor three to five years were re-instated to the ceiling of LIBOR/SWAP plus 300 basis points as against the exceptional rate of LIBOR/SWAP plus 400 basis points permitted from August 2013 to February 2014. Also, interest rates of non-resident (external) rupee deposits was capped to comparable domestic rupee deposits as compared to the earlier deregulation of interest rates permitted from August 2013 to February 2014. The ceiling on ordinary non-resident accounts however continued.

In September 2013, the Reserve Bank of India introduced a swap facility for incremental foreign currency deposits. This was set up with the intent to increase the flow of foreign currency funds into the country considering the sharp depreciation in the rupee. This facility was only for deposits in foreign currency non-

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resident (bank) deposit accounts, and was available only in U.S. dollars. The tenor of the swap was fixed at three years and above. A bank could avail the swap facility only once a week, with the maximum amount of U.S. dollars eligible for swap equal to the foreign currency deposits mobilised in the preceding week. The swap facility was made available only for a fixed period from September 10, 2013 to November 30, 2013. In another step taken by the Reserve Bank of India, effective from July 26, 2013, incremental foreign currency non-resident deposits and non-resident rupee deposits having a maturity of three years and above were exempted from cash reserve ratio and statutory liquidity ratio requirements. This benefit was withdrawn for deposits received from March 8, 2014 onwards.

With a view to increasing the availability of financial services across regions and population segments, the Reserve Bank of India has advised banks to make available a basic savings bank deposit account without having the requirement of any minimum balance.

Regulations Relating to Customer Service & Customer Protection

Enhancing customer service and customer protection is a focus area for the Reserve Bank of India which has regularly emphasized on offering efficient, fair and speedy customer service. In this regard, a committee was set up in fiscal 2010 to consider improvements in customer service in banks. Following the recommendations made by the committee, the Reserve Bank of India has issued several guidelines. In July 2013, banks were mandated to have a uniform pricing policy for all customers across all branches, irrespective of the branch in which the account was opened. Further, draft guidelines on wealth management and marketing services offered by banks were issued. According to the guidelines, wealth management services can be offered only through a subsidiary or a separately identifiable department or division in the bank in order to avoid conflict of interest. Further, banks need to take prior approval of the Reserve Bank of India for offering wealth management services. In May 2014, the Reserve Bank of India issued guidelines instructing banks to not charge foreclosure charges or pre-payment penalties on floating rate term loans sanctioned to individual borrowers. Further, banks are also not permitted to levy penal charges for non-maintenance of minimum balance in any in-operative accounts.

In December 2014, Reserve Bank of India has issued a charter of customer rights, which provides the broad, overarching principles for protection of bank customers. The charter describes five basic rights of bank customers which are right to fair treatment, right to transparency, fair and honest dealing, right to suitability, right to privacy and right to grievance redressal and compensation.

Deposit Insurance

Demand and time deposits of up to Rs. 100,000 that are accepted by Indian banks have to be insured with the Deposit Insurance and Credit Guarantee Corporation, a wholly-owned subsidiary of the Reserve Bank of India. Banks are required to pay the insurance premium for the eligible amount to the Deposit Insurance and Credit Guarantee

Corporation on a semi-annual basis. The cost of the insurance premium cannot be passed on to the customer.

The Depositor Education and Awareness Fund (DEAF) Scheme, 2014 — section 26A of Banking Regulation Act, 1949

The Reserve Bank of India has advised that banks shall calculate the cumulative balances in all eligible accounts which are unclaimed for more than 10 years along with interest accrued, as on the day prior to May 23, 2014, and such amounts due should be transferred to the Fund on June 30, 2014 (before the close of banking hours). Subsequently, the amount due in each calendar month shall be transferred on the last working day of the subsequent month.

Regulations Relating to Knowing the Customer and Anti-Money Laundering

The Prevention of Money Laundering Act, 2002, which came into effect beginning July 2005, seeks to prevent and criminalise money laundering and terrorist financing. It also provides for the freezing and confiscation of assets concerned in money laundering/terrorism offences, and the formation of the Financial Intelligence Unit. This Act lays down the obligations on designated entities (including banks and financial institutions) for maintaining records of prescribed transactions and for reporting such transactions to the Financial Intelligence Unit. It also lists out the predicate offences that come under the purview of the Act. Prevention of Money-Laundering Rules have also been framed under such Act. This Act and such Rules have since been amended from time to time.

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The Reserve Bank of India has prescribed comprehensive guidelines to be observed by banks/financial institutions under its jurisdiction with regard to know your customer, anti-money laundering and combating financing of terrorism procedures in line with the provisions of the Prevention of Money Laundering Act and Rules notified there under. This is in line with the recommendations made by the Financial Action Task Force on Anti-Money Laundering standards and on Combating Financing of Terrorism. These guidelines are revised from time to time, and consolidated guidelines are issued in the Reserve Bank of India's master circulars. The objective of these guidelines is to prevent banks from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. The guidelines cover key aspects including customer acceptance policy, customer identification procedures, monitoring of transactions and risk management. The guidelines also cover enhanced due diligence measures, regulatory reporting as per the Prevention of Money Laundering Act, appointment of designated director and a senior official as principal officer, training of employees and independent audit of anti-money laundering/know your customer framework.

The Reserve Bank of India guidelines also provide for simplified know your customers procedures for persons intending to open small deposit accounts (balances not exceeding Rs. 50,000 in all their accounts taken together in which the total credit in all accounts taken together does not exceed Rs. 100,000 in a year). These provisions are intended to promote financial inclusion and to ensure that the implementation of the Know Your Customers guidelines do not result in the denial of banking services to financially or socially disadvantaged sections of society.

Regulations on Asset Liability Management

The Reserve Bank of India's regulations for asset liability management require banks to draw up asset liability gap statements separately for rupee and foreign currencies for the domestic and overseas operations of the bank. These gap statements are prepared by scheduling all assets and liabilities according to the stated and anticipated repricing date, or maturity date. The statements are submitted to the Reserve Bank of India on a periodic basis. The Reserve Bank of India has advised banks to actively monitor the difference in the amount of assets and liabilities maturing or being repriced in a particular period and to place internal prudential limits on the gaps in each time period, as a risk control mechanism.

According to Reserve Bank of India guidelines regarding prudential limits for inter-bank liabilities, a bank's inter-bank liabilities cannot exceed 200.0% of its net worth as on the last day of the previous fiscal year. Individual banks have been permitted, with the approval of their boards of directors, to fix a lower limit for their inter-bank liabilities, keeping in view their business model. However, banks whose capital to risk assets ratio is at least 25% more than the minimum capital to risk assets ratio (currently 9%), i.e., 11.25% as on the last day of the previous fiscal year, are allowed a higher limit with respect to inter-bank liability of up to 300.0% of their net worth. The limits prescribed include only fund-based inter-bank liabilities within India (including inter-bank liabilities in foreign currency to banks operating within India), and inter-bank liabilities outside India are excluded. The Reserve Bank of India guidelines also stipulate that existing limits on call-money borrowing shall form a sub-limit of the above-mentioned limit. At present, on a fortnightly average basis, call/notice money borrowings should not exceed 100% of bank's capital funds. However, banks are allowed to borrow a maximum of 125% of their capital funds on any day during a fortnight.

In November 2010, the Reserve Bank of India issued guidelines on the introduction of duration gap analysis for interest rate risk management. The guidelines are aimed at providing an indication of the interest rate risk to which the bank is exposed. The report on interest rate sensitivity as per duration gap analysis is required to be submitted on a quarterly basis with effect from June 30, 2011 and on a monthly basis with effect from April 30, 2012.

In November 2012, the Reserve Bank of India issued revised guidelines consolidating the various instructions and guidelines on liquidity risk management issued from time to time in the past. Instructions and guidelines were enhanced in line with the Basel Committee on Banking Supervision Principles for Sound Liquidity Risk Management and Supervision. The guideline includes enhanced guidance on liquidity risk governance, measurement, monitoring and the reporting to the Reserve Bank of India on liquidity positions.

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Foreign Currency Dealership

The Reserve Bank of India has granted us a full-fledged authorized dealers' license to deal in foreign exchange through our designated branches. Under this license, we have been granted permission to:

- engage in foreign exchange transactions in all currencies;
- open and maintain foreign currency accounts abroad;
- raise foreign currency and rupee denominated deposits from non-resident Indians;
- grant foreign currency loans to on-shore and off-shore corporations;
- open documentary credits;
- grant import and export loans;
- handle collection of bills, funds transfer services;
- issue guarantees; and
- enter into derivative transactions and risk management activities that are incidental to our normal functions authorized under our organizational documents and as permitted under the provisions of the Banking Regulation Act.

Further, we have been permitted to hedge foreign currency loan exposures of Indian corporations in the form of interest rate swaps, currency swaps and forward rate agreements, subject to certain conditions. Banks in the authorized dealer category may become trading or clearing members of the currency derivatives segment to be set up by stock exchanges recognized by the Securities and Exchange Board of India, subject to their fulfilling the requirements of (i) minimum net worth of Rs. 5.0 billion, (ii) minimum capital adequacy ratio of 10%, (iii) net non-performing assets not exceeding 3% and (iv) net profit for the previous three years.

Our foreign exchange operations are subject to the guidelines specified by the Reserve Bank of India in the exchange control manual. As an authorized dealer, we are required to enroll as a member of the Foreign Exchange Dealers Association of India, which prescribes the rules relating to foreign exchange business in India. We are also among banks that submit data to government authorities for the setting of financial benchmarks. In April 2014, the Reserve Bank of India issued guidelines recommending measures to strengthen the quality, methodology and the governance framework with respect to financial benchmarks. This was based on recommendations submitted by the committee on financial benchmarks. According to the guidelines, banks submitting data would have to implement an internal board approved policy on governance of the benchmark submission process and periodically submit a confirmation on compliance with the guidelines. Further, it was proposed that an independent company be set up for the administration of benchmarks. In July 2015, the Financial Benchmarks India Private Limited was set up which would begin by administrating the overnight inter-bank rate and which would be based on the actual traded rate every morning. Over a period, it is also proposed to administer foreign exchange benchmarks and rupee interest rate benchmarks.

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Authorised dealers, like us, are required to determine our limits on open positions and maturity gaps in accordance with the Reserve Bank of India guidelines and these limits are approved by the Reserve Bank of India.

Statutes Governing Foreign Exchange and Cross-Border Business Transactions

Foreign exchange and cross-border transactions undertaken by banks are subject to the provisions of the Foreign Exchange Management Act. Banks are required to monitor transactions of customers based on pre-defined rules using a risk-based approach. The transaction monitoring system envisages identification of unusual transactions, undertaking due diligence on such transactions and, if confirmed as suspicious, reporting to the financial intelligence unit of the respective jurisdiction. Our transaction monitoring system is periodically reviewed and is being supplemented with appropriate anti-money laundering software technology solutions.

The Reserve Bank of India issues guidelines on external commercial borrowings and trade credits from time to time. Consolidated guidelines relating to external commercial borrowings until June 30, 2015 are covered by the Reserve Bank of India in its Master Circular on "External Commercial Borrowings and Trade Credit" dated July 1, 2015. The guidelines do not permit financial intermediaries, including banks, to raise such borrowings or provide guarantees in favor of overseas lenders for such borrowings. Eligible borrowers, which are largely corporations, may raise such borrowings for investments such as the import of capital goods, in new and expansion projects, and also to meet foreign exchange needs of the infrastructure sector. The external commercial borrowing proceeds can also be utilized for overseas direct investment in joint ventures and wholly owned subsidiaries subject to the existing guidelines on Indian Direct Investment in joint ventures and wholly owned subsidiaries abroad. Utilization of external commercial borrowing proceeds is not permitted for lending, capital market investments or acquisitions in India or real estate investments (including integrated townships). The maximum amount of external commercial borrowings a corporate can raise is US$ 750 million during a year. Corporations in the services sector are permitted to avail of external commercial borrowing of up to US$ 200 million. From November 2011, the all-in-cost ceiling for external commercial borrowings has been fixed at LIBOR plus 350 basis points for borrowings with an average maturity period of three to five years. For borrowings with an average maturity of over five years, the all-in-cost ceiling remains at 500 basis points over LIBOR. In July 2012, the Reserve Bank of India permitted companies in the manufacturing and infrastructure sector to raise external commercial borrowings for the repayment of rupee loans availed from domestic banks, subject to their satisfying certain conditions. However, overseas branches/subsidiaries of Indian banks are not permitted to provide external commercial borrowings for repayment of rupee loans of domestic banks.

Borrowers are permitted to raise external commercial borrowings for the purpose of refinancing an existing external commercial borrowing. While earlier borrowings at higher all-in-cost up to a specified ceiling was permitted, in fiscal 2014, the facility for raising fresh borrowings for refinancing an existing external commercial borrowing at a higher all-in cost was discontinued.

Non-banking finance companies categorized as infrastructure finance companies are allowed to raise borrowings through external commercial borrowing since March 2010. Currently, they are permitted to borrow up to 75% of their owned funds under the automatic route. Companies that want to exceed the limit of 75% of owned funds have to take approval of the Reserve Bank of India. At least 75.0% of their currency risk exposure has to be hedged according to the guidelines. The Reserve Bank of India has also permitted non-banking financial services categorized as asset finance companies to raise external commercial borrowings for financing the import of infrastructure equipment for leasing to infrastructure projects up to 75% of their owned funds (external commercial borrowing including all outstanding external commercial borrowings) subject to a maximum of US$ 200 million or its equivalent per financial year with a minimum maturity of five years and subject to hedging the currency risk exposure in full.

In July 2010, the Reserve Bank of India permitted take-out financing arrangements through external commercial borrowing, under the approval route, for refinancing rupee loans provided for new infrastructure projects, including sea ports, airports, roads, bridges and the power sector. Further, in January 2013, the currency hedging requirement for non-banking finance companies categorized as infrastructure finance companies was reduced from 100% of their exposure to 75%.

In fiscal 2012, following the sharp depreciation in the Rupee, the Reserve Bank of India issued several guidelines to provide support to the currency. With regard to export earners foreign currency accounts, the Reserve Bank of India required that 50% of the balances in such accounts be converted immediately into Rupee balances and credited to the Rupee accounts. Also, only 50% of all future foreign exchange earnings could be retained in the export earners foreign currency account and access to foreign exchange markets was allowed only after utilizing the available balances in these accounts. Further, the net overnight open position limit of

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authorized dealers in the exchanges for trading currency futures and options was set at US$ 100 million or 15% of the outstanding open interest, whichever is lower.

In June 2015, the Reserve Bank of India issued a draft framework on issuance of rupee-linked bonds in overseas markets. As per the guidelines, Indian corporates eligible to raise external commercial borrowings will be permitted to issue such bonds. The bonds can be issued in jurisdictions which are Financial Action Task Force (FATF) compliant. End use restrictions of the funds, amount and average maturity period of such bonds would be as per the existing external commercial borrowings guidelines.

Foreign Currency Borrowings by Banks in India

The Reserve Bank of India has allowed banks to borrow funds from their overseas branches and correspondent banks (including borrowings for financing export credit, external commercial borrowings and overdrafts from their head office/nostro account) up to a limit of 50% of unimpaired tier I capital or US$ 10 million, whichever is higher. However, short-term borrowings up to a period of one year or less should not exceed 20% of unimpaired tier I capital within the overall limit of 50%. In October 2013, the Reserve Bank of India issued a notification enhancing the borrowing limit from 50% to 100% of unimpaired tier I capital or US$ 10 million, whichever is higher. The enhanced limit was made available for a limited period of up to November 30, 2013 as a measure to improve foreign currency inflows in the economy. These borrowings were also eligible for the U.S. dollar—Rupee swap facility provided by the Reserve Bank of India at a fixed rate of 3.5% per annum from September 10, 2013 till November 30, 2013.

All the regulations and guidelines issued by the Reserve Bank of India, as amended from time to time, in connection with foreign currency borrowings by banks in India have been consolidated in the master circular on Risk Management and Inter-Bank Dealings dated July 1, 2015. The aforesaid limit applies to the aggregate amount availed of by all the offices and branches in India from all their branches or correspondents abroad and also includes overseas borrowings in gold for funding domestic gold loans. Capital funds raised by issue of innovative perpetual debt instruments and other overseas borrowings with the specific approval of the Reserve Bank of India will continue to be outside the limit of 50% of unimpaired tier I capital.

Legal Reserve Requirements

Cash Reserve Ratio

A bank is required to maintain a specified percentage of its net demand and time liabilities, excluding inter-bank deposits, by way of cash reserve with itself and by way of balance in current account with the Reserve Bank of India.

Following the enactment of the Reserve Bank of India (Amendment) Bill 2006, the floor and ceiling rates (earlier 3.0% and 20.0% respectively) on the cash reserve ratio were removed. The following liabilities are excluded from the calculation of the demand and time liabilities to determine the cash reserve ratio:

- inter-bank liabilities;
- liabilities to primary dealers;
- refinancing from the Reserve Bank of India and other institutions permitted to offer refinancing to banks; and
- perpetual debt qualifying for lower tier I capital treatment.

The cash reserve ratio was revised to 4% of a bank's demand and time liabilities adjusted for the exemptions which include (but are not limited to) (i) the paid up capital, reserves and credit balance of the bank; (ii) net income tax provision; (iii) amount received from Deposit Insurance and Credit Guarantee Corporation towards claims and held by banks pending adjustments; (iv) provision not being a specific liability arising from contracting additional liability and created from profit and loss account; and (v) demand and time liabilities in respect of their offshore banking units, effective from the fortnight beginning February 9, 2013. The Reserve Bank of India does not pay any interest on cash reserve ratio balances.

The cash reserve ratio has to be maintained on an average basis for a fortnightly period. In July 2013, the Reserve Bank of India increased the daily cash reserve requirement from a minimum of 70.0% of the required cash reserve ratio on any day of the fortnight to 99%, as part of measures to stabilize the movement in exchange

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rates. In September 2013, following stabilisation in the movement in exchange rates, the daily minimum cash reserve requirement was reduced to 95%.

Statutory Liquidity Ratio

In addition to the cash reserve ratio, a bank is required to maintain a specified percentage of its net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by the Reserve Bank of India from time to time, and must be a minimum of 21.5% (with effect from February 7, 2015) and a maximum of 40.0% pursuant to section 24 of the Banking Regulation Act. See also "*Overview of the Indian Financial Sector—Structural Reforms—Amendments to the Banking Regulation Act*". On August 9, 2014, the Reserve Bank of India reduced the statutory liquidity ratio from 22.5% to 22.0%. With effect from February 7, 2015, the Reserve Bank of India further reduced the statutory liquidity ratio by 50 basis points to 21.5%.

Liquidity Coverage Ratio

In June 2014, the Reserve Bank of India released guidelines implementing the Basel III Framework on Liquidity Standards— Liquidity Coverage Ratio, Liquidity Risk Monitoring Tools and Liquidity Coverage Ratio Disclosure Standards. According to the guidelines, banks have to maintain a minimum liquidity coverage ratio, which is a ratio of the stock of high quality liquid assets to total net cash outflows over the next 30 calendar days under certain prescribed stressed conditions. The liquidity coverage ratio is designed to ensure that a bank maintains an adequate level of unencumbered high quality liquid assets to meet any acute liquidity requirements over a hypothetical stressed period lasting 30 days. These guidelines are applicable from January 1, 2015, starting with a minimum liquidity coverage ratio requirement of 60.0% and increasing in a phased manner to 100.0% effective from January 1, 2019.

As noted above, banks in India are already required, under Indian law and regulation, to maintain a statutory liquidity ratio at or above a prescribed percentage (currently 21.5%). The statutory liquidity ratio is calculated as the ratio of a bank's liquid assets, such as cash, gold or approved unencumbered securities ("statutory liquidity ratio securities"), to its net demand and time liabilities. Statutory liquidity ratio securities include Indian central government securities as well as certain securities issued by Indian state governments. Although the statutory liquidity ratio is not a part of the Basel III liquidity standards, a portion of a bank's statutory liquidity ratio securities may be recognized as high quality liquid assets under the Reserve Bank of India's liquidity coverage ratio guidelines.

The Reserve Bank of India permits banks to recognize as level one high quality liquid assets under the liquidity coverage ratio, statutory liquidity ratio securities having a value of up to (i) 2.0% of a bank's net demand and time liabilities, for securities eligible for availing liquidity under the Reserve Bank of India's Marginal Standing Facility; and (ii) an additional 5.0% of a bank's net demand and time liabilities, for securities eligible for availing liquidity under the Reserve Bank of India's Facility to Avail Liquidity for Liquidity Coverage Ratio (which is available only

under defined conditions of stress and after a bank has exhausted all other high quality liquidity assets).
Statutory liquidity ratio securities include certain Indian state government securities that would also qualify as level one high quality liquid assets under the Reserve Bank of India guidelines, while the Basel III liquidity standards include only national sovereign securities. Banks in India generally hold a significant proportion of their statutory liquidity ratio securities in the form of investments in Indian central government securities which would qualify as level one high quality liquid assets under the Basel III standards.

Net Stable Funding Ratio

In May 2015, the Reserve Bank of India issued draft guidelines on the net stable funding ratio. The ratio promotes resilience over a longer term time horizon by requiring banks to fund their activities with more stable sources of funding on an ongoing basis. According to the guidelines, net stable funding ratio is defined as the amount of available stable funding relative to the amount of required stable funding. Banks will be required to maintain a ratio of at least 100.0% on an ongoing basis. These guidelines are expected to be applicable from January 1, 2018.

Ownership Restrictions

The government of India regulates foreign ownership in Indian banks. The total foreign ownership in a private sector bank, like us, cannot exceed 74% of the paid-up capital, and shares held by foreign institutional investors under portfolio investment schemes through stock exchanges cannot exceed 49% of the paid-up capital.

The Reserve Bank of India’s acknowledgement is required for the acquisition or transfer of a bank’s shares which will take the aggregate holding (direct and indirect, beneficial or otherwise) of an individual or a group to the equivalent of 5% or more of the bank’s total paid-up capital. The Reserve Bank of India, while granting acknowledgement, may take into account all matters that it considers relevant to the application, including ensuring that shareholders whose aggregate holdings are above specified thresholds meet fitness and propriety tests. In determining whether the acquirer or transferee is fit and proper to be a shareholder, the Reserve Bank of India may take into account various factors including, but not limited to, the acquirer or transferee’s integrity, reputation and track record in financial matters and compliance with tax laws, proceedings of a serious disciplinary or criminal nature against the acquirer or transferee and the source of funds for the investment.

The Reserve Bank of India issued guidelines on ownership and governance in private sector banks in February 2005. The key provisions of the guidelines on ownership are:

- No single entity or group of related entities would be permitted to directly or indirectly hold or control more than 10.0% of the paid up equity capital of a private sector bank and any higher level of acquisition would require the Reserve Bank of India’s prior approval;

- In respect of corporate shareholders, the objective will be to ensure that no entity or group of related entities has a shareholding in excess of 10.0% in the corporate shareholder. In the case of shareholders that are financial entities, the objective will be to ensure that it is widely held, publicly listed and well regulated;

- The Reserve Bank of India may permit a higher level of shareholding in the case of the restructuring of problem banks or weak banks or in the interest of consolidation in the banking industry;

- No single non-resident Indian can invest in excess of 5.0% of the paid-up capital of a private sector bank. The aggregate limit for investments by non-resident Indians is restricted to 10.0% of a private sector bank's paid-up capital and can be increased to 24.0% of the bank's paid-up capital by approval of its Board of Directors;

- Banks would be responsible for compliance with the "fit and proper" criteria for shareholders on an ongoing basis; and

- Banks where shareholders holdings are in excess of the prescribed limit would have to indicate a plan for compliance.

A legislation to amend the Banking Regulation Act making the prior approval of the Reserve Bank of India mandatory for the acquisition of more than 5.0% of a banking company's paid-up capital or voting rights by any individual or firm or group passed by Parliament and notified in fiscal 2013. See also, "*Overview of the Indian Financial Sector —Structural Reforms — Report on Governance of Boards of Banks in India*".

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In February 2009, the government of India issued guidelines for calculation of total foreign investment, both direct and indirect, in Indian companies. Pursuant to this guideline, the foreign shareholding in an Indian company which is not majority-owned and controlled by Indian shareholders will be taken into account in computing the foreign shareholding in investee companies of such Indian company (other than investee companies in the insurance sector, for which there are separate specific regulations). Since foreign ownership up to 74.0% is permitted in Indian private sector banks, such as us, this would impact investments made by Indian private sector banks, including us, and their subsidiaries, in other companies. This would also require assessment of whether any of the Indian shareholders are to be reckoned for purposes of adherence to the foreign ownership limit of 74.0%. This does not, however, impact our investments in our subsidiaries.

Holding Companies

In the annual policy review for fiscal 2011, the Reserve Bank of India announced the formation of a working group, with representatives from the government, various regulatory authorities and banks, to draw a road map for the introduction of a holding company structure. The report of the working group was released in May 2011 with key recommendations favoring a financial holding company structure for the financial sector, particularly large financial groups, with a separate regulatory framework for these holding companies. The Reserve Bank of India, in its guidelines for new private sector banking licenses, has mandated all new banks pursuant to the issuance of such licenses, to be set up under a financial holding company structure. See also "*Overview of the Indian Financial Sector—Structural Reforms—Discussion Paper on Banking Structure*".

Restrictions on Payment of Dividends

The Banking Regulation Act requires banks to completely write off capitalized expenses and transfer 20.0% of the disclosed yearly profit to a reserve account before declaring a dividend.

Banks have to comply with the following prudential requirements to be eligible to declare dividends:

- The capital adequacy ratio is at least 9.0% for the preceding two completed years and the accounting year for which the bank proposes to declare a dividend.
- The net non-performing asset ratio is less than 7.0%.
- The Bank is in compliance with the prevailing regulations and guidelines issued by the Reserve Bank of India, including the creation of adequate provision for the impairment of assets, staff retirement benefits, transfer of profits

to statutory reserves, etc.

- The proposed dividend will be paid out of the current year's profit.

- Under the Reserve Bank of India's Basel III guidelines, banks are subject to higher minimum capital requirements and must maintain a capital conservation buffer above the minimum requirements to avoid restrictions on capital distribution. The capital conservation buffer would be implemented in a phased manner beginning from March 31, 2016 and fully implemented by March 31, 2019 as prescribed by the Reserve Bank of India. The Reserve Bank of India has clarified that dividend payment by banks would be governed by the application of the above guidelines, once the capital conservation framework is in effect.

In case a bank does not meet the capital adequacy norms for two consecutive years, but has a capital adequacy ratio of at least 9.0% for the accounting year for which it proposes to declare a dividend, it would be eligible to do so if its net non-performing asset ratio is less than 5.0%.

Banks that are eligible to declare dividends under the above rules can do so subject to the following:

- The dividend payout ratio (calculated as a percentage of dividend payable in a year to net profit during the year) must not exceed 40.0%. The maximum permissible dividend payout ratio would vary from bank to bank, depending on the capital adequacy ratio in each of the last three years and the net non-performing asset ratio.

- In case the profit for the relevant period includes any extraordinary income, the payout ratio must be calculated after excluding that income for compliance with the prudential payout ratio.

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- The financial statements pertaining to the financial year for which the bank is declaring a dividend should be free of any qualification by the statutory auditors, which might have an adverse effect on the profit during that year. In case there are any such qualifications, the net profit should be suitably adjusted while computing the dividend payout ratio.

Moratorium, Reconstruction and Amalgamation of Banks

The Reserve Bank of India can apply to the government of India for suspension of business by a banking company. The government of India, after considering the application of the Reserve Bank of India, may order a moratorium staying commencement of action or proceedings against such company for a maximum period of six months. During such period of moratorium, the Reserve Bank of India may: (a) in the public interest; (b) in the interest of the depositors; (c) in order to secure the proper management of the bank; or (d) in the interests of the banking system of the country as a whole, prepare a scheme for the reconstruction of the bank or merger of the bank with any other bank. In circumstances entailing reconstruction of the bank or merger of the bank with another bank, the Reserve Bank of India invites suggestions and objections on the draft scheme prior to placing the scheme before the government of India for its approval. The central government may approve the scheme with or without modifications. The law does not require consent of the shareholders or creditors of such banks.

Regulations on Mergers between Private Sector Banks and between Banks and Non-banking Finance Companies

In May 2005, the Reserve Bank of India issued guidelines on mergers between private sector banks and between banks and non-banking finance companies. The guidelines particularly emphasize the examination of the rationale for mergers, the systemic benefits arising from it and the advantages accruing to the merged entity. With respect to a merger between two private sector banks, the guidelines require the draft scheme of merger to be approved by the shareholders of both banks with a two-thirds majority after approval by the boards of directors of the two banks concerned. The draft scheme should also consider the impact of the merger on the valuation, profitability and capital adequacy ratio of the amalgamating bank and verify that the reconstituted board conforms to the Reserve Bank of India norms. The approved scheme needs to be submitted to the Reserve Bank of India for valuation and approval in accordance with the Banking Regulation Act, along with other documentation such as the draft document of proposed merger, copies of all relevant notices and certificates, swap ratio, share prices, etc. With respect to a merger of a bank and a non-banking company, the guidelines specify that the non-banking financial company has to comply with Know Your Customer norms for all accounts and all relevant norms issued by the Reserve Bank of India and the Securities and Exchange Board of India. The non-banking finance company should also conform to insider trading norms issued by the Securities and Exchange Board of India, whether it is listed or not, in order to regulate the promoter's trading of shares before and after the merger discussion period. See also "*—Other Statutes—Competition Act*".

Credit Information Bureaus

The Parliament of India has enacted the Credit Information Companies (Regulation) Act, 2005, pursuant to which every credit institution, including a bank, has to become a member of a credit information bureau and furnish to it such credit information as may be required of the credit institution by the credit information bureau about persons who enjoy a credit relationship with it. Other credit institutions, credit information bureaus and such other persons as the Reserve Bank of India specifies may access such disclosed credit information. The Reserve Bank of India is also seeking to strengthen the coverage and use of credit information and had set up a committee in this regard. The committee submitted its recommendations in March 2014 and recommendations included standardized data formats, for furnishing of credit information to credit information companies, common classification of credit scores and best practices to be followed by credit information companies. In June 2014, some of the recommendations were accepted by the Reserve Bank of India and guidelines were issued in this respect.

Financial Stability and Development Council and Financial Sector Legislative Reforms Commission

The Indian government set up an apex-level body called the Financial Stability and Development Council in fiscal 2011. This is an independent body that oversees regulation and strengthens mechanisms for maintaining financial stability. The institution monitors macro-prudential supervision of the economy and the functioning of large financial conglomerates addresses inter-regulatory coordination issues and focuses on financial literacy and financial inclusion activities. The government has also set up a Financial Sector Legislative Reforms Commission to review the financial sector laws and to bring them in line with the requirements of the sector. The commission submitted its report in March 2013 and has proposed an Indian Financial Code that consolidates different laws governing the financial sector. The framework incorporates components like

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consumer protection, regulation, capital controls, systemic risk and resolution. The Code also proposed the transition to a regulatory system where the Reserve Bank of India regulates the banking and payments system and of a Unified Financial Agency subsuming all other existing financial sector regulators like the Insurance Regulatory Development Authority of India and the Securities Exchange Board of India.

In August 2010, the parliament passed the Securities and Insurance Laws (Amendment and Validation) Bill, 2010, which provides a mechanism to settle disputes between regulators. A committee chaired by the Finance Minister, with the governor of the Reserve Bank of India as vice chairperson and chairpersons of the Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Pension Fund Regulatory of India and Development Authority and secretaries of the Department of Economic Affairs and Department of Financial Services would make the final decision on such disputes.

Resolution Regime for Financial Institutions

The Financial Stability and Development Council constituted a high level working group to consider the strengthening of the resolution regime for financial institutions. The working group submitted its report in May 2014. Some key recommendations of the group include setting up of an independent Financial Resolution Authority which would be responsible for implementation of the resolution framework in coordination with respective financial sector regulators. The financial resolution framework should be legally enforceable and extend to all financial institutions including banks, non-banks and financial conglomerates. The framework identifies a set of tools like liquidation, purchase and assumption, and bail-in which involve converting existing creditors into shareholders, temporary public ownership, etc. The resolution framework should avoid use of taxpayers money and ensure imposition of losses to shareholders and unsecured creditors. In case of financial institutions under distress and deemed to be systemically important, the government taking control of the financial institution can be a last option for resolution when all other options fail.

Regulations Governing Use of Business Correspondents

To increase the outreach of banking and ensure greater financial inclusion, in January 2006 the Reserve Bank of India issued guidelines for the engagement of business correspondents by banks providing banking and financial services. Business correspondents are agents engaged by banks to provide banking services at locations other than a bank branch. Business correspondents offer a limited range of banking services at low cost, as setting up a brick and mortar branch may not be viable in all areas. Banks are required to take full responsibility for the acts of omission and commission of the business correspondents that they engage and to conduct due diligence for minimizing agency risks. When the business correspondent model was introduced in January 2006, the entities permitted to act as business correspondents included individuals such as retired bank employees, retired teachers, individual owners of small, independent grocery stores, medical and fair price shops and certain other individuals. The non-individual entities included non-government organizations or microfinance institutions set up under Societies/Trust Acts, societies registered under Mutually Aided Cooperative Societies Acts or the Cooperative Societies Acts of States, not-for-profit companies and post offices. From September 2010, banks are also allowed to engage for-profit

companies, excluding non-banking financial companies, as business correspondents in addition to the individuals/entities permitted earlier. In June 2014, the Reserve Bank of India also permitted non-deposit taking non-banking financial companies to be appointed as business correspondents. Further, with a view to scale up the business correspondent channel, the Reserve Bank of India has issued guidelines in April 2014 requiring the board of banks to review the operations and payment of remuneration to business correspondents at least once every six months.

Regulations governing mobile banking

The Reserve Bank of India has permitted Indian banks to offer mobile banking services to their customers. These services are available only for Indian rupee based transactions in the domestic market. Transactions involving a debit to the customer's account should have a two level authentication to execute the transaction. In December 2014, the Reserve Bank of India issued guidelines requiring banks to provide easy registration for mobile banking services, including generation of the personal identification number (PIN) through multiple channels.

Requirements of the Banking Regulation Act

Prohibited Business

The Banking Regulation Act specifies the business activities in which a bank may engage. Banks are prohibited from engaging in business activities other than the specified activities.

Reserve Fund

Any bank incorporated in India is required to create a reserve fund to which it must transfer not less than 25.0% of the profits of each year before dividends. If there is an appropriation from this account, the bank is required to report the same to the Reserve Bank of India within 21 days, explaining the circumstances leading to such appropriation. The government of India may, on the recommendation of the Reserve Bank of India, exempt a bank from requirements relating to its reserve fund.

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Restriction on Share Capital and Voting Rights

Banks can issue only ordinary shares. The Banking Regulation Act currently specifies that no shareholder in a banking company can exercise voting rights on poll in excess of 10.0% of total voting rights of all the shareholders of the banking company.

In 2006, the Indian Parliament amended the laws governing India's public sector banks permitting these banks to issue preference shares and make preferential allotments or private placements of equity. According to current provisions private sector banks in India are not permitted to issue preference shares. Legislation has been introduced in the Parliament to amend the Banking Regulation Act to allow all banks to issue redeemable and non-redeemable preference shares. Prior to the merger, ICICI had preference share capital of Rs. 3.5 billion redeemable in 2018. The government of India, on the recommendation of the Reserve Bank of India, had granted us an exemption which allowed the inclusion of preference capital in our capital structure until the maturity of these shares.

An amendment to the Banking Regulation Act in fiscal 2013 has increased the voting rights cap from 10.0% to 26.0%. However, this is pending notification by the Reserve Bank of India. See also "*Overview of the Indian Financial Sector—Structural Reforms—Amendments to the Banking Regulation Act*".

Restrictions on Investments in a Single Company

No bank may hold shares, as a pledgee, mortgagee or absolute owner in any company other than a subsidiary, exceeding 30.0% of the paid up share capital of that company or 30.0% of its own paid up share capital and reserves, whichever is less. In December 2011, the Reserve Bank of India issued guidelines on banks' investments in non-financial services companies, under which equity investment by a bank in companies engaged in non-financial services activities was limited to 10% of the investee company's paid up share capital.

Regulatory Reporting and Examination Procedures

The Reserve Bank of India is responsible for supervising the Indian banking system under various provisions of the Banking Regulation Act, 1949 and the Reserve Bank of India Act, 1934. This responsibility is discharged by the Reserve Bank of India's Department of Banking Supervision for all scheduled commercial banks excluding regional rural banks. The supervision framework is evolving over a period of time and the Reserve Bank of India has been progressively moving in line with Basel 'Core Principles for Effective Banking Supervision'. The existing supervisory framework has been modified towards establishing a risk based supervision framework.

This framework is intended to make the supervisory process for banks more efficient and effective, with the Reserve Bank of India applying differentiated supervision to each bank based on its risk profile. A detailed qualitative and quantitative assessment of the bank's risk is conducted by the supervisor on an on-going basis and a Risk Assessment Report is issued by the Reserve Bank of India. The Reserve Bank of India has designated a senior supervisory manager for the banks under this framework who will be the single point of contact for a designated bank.

We have been subject to supervision under this framework since fiscal 2013. The risk assessment report, along with the report on actions taken by us, has to be placed before our Board of Directors. On approval by our Board of Directors, we are required to submit the report on actions taken by us to the Reserve Bank of India. The Reserve Bank of India also discusses the report with our management team, including the Managing Director and CEO.

Appointment and Remuneration of the Chairman, Managing Director and Other Directors

We are required to obtain prior approval of the Reserve Bank of India before we appoint our chairman, managing director and any other executive directors and fix their remuneration. The Reserve Bank of India is authorized to remove an appointee from the posts of chairman, managing director and other executive directors on the grounds of public interest, interest of depositors or to ensure our proper management. Further, the Reserve Bank of India may order meetings of our Board of Directors to discuss any matter in relation to us, appoint observers to such meetings and in general may make such changes to the management as it may deem necessary and may also order the convening of a general meeting of our shareholders to elect new directors. We cannot appoint as a director any person who is a director of another banking company. The Reserve Bank of India has issued guidelines on "fit and proper" criteria for directors of banks. Our directors must satisfy the requirements of these guidelines.

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On January 13, 2012, the Reserve Bank of India issued guidelines on the compensation of whole-time directors/chief executive officers/risk takers and control function staff of private sector and foreign banks operating in India. The guidelines include principles for effective governance of compensation, alignment of compensation with risk taking and effective supervisory oversight and engagement by stakeholders.

On June 1, 2015, the Reserve Bank of India issued guidelines on compensation of non-executive directors of private sector banks. According to the guidelines, the Board of Directors, in consultation with its Remuneration Committee, should formulate and adopt a comprehensive compensation policy for the non-executive directors (other than the part-time non-executive chairman). In the policy, the Board may provide for the payment of compensation in the form of a profit related commission, subject to the bank making profits. Such compensation should not exceed Rs.1.0 million per annum for each director. Further, private sector banks have to obtain prior approval of the Reserve Bank of India for granting remuneration to the part-time non-executive chairman under Section 10B(1A)(i) and 35B of the Banking Regulation Act, 1949.

Penalties

The Reserve Bank of India may impose penalties on banks and their employees in case of infringement of regulations under the Banking Regulation Act. The penalty may be a fixed amount or may be related to the amount involved in any contravention of the regulations. The penalty may also include imprisonment.

Assets to be Maintained in India

Every bank is required to ensure that its assets in India (including import-export bills drawn in India and the Reserve Bank of India approved securities, even if the bills and the securities are held outside India) are not less than 75.0% of its demand and time liabilities in India.

Restriction on Creation of Floating Charge

Prior approval of the Reserve Bank of India is required for creating floating charge on our undertaking or property. Currently, all of our borrowings, including bonds, are unsecured.

Maintenance of Records

We are required to maintain books, records and registers. The Banking Regulation Act specifically requires banks to maintain books and records in a particular manner and file the same with the Registrar of Companies on a periodic basis. The provisions for production of documents and availability of records for inspection by shareholders as stipulated under the New Companies Act and the rules thereunder would apply to us as in the case of any company. The Know Your Customer Guidelines framed by the Reserve Bank of India also provide for certain records to be updated at regular intervals. As per the Prevention of Money Laundering Act, records of a transaction are to be preserved for five years (changed from ten years to five years in February 2013) from the date of the transaction between a customer and the bank. The Know-Your-Customer records are required to be preserved for a period of five years from the date of cessation of relationship with the customer. The Banking Companies (Period of Preservation of Records) Rules, 1985 requires such records to be preserved for eight years. The Banking Companies (Period of Preservation of Records) Rules, 1985 requires a bank's records of books, accounts and other documents relating to stock and share registers to be maintained for a period of three years.

Other Statutes

Companies Act

Companies in India, including banks, in addition to the sector-specific statutes and the regulations and guidelines prescribed by the sectoral regulators, are required to comply with relevant provisions of the Companies Act 1956. In 2013, the Indian Parliament enacted the new Companies Act, 2013, including, among other things, provisions to make independent directors more accountable, improve corporate governance practices and make corporate social responsibility mandatory for companies above a certain size and require them to spend a minimum of 2% of the average net profits of the preceding three years for corporate social responsibility initiatives. Any shortfall in this regard is required to be explained in the annual report. A substantial part of the rules for implementation of the Companies Act, 2013 have been notified and are effective from April 1, 2014.

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Competition Act

The Competition Act 2002 established the Competition Commission of India with the objective of promoting competition, preventing unfair trade practices and protecting the interest of consumers. The Competition Act prohibits anti-competitive agreements and abuse of market dominance, and requires the approval of the Competition Commission for mergers and acquisitions involving companies above a certain size. Further, the Competition (Amendment) Bill 2012, to amend the Competition Act 2002, was introduced in the lower house of Parliament in December 2012. The Bill aimed to widen the scope from the enterprise level to the group level in identify abuse of dominance, give the government of India the flexibility to specify thresholds for mergers to be regulated under such Act, and make it mandatory for sector-specific regulators to take the views of the Competition Commission of India on mergers and acquisitions in their respective sectors. The bill was later referred to the Standing Committee on Finance, which submitted its report in February 2014. The bill has since lapsed following the dissolution of the Parliament in May 2014 and has not been reintroduced so far by the new government.

Secrecy Obligations

Our obligations relating to maintaining secrecy arise out of common law principles governing our relationship with our customers. We cannot disclose any information to third parties except under clearly defined circumstances. The following are the exceptions to this general rule:

- where disclosure is required to be made under any law;
- where there is an obligation to disclose to the public;
- where we need to disclose information in its interest; and
- where disclosure is made with the express or implied consent of the customer.

We are also required to disclose information if ordered to do so by a court. The Reserve Bank of India may, in the public interest, publish the information obtained from the bank. Under the provisions of the Banker's Books Evidence Act, a copy of any entry in a bankers' book, such as ledgers, day books, cash books and account books certified by an officer of the bank may be treated as prima facie evidence of the transaction in any legal proceeding.

Regulations Governing Offshore Banking Units

The government and the Reserve Bank of India have permitted banks to set up offshore banking units in Special Economic Zones, which are specially delineated duty-free enclaves deemed to be foreign territory for the purpose of trade operations, duties and tariffs. We have an offshore banking unit located in the Santacruz Electronic Exports Promotion Zone, Mumbai. The key regulations applicable to offshore banking units include, but are not limited to, the following:

- No separate assigned capital is required. However, the parent bank is required to provide a minimum of US$ 10 million to its offshore banking unit.
- Offshore banking units are exempt from cash reserve ratio requirements.
- The Reserve Bank of India may exempt a bank's offshore banking unit from statutory liquidity ratio requirements on specific application by the bank.
- An offshore banking unit may not enter into any transactions in foreign exchange with residents in India, unless such a person is eligible to enter into or undertake such transactions under the Foreign Exchange Management Act.
- All prudential norms applicable to overseas branches of Indian banks apply to offshore banking units.
- Offshore banking units are required to adopt liquidity and interest rate risk management policies prescribed by the Reserve Bank of India in respect of overseas branches of Indian banks as well as within the overall risk management and asset and liability management framework of the bank subject to monitoring by the bank's board of directors at prescribed intervals. Further, the bank's board would

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be required to set comprehensive overnight limits for each currency for these branches, which would be separate from the open position limit of the parent bank.

- Offshore banking units may raise funds in convertible foreign currency as deposits and borrowings from non-residents including non-resident Indians but excluding overseas corporate bodies.
- Offshore banking units may operate and maintain balance sheets only in foreign currency.
- The loans and advances of offshore banking units would not be reckoned as net bank credit for computing priority sector lending obligations.
- Offshore banking units must follow the Know Your Customer guidelines and must be able to establish the identity and address of the participants in a transaction, the legal capacity of the participants and the identity of the beneficial owner of the funds.
- The Special Economic Zone Act, 2005 permitted offshore banking units to additionally undertake the following activities:
  - lend outside India and take part in international syndications/consortiums on par with foreign offices;
  - invest in foreign currency denominated debt of Indian units; and
  - extend facilities to subsidiaries/units of Indian entities, located outside India.

Regulations governing banking units in International Financial Services Centres in India

In March 2015, the Reserve Bank of India issued guidelines relating to Indian banks setting up banking units in International Financial Services Centres in India. According to the guidelines, public and private sector banks dealing in foreign exchange would be permitted to set up one banking unit in each international financial services centre in India. Banks will have to take prior approval of the Reserve Bank of India for opening a banking unit, and this will be treated on par with a foreign branch of an Indian bank. The minimum capital requirement for these banking units would be US$ 20 million. Funds raised by the banking units, including borrowings in foreign currency, would have to be from persons not resident in India. Deployment of funds can be with both persons resident in India as well as not resident in India. Liabilities of these units would be exempted from cash reserve ratio and the statutory liquidity ratio. The banking units will have to maintain the minimum regulatory capital as prescribed by the Reserve Bank of India and prudential norms applicable to overseas branches of Indian banks would apply to these banking units. The banking units would operate and maintain their balance sheet only in foreign currency and will not be allowed to deal

in Indian Rupees, except having a special rupee account for administrative expenses. The loans and advances of these banking units would not be reckoned for priority sector lending requirements.

Consolidated Supervision Guidelines

In fiscal 2003, the Reserve Bank of India issued guidelines for consolidated accounting and consolidated supervision for banks. These guidelines became effective April 1, 2003. The principal features of these guidelines are:

Consolidated Financial Statements: Banks are required to prepare consolidated financial statements intended for public disclosure.

Consolidated Prudential Returns: Banks are required to submit to the Reserve Bank of India consolidated prudential returns reporting their compliance with various prudential norms on a consolidated basis, excluding insurance subsidiaries and group companies engaged in businesses not pertaining to financial services. Compliance on a consolidated basis is required in respect of the following main prudential norms:

- single borrower exposure limit of 15.0% of capital funds (20.0% of capital funds, provided that the additional exposure of up to 5.0% is for the purpose of financing infrastructure projects);
- borrower group exposure limit of 40.0% of capital funds (50.0% of capital funds, provided that the additional exposure of up to 10.0% is for the purpose of financing infrastructure projects);

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- deduction from tier I capital of the bank of any shortfall in capital adequacy of a subsidiary for which capital adequacy norms are specified; and

- consolidated capital market exposure limit of 40.0% of consolidated net worth with a direct investment limit of 20.0% of consolidated net worth.

See also "*Business—Loan Portfolio—Loan Concentration*".

In June 2004, the Reserve Bank of India published the report of a working group on the monitoring of financial conglomerates, which proposed the following framework:

- identification of financial conglomerates that would be subjected to focused regulatory oversight;

- monitoring intra-group transactions and exposures and large exposures of the group to outside counter parties;

- identifying a designated entity within each group that would collate data in respect of all other group entities and furnish the same to its regulator; and

- formalizing a mechanism for inter-regulatory exchange of information.

The framework covers entities under the jurisdiction of the Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority of India and the National Housing Bank and would in due course be extended to entities regulated by the proposed Pension Fund Regulatory and Development Authority. The Reserve Bank of India has identified us and our related entities as a financial conglomerate with ICICI Bank as the designated entity responsible for reporting to the Reserve Bank of India.

In March 2013, financial sector regulators the Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority of India and the Pension Fund Regulatory and Development Authority, signed a memorandum of understanding to cooperate in the field of consolidated supervision and monitoring of financial conglomerates.

Regulations and Guidelines of the Securities and Exchange Board of India

The Securities and Exchange Board of India was established to protect the interests of public investors in securities and to promote the development of and to regulate the Indian securities market. We and our subsidiaries and affiliates are subject to the Securities and Exchange Board of India regulations for public capital issuances, as well as underwriting, custodial, depositary participant, investment banking, brokering, asset management and debenture trusteeship activities. These regulations provide for our registration with the Securities and Exchange Board of India for each of these activities, functions and responsibilities. We and our subsidiaries are required to adhere to codes of conduct applicable for these activities.

Special Status of Banks in India

The special status of banks is recognized under various statutes including the Sick Industrial Companies Act, 1985, Recovery of Debts Due to Banks and Financial Institutions Act, 1993, and the SARFAESI Act. As a bank, we are entitled to certain benefits under various statutes including the following:

- The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 provides for establishment of Debt Recovery Tribunals for expeditious adjudication and recovery of debts due to any bank or Public Financial Institution or to a consortium of banks and Public Financial Institutions. Under this Act, the procedures for recoveries of debt have been simplified and time frames have been fixed for speedy disposal of cases. Upon establishment of the Debt Recovery Tribunal, no court or other authority can exercise jurisdiction in relation to matters covered by this Act, except the higher courts in India in certain circumstances.

- The Sick Industrial Companies Act, 1985, ("SICA"), provides for referral of sick industrial companies to the Board for Industrial and Financial Reconstruction. Under this Act, other than the Board of Directors of a company, a scheduled bank (where it has an interest in the sick industrial company by any financial assistance or obligation, rendered by it or undertaken by it) may refer the company to the Board of Industrial and Financial Reconstruction ("BIFR"). The SICA has been repealed by the Sick

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Industrial Companies (Special Provisions) Repeal Act, 2004 ("SICA Repeal Act"). However, the SICA Repeal Act, which is due to come into force on a date to be notified by the central Government in the official gazette, has not yet been notified. On the repeal becoming effective, the provisions of the Companies Act will apply in relation to "sick" companies, under which the reference must be made to the National Company Law Tribunal, in place of the BIFR.

- The SARFAESI Act focuses on improving the rights of banks and financial institutions and other specified secured creditors as well as asset reconstruction companies by providing that such secured creditors can take over management control of a borrower company upon default and/or sell assets without the intervention of courts, in accordance with the provisions of the SARFAESI Act.

Taxation

The Government has proposed major reforms in Indian tax laws, namely the goods and services tax and the provisions relating to General Anti Avoidance Rule (GAAR). While the implementation of the goods and services tax is awaited, the implementation of GAAR has been deferred to fiscal 2018. Under the goods and services tax reforms, it has been proposed to introduce unified goods and services tax structures to expand the tax base, rationalize the input tax credit and harmonize the current multiple taxation laws in India. The goods and services tax would replace the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state value added tax, surcharge and excise currently being collected by the central and state governments. In the Union Budget for fiscal 2016, announced on January 28, 2015, the government has indicated that it is committed to a smooth transition to goods and services tax and will endeavour to resolve all issues during the year to enable its introduction. The implementation of goods and services tax is targeted for April 1, 2016.

The GAAR provisions would apply to arrangements declared as "impermissible avoidance arrangements", which is defined to mean an arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bonafide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including the denial of tax benefit or a benefit under the tax treaty.

Income Tax Benefits

As a banking company, the Bank is entitled to certain tax benefits under the Indian Income-tax Act. We are allowed a deduction of up to 20% of the profits derived from the business of providing long-term finance (defined as loans and advances extended for a period of not less than five years) computed in the manner specified under the Indian Income-tax Act and carried to a Special Reserve account. The deduction is allowed subject to the aggregate of the

amounts transferred to the Special Reserve Account for this purpose from time to time not exceeding twice our paid-up share capital and general reserves. The amount withdrawn from such a Special Reserve Account would be chargeable to income tax in the year of withdrawal, in accordance with the provisions of the Income-tax Act. In accordance with the guidelines issued by the Reserve Bank of India in December 2013, banks are required to create deferred tax liability on the special reserve on a prudent basis. The deferred tax liability up to March 31, 2013 was permitted to be directly adjusted through reserves and from fiscal year ended March 31, 2014 onwards to be charged through the profit and loss account.

Regulations Governing Insurance Companies