
October 12, 2010

CARE REAFFIRMS 'CARE AAA' RATING TO DEBT INSTRUMENTS OF ICICI BANK LTD.

CARE (Credit Analysis and Research Ltd.) has reaffirmed 'CARE AAA' [Triple A] rating for the various outstanding long term instruments (including Perpetual Bond & Upper Tier II Bonds) of ICICI Bank Ltd. aggregating to Rs.37,057.90 crore. CARE has also retained 'CARE AAA (FD)' [Triple A] rating to the existing Fixed Deposit programme of ICICI Bank Ltd. The rating of hybrid instruments (Perpetual Bonds and Upper Tier II Bonds) factors in additional risk arising due to existence of lock-in clause in these hybrid instruments. Any delay in payment of interest/ principal (as the case may be) following the invocation of the lock-in-clause, would constitute an event of default as per CARE's definition of default, and as such these instruments may exhibit somewhat sharper migration of rating as compared to conventional subordinated debt instruments.

CARE has also retained the PR1+' [PR One Plus] rating to the existing Certificate of Deposits programme having a limit of Rs.50,000 crore with a maturity upto one year.

Instruments	Amount Rated (Rs. Crore)	Rating ¹
Long Term Debt (including Perpetual, Lower Tier II and Upper Tier II Bonds)	37,057.90	CARE AAA
Certificate of Deposits	50,000	PR1+
Fixed Deposits	Ongoing	CARE AAA(FD)

Rating Rationale

The ratings factor in IBL's strong market position, healthy capitalization levels, strong resource raising ability, significant retail reach, strong technology infrastructure, and experienced management. IBL's ability to maintain asset quality especially of its retail portfolio, maintain healthy low cost deposits ratio and improve spreads are the key rating sensitivities.

¹ Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications

In FY10, IBL recorded PAT of Rs.4025 crore (FY09:- Rs.3,758 crore) on Total Income of Rs.33,185 crore (FY09:-Rs.38,696 crore). Softening of interest rates coupled with healthy growth in the CASA base helped IBL in improving NIMs (Net Interest Margins) from 2.16% in FY09 to 2.20% in FY10. Net advances registered de-growth of about 17%(FY09:-3%) to Rs.1,81,206 crore at end of FY10 due to the bank being cautious in light of the ongoing economic uncertainty and mounting asset quality problems. Gross and Net NPA ratios stood at 5.07% and 2.02% respectively as on Mar. 31, 2010 as against 4.32% and 2.09% respectively as on Mar. 31, 2009. IBL's NPA ratios increased partly on account of de-growth in the overall loan book. The bank has focused on strengthening its CASA base during the year resulting in substantial improvement in the CASA proportion from 29% at end of FY09 to 42% at end of FY10. As on Mar. 31, 2010 IBL's Capital Adequacy Ratio (under Basel II) improved to 19.41% (March 31, 2009:-15.53%).

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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