

ALLIED CAPITAL CORP
Form DEF 14A
April 01, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
SCHEDULE 14A
(Rule 14a-101)
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

- Filed by the Registrant
- Filed by a Party other than the Registrant
- Check the appropriate box:
- Preliminary Proxy Statement
 - Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 - Definitive Proxy Statement
 - Definitive Additional Materials
 - Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

Allied Capital Corporation

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
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- (1) Amount previously paid:
- (2) Form, schedule or registration statement no.:
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Allied Capital Corporation
Notice of Annual Meeting of Stockholders

To the Stockholders:

The 2009 Annual Meeting of Stockholders of Allied Capital Corporation (the Company) will be held at the Fairfax at Embassy Row Hotel (formerly the Westin Embassy Row Hotel), 2100 Massachusetts Avenue, NW, Washington, DC on May 13, 2009, at 10 a.m. (Eastern Time) for the following purposes:

1. To elect four directors of the Company who will serve for three years, or until their successors are elected and qualified;
2. To ratify the selection of KPMG LLP to serve as the independent registered public accounting firm for the Company for the year ending December 31, 2009; and
3. To transact such other business as may properly come before the meeting and any adjournments or postponements thereof.

You have the right to receive notice of and to vote at the meeting if you were a stockholder of record at the close of business on March 2, 2009. Whether or not you expect to be present in person at the Meeting, please sign the enclosed proxy and return it promptly in the envelope provided, or register your vote by telephone or through the Internet. Instructions are shown on the proxy card. In the event there are not sufficient votes for a quorum or to approve or ratify any of the foregoing proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of the proxies by the Company.

By order of the Board of Directors,

Miriam G. Krieger
Executive Vice President
and Corporate Secretary

Washington, DC
March 27, 2009

This is an important meeting. To ensure proper representation at the Meeting, please complete, sign, date and return the proxy card in the enclosed, self-addressed envelope, vote your shares by telephone, or vote via the Internet. Even if you vote your shares prior to the Meeting, you still may attend the Meeting and vote your shares in person.

TABLE OF CONTENTS

PROXY STATEMENT

PROPOSAL 1. ELECTION OF DIRECTORS

Nominees for Class II Directors -- Term Expiring 2012

Class III Directors -- Term Expiring 2010

Class I Directors -- Term Expiring 2011

Corporate Governance

Executive Compensation

Compensation Discussion and Analysis

PROPOSAL 2. RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC

ACCOUNTING FIRM

Other Business

2010 Annual Meeting of Stockholders

Allied Capital Corporation
1919 Pennsylvania Avenue, NW
Washington, DC 20006

PROXY STATEMENT

General

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Allied Capital Corporation (the Company or Allied Capital) for use at the Company's 2009 Annual Meeting of Stockholders (the Meeting) to be held on May 13, 2009, at 10 a.m. (Eastern Time) at the Fairfax at Embassy Row (formerly the Westin Embassy Row Hotel), 2100 Massachusetts Avenue, NW, Washington, DC and at any adjournments or postponements thereof. This proxy statement, the accompanying proxy card, and the Company's Annual Report on Form 10-K for the year ended December 31, 2008, are first being sent to stockholders on or about March 27, 2009.

We encourage you to vote your shares, either by voting in person at the Meeting or by granting a proxy (*i.e.*, authorizing someone to vote your shares). If you properly sign and date the accompanying proxy card or otherwise provide voting instructions, either via the Internet or the telephone, and the Company receives it in time for the Meeting, the persons named as proxies will vote the shares registered directly in your name in the manner that you specified. **If you give no instructions on the proxy card, the shares covered by the proxy card will be voted FOR the election of the nominees as directors and FOR the other matters listed in the accompanying Notice of Annual Meeting of Stockholders.**

If you are a stockholder of record (*i.e.*, you hold shares directly in your name), you may revoke a proxy at any time before it is exercised by notifying the proxy tabulator, Broadridge Financial Solutions, Inc., in writing. Please send your notification to Allied Capital Corporation, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717, or submit a properly executed, later-dated proxy or vote in person at the Meeting. Any stockholder of record attending the Meeting may vote in person whether or not he or she has previously voted his or her shares. If your shares are held for your account by a broker, bank, or other institution or nominee (Broker Shares), you may vote such shares at the Meeting only if you obtain proper written authority from your institution or nominee and present it at the Meeting.

Stockholders of record may also vote either via the Internet or by telephone. Specific instructions to be followed by stockholders of record interested in voting via the Internet or the telephone are shown on the enclosed proxy card. The

Internet and telephone voting procedures are designed to authenticate the stockholder's identity and to allow stockholders to vote their shares and confirm that their instructions have been properly recorded.

Availability of Proxy and Annual Meeting Materials

This proxy statement and the accompanying Annual Report on Form 10-K and proxy card are also available at www.alliedcapital.com. Among other things, the proxy contains:

- the date, time and location of the meeting;
 - a description of the matters being submitted to stockholders for a vote; and
 - information concerning attending the meeting and voting in person.
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Electronic Delivery of Allied Capital Stockholder Communications

We are pleased to offer to our stockholders the benefits and convenience of electronic delivery of annual meeting materials, including:

- Email delivery of the proxy statement, annual report, and related materials instead of bulky hard copy delivery;
- Efficient stockholder voting on-line; and
- Reduction of printing and mailing costs associated with traditional delivery methods.

If you would like to sign up for electronic delivery for future stockholder mailings, please visit www.icsdelivery.com/ald/index.html to enroll. Your electronic delivery enrollment will be effective until you choose to cancel it. If you have questions about electronic delivery, please call Allied Capital Investor Relations toll-free at (888) 818-5298 or send an email to ir@alliedcapital.com.

Annual Meeting Admission

If you plan to attend the Meeting, an admission ticket and photo identification will be required for admission to the Meeting. If you are a stockholder of record, your ticket is attached to your proxy card. If your shares are held in the name of a broker or other nominee and you do not have an admission ticket, please bring with you a legal proxy or letter from the broker, trustee, bank, or nominee confirming your beneficial ownership of the shares as of the record date, March 2, 2009, along with your photo identification.

Purpose of Meeting

At the Meeting, you will be asked to vote on the following proposals:

1. To elect four directors of the Company who will serve for three years, or until their successors are elected and qualified;
2. To ratify the selection of KPMG LLP to serve as the independent registered public accounting firm for the Company for the year ending December 31, 2009; and
3. To transact such other business as may properly come before the Meeting and any adjournments or postponements thereof.

Voting Securities

You may vote your shares at the Meeting only if you were a stockholder of record at the close of business on March 2, 2009, the record date. On March 2, 2009, there were 178,691,875 shares of the Company's common stock outstanding. Each share of common stock is entitled to one vote.

The Company's 401(k) Plan owns a total of 388,775 shares, representing less than 1% of the Company's total outstanding shares. The Administrator of the 401(k) Plan will vote the shares on behalf of the participants pursuant to their instructions.

Quorum Required

A quorum must be present at the Meeting for any business to be conducted. The presence at the Meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum.

Abstentions will be treated as shares present for quorum purposes. Broker Shares for which the nominee has not received voting instructions from the beneficial holder and does not have discretionary authority to vote the shares on certain proposals (which are considered broker non-votes with respect to such proposals) will be treated as shares present for quorum purposes.

If a quorum is not present at the Meeting, the stockholders who are represented may adjourn the Meeting until a quorum is present. The persons named as proxies will vote those proxies for such adjournment, unless marked to be voted against any proposal for which an adjournment is sought, to permit the further solicitation of proxies.

Vote Required

Election of Nominee Directors. The affirmative vote of a majority of the votes cast at the Meeting in person or by proxy is required to elect each of the four nominees as directors. Votes withheld on the matter will not be included in determining the number of votes cast and, as a result, will have no effect on this proposal.

Ratification of Independent Registered Public Accounting Firm. The affirmative vote of a majority of the votes cast at the Meeting in person or by proxy is required to ratify the appointment of KPMG LLP to serve as the Company's independent registered public accounting firm. Abstentions will not be included in determining the number of votes cast and, as a result, will not have any effect on the result of the vote.

Additional Solicitation. If there are not enough votes to approve any proposals at the Meeting, the stockholders who are represented may adjourn the Meeting to permit the further solicitation of proxies. The persons named as proxies will vote those proxies for such adjournment, unless marked to be voted against any proposal for which an adjournment is sought, to permit the further solicitation of proxies. Those proxies voted against any proposal for which an adjournment is sought will be voted against such adjournment. Abstentions and broker non-votes will not be voted and thus will not have any effect on the result of the vote for adjournment.

Also, a stockholder vote may be taken on one or more of the proposals in this Proxy Statement prior to any such adjournment if there are sufficient votes for approval of such proposal(s).

Information Regarding This Solicitation

The Company will bear the expense of the solicitation of proxies for the Meeting, including the cost of preparing, printing, and mailing this proxy statement, the accompanying Notice of Annual Meeting of Stockholders, and the proxy card. The Company has requested that brokers, nominees, fiduciaries, and other persons holding shares in their names, or in the name of their nominees, which are beneficially owned by others, forward the proxy materials to, and obtain proxies from, such beneficial owners. The Company will reimburse such persons for their reasonable expenses in so doing.

In addition to the solicitation of proxies by mail, proxies may be solicited in person and by telephone, facsimile transmission, or telegram by directors, officers, or regular employees of the Company (without special compensation therefor). Any proxy given pursuant to this solicitation may be revoked by notice from the person

giving the proxy at any time before it is exercised. Any such notice of revocation should be provided in writing and signed by the stockholder in the same manner as the proxy being revoked and delivered to the Company's proxy tabulator.

Security Ownership of Management and Certain Beneficial Owners

The following table sets forth, as of March 20, 2009, each stockholder who owned more than 5% of the Company's outstanding shares of common stock, each current director, each nominee for director, each named executive officer of the Company listed in the Summary Compensation Table, and directors and executive officers as a group. Unless otherwise indicated, the Company believes that each beneficial owner set forth in the table has sole voting and investment power. Certain shares beneficially owned by the Company's directors and executive officers may be held in accounts with third-party brokerage firms, where such shares may from time to time be subject to a security interest for margin credit provided in accordance with such brokerage firm's policies.

The Company's directors are divided into two groups—interested directors and independent directors. Interested directors are interested persons as defined in Section 2(a)(19) of the 1940 Act.

Name of Beneficial Owner	Number of Shares Owned Beneficially ⁽¹⁾	Percentage of Class ⁽²⁾	Dollar Range of Equity Securities Beneficially Owned ⁽³⁾
Interested Directors and Nominees:			
William L. Walton ⁽⁴⁾	1,762,401	*%	over \$100,000
Joan M. Sweeney ⁽⁵⁾	932,041	*	over \$100,000
Robert E. Long ⁽⁶⁾	40,435	*	\$10,001-\$50,000
John M. Scheurer ⁽⁷⁾	849,952	*	over \$100,000
Independent Directors:			
Ann Torre Bates ⁽⁸⁾	45,044	*	\$10,001-\$50,000
Brooks H. Browne ⁽⁹⁾	99,236	*	over \$100,000
John D. Firestone ⁽¹⁰⁾	82,231	*	\$50,001-\$100,000
Anthony T. Garcia ⁽¹¹⁾	89,083	*	\$50,001-\$100,000
Edwin L. Harper ⁽¹²⁾	15,000	*	\$10,001-\$50,000
Lawrence I. Hebert ⁽¹³⁾	52,500	*	\$50,001-\$100,000
John I. Leahy ⁽¹⁴⁾	41,637	*	\$10,001-\$50,000
Edward J. Mathias ⁽¹⁵⁾	34,936	*	\$10,001-\$50,000
Alex J. Pollock ⁽¹⁶⁾	48,823	*	\$50,001-\$100,000
Marc F. Racicot ⁽¹⁷⁾	21,338	*	\$10,001-\$50,000
Guy T. Steuart II ⁽¹⁸⁾	328,824	*	over \$100,000
Laura W. van Roijen ⁽¹⁹⁾	88,289	*	\$50,001-\$100,000
Named Executive Officers:			
Penni F. Roll ⁽²⁰⁾	868,610	*	over \$100,000
Daniel L. Russell ⁽²¹⁾	616,604	*	over \$100,000
Robert M. Monk ⁽²²⁾	438,442	*	over \$100,000
Michael J. Grisius ⁽²³⁾	254,908	*	over \$100,000
	6,702,864	3.7%	

**All directors and executive officers as a group (22
in number)⁽²⁴⁾**

* Less than 1%

- (1) Beneficial ownership has been determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934.
- (2) Based on a total of 178,691,875 shares of the Company's common stock issued and outstanding on March 20, 2009, and 2,938,471 shares of the Company's common stock issuable upon the exercise of stock options exercisable within 60 days held by each executive officer and non-officer director.
- (3) Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) of the Securities Exchange Act of 1934.
- (4) Includes 1,212,259 shares owned directly and 524,000 options exercisable within 60 days of March 20, 2009. Also includes 10,327 shares allocated to 401(k) plan and 15,815 shares held in IRA or Keogh accounts. Of the shares listed, 2,150 are held in margin accounts or otherwise pledged.

- (5) Includes 728,031 shares owned directly and options to purchase 181,729 shares exercisable within 60 days of March 20, 2009. Also includes 22,281 shares allocated to 401(k) plan. Of the shares listed, 158,659 are held in margin accounts or otherwise pledged.
- (6) Includes exercisable options to purchase 25,000 shares. Of the shares listed, 16,681 are held in margin accounts or otherwise pledged.
- (7) Includes 503,548 shares owned directly, options to purchase 293,000 shares exercisable within 60 days of March 20, 2009, and 53,404 shares allocated to 401(k) plan. Of the shares listed, 503,548 are held in margin accounts or otherwise pledged.
- (8) Includes 7,250 shares held in IRA or Keogh accounts, exercisable options to purchase 25,000 shares and 7,000 shares held by Ms. Bates' spouse. Also includes 3,499 shares held in a revocable trust and 700 shares held in an IRA account by Ms. Bates' father over which Ms. Bates has power-of-attorney.
- (9) Includes 12,280 shares held in IRA or Keogh accounts and includes exercisable options to purchase 35,000 shares. Of the shares listed, 9,500 are held in margin accounts or otherwise pledged.
- (10) Includes 9,415 shares held in IRA or Keogh accounts and includes exercisable options to purchase 30,000 shares.
- (11) Includes exercisable options to purchase 15,000 shares.
- (12) Includes 2,000 shares held in IRA or Keogh accounts, 7,000 shares held in a revocable trust, 1,000 shares held by Mr. Harper's spouse in a revocable trust for which Mr. Harper is co-trustee and exercisable options to purchase 5,000 shares.
- (13) Includes 9,529 shares held in IRA or Keogh accounts, 9,000 shares held in a revocable trust and exercisable options to purchase 15,000 shares.
- (14) Includes exercisable options to purchase 5,000 shares.
- (15) Includes 33,000 shares held in IRA or Keogh accounts.
- (16) Includes 4,000 shares held in IRA or Keogh accounts, 200 shares held by Mr. Pollock's son in a custodial account for which Mr. Pollock serves as custodian, and exercisable options to purchase 15,000 shares.
- (17) Includes exercisable options to purchase 5,000 shares.
- (18) Includes 276,691 shares held by a corporation for which Mr. Steuart serves as an executive officer, which are held in margin accounts or otherwise pledged, and exercisable options to purchase 5,000 shares.
- (19) Includes 16,224 shares held in IRA or Keogh accounts and includes exercisable options to purchase 45,000 shares.
- (20) Includes 236,327 shares owned directly and options to purchase 615,677 shares exercisable within 60 days of March 20, 2009, and 16,606 shares allocated to 401(k) plan. Of the shares listed, 1,100 are held in margin accounts or otherwise could be pledged.
- (21) Includes 83,873 shares owned directly and options to purchase 532,731 shares exercisable within 60 days of March 20, 2009.
- (22) Includes 104,637 shares owned directly, 805 shares held in IRA or Keogh accounts, and options to purchase 333,000 shares exercisable within 60 days of March 20, 2009. Of the shares listed, 104,637 are held in margin accounts or otherwise pledged.
- (23) Includes 227,239 shares owned directly, 1,864 shares held in IRA or Keogh accounts and 25,805 shares allocated to 401(k) plan. Effective December 19, 2008, Mr. Grisius was no longer employed by the Company.
- (24) Directors and executive officers as a group includes all executive officers of the Company as of March 20, 2009, and does not include Mr. Grisius.

**PROPOSAL 1.
ELECTION OF DIRECTORS**

Pursuant to the Company's bylaws, the Board of Directors may modify the number of members of the Board provided that the number of directors will not be fewer than three or greater than fifteen, unless otherwise permitted by law. Directors are elected in three classes for a staggered term of three years for each class, with the term of office of only one of the three classes of directors expiring each year. Directors serve until their successors are elected and qualified. Messrs. Harper, Leahy and Steuart have announced their intention to retire from the Board of Directors at the expiration of their current term. The Board of Directors has determined that the size of the Board will be thirteen following the Meeting.

The Class II directors, Ms. Bates and Messrs. Mathias and Pollock have been nominated for election by the Board of Directors for a three-year term expiring in 2012. In addition, John M. Scheurer, the Company's Chief Executive Officer and President, has been nominated for election as a Class II director by the Board of Directors for a three-year term expiring in 2012. Each Class II director and nominee has agreed to serve as a director if elected and has consented to be named as a nominee. No person being nominated as a director is being proposed for election pursuant to any agreement or understanding between any such person and the Company.

A stockholder can vote for or withhold his or her vote from any or all of the nominees. **In the absence of instructions to the contrary, it is the intention of the persons named as proxies to vote such proxy FOR the election of all the nominees named below. If any of the nominees should decline or be unable to serve as a director, it is intended that the proxy will be voted for the election of such person or persons as are nominated as replacements.** The Board of Directors has no reason to believe that any of the persons named will be unable or unwilling to serve.

**The Board of Directors of the Company Recommends that
Stockholders Vote for the Election of the Nominees Named in this Proxy Statement.**

Information about the Directors

Certain information, as of March 20, 2009, with respect to each of the four nominees for election at the Meeting, as well as each of the current directors, is set forth below, including their names, ages, a brief description of their recent business experience, including present occupations and employment, certain directorships that each nominee holds, and the year in which each nominee became a director of the Company or any of its predecessor companies.

The Board of Directors of each consolidated subsidiary will be composed of all of the Company's directors. The business address of each nominee and director listed below is 1919 Pennsylvania Avenue, NW, Washington, DC 20006.

Nominees for Class II Directors Term Expiring 2012

Ms. Bates and Messrs. Mathias and Pollock are independent directors for purposes of the 1940 Act. Mr. Scheurer is an interested person, as defined in the 1940 Act, due to his position as an officer of the Company.

Ann Torre Bates

Age 50. Ms. Bates has been a strategic and financial consultant since 1997. From 1995 to 1997, Ms. Bates served as Executive Vice President, CFO and Treasurer of NHP, Inc., a national real estate services firm. From 1991 to 1995, Ms. Bates was Vice President and Treasurer of US Airways. She currently serves on the boards of Franklin Mutual Series Funds, the Franklin Mutual Recovery Fund, the Franklin Templeton Funds, and SLM Corporation (Sallie Mae). She has served as a director of the Company since 2003.

Edward J. Mathias

Age 67. Mr. Mathias has served as a Managing Director of The Carlyle Group, a global private equity firm, since 1994. From 1971 to 1993, Mr. Mathias served as Managing Director and Board Member of T. Rowe Price Associates, Inc., an investment management firm. Mr. Mathias presently serves as a Trustee of the University of Pennsylvania and as a member of the Penn Investment Board that oversees the University's endowment. He serves on the Howard Hughes Medical Institute's Investment Advisory Committee. Mr. Mathias is also a director of NexCen Brands, Inc., Victory Acquisition Corp., and Triple Crown Acquisition Corp. He has served as a director of the Company since 2008.

Alex J. Pollock

Age 66. Mr. Pollock has been a Resident Fellow at the American Enterprise Institute since 2004. He was President and Chief Executive Officer of the Federal Home Loan Bank of Chicago from 1991 to 2004. He currently serves as a director of the CME Group, Great Lakes Higher Education Corporation, the Great Books Foundation and the International Union for Housing Finance. He has served as a director of the Company since 2003.

John M. Scheurer

Age 56. Mr. Scheurer, Chief Executive Officer and President, has been employed by Allied Capital since 1991. During his tenure with Allied Capital, Mr. Scheurer has held several leadership positions, most recently as a Managing Director and Head of Commercial Real Estate Finance. Mr. Scheurer also served as President of Allied Capital Commercial Corporation, a predecessor to Allied Capital, from 1993 until 1997.

Class III Directors Term Expiring 2010

Messrs. Walton and Long and Ms. Sweeney are interested persons, as defined in the 1940 Act, in the cases of Mr. Walton and Ms. Sweeney, due to their positions as officers of the Company and in the case of Mr. Long, as the father of an officer of the Company. Mr. Browne is an independent director for purposes of the 1940 Act.

William L. Walton

Age 59. Mr. Walton is the Chairman of the Board and an executive officer of the Company. From 1997 until March 2009, Mr. Walton served as the Company's Chairman, President and Chief Executive Officer. He has served as a director of the Company or one of its predecessors since 1986. Mr. Walton's previous experience includes serving as a Managing Director of Butler Capital Corporation, as personal investment advisor to William S. Paley, founder of CBS, and as Senior Vice President in Lehman Brothers Kuhn Loeb's Merger and Acquisition Group. He also founded two education service companies—Language Odyssey and Success Lab. Mr. Walton currently serves on the boards of directors of the American Enterprise Institute, the U.S. Chamber of Commerce, and the Financial Services Roundtable. He is also a member of the Trustees' Council of the National Gallery of Art.

Joan M. Sweeney

Age 49. Ms. Sweeney is the Chief Operating Officer of the Company and has been employed by the Company since 1993. Ms. Sweeney oversees the Company's daily operations. Prior to joining Allied Capital, Ms. Sweeney was employed by Ernst & Young, Coopers & Lybrand, and the Division of Enforcement of the Securities and Exchange Commission. She has served as a director of the Company since 2004.

Brooks H. Browne

Age 59. Mr. Browne has been a private investor since 2002. Mr. Browne was the President of Environmental Enterprises Assistance Fund from 1993 to 2002 and served as a director from 1991 to 2005. He currently serves as Chairman of the Board for Winrock International, a non-profit organization. He has served as a director of the Company or one of its predecessors since 1990.

Robert E. Long

Age 77. Mr. Long has been the Chief Executive Officer and a director of GLB Group, Inc., an investment management firm, since 1997 and President of Ariba GLB Asset Management, Inc., the parent company of GLB Group, Inc., since 2005. He has been the Chairman of Emerald City Radio Partners, LLC since 1997. Mr. Long was the President of Business News Network, Inc. from 1995 to 1998, the Chairman and Chief Executive Officer of Southern Starr Broadcasting Group, Inc. from 1991 to 1995, and a director and the President of Potomac Asset Management, Inc. from 1983 to 1991. Mr. Long is a director of AmBase Corporation, CSC Scientific, Inc., and Advanced Solutions International, Inc. He has served as a director of the Company or one of its predecessors since 1972. Mr. Long is the father of Robert D. Long, an officer of the Company.

Class I Directors Term Expiring 2011

All five Class I directors are independent directors for purposes of the 1940 Act.

John D. Firestone

Age 65. Mr. Firestone has been a Partner of Secor Group, a venture capital firm since 1978. Mr. Firestone has also served as a director of Security Storage Company of Washington, DC, since 1978. He is currently a director of Cuisine Solutions, Inc., and several non-profit organizations. He has served as a director of the Company or one of its predecessors since 1993.

Anthony T. Garcia

Age 52. Mr. Garcia has been a faculty member at a private school since March 2008. Previously, Mr. Garcia was a private investor from March 2007 and Vice President of Finance of Kirusa, a developer of mobile services, from January to March 2007. Mr. Garcia was a private investor from 2003 through 2006. Mr. Garcia was Vice President of Finance of Formity Systems, Inc., a developer of software products for business management of data networks, from 2002 through 2003. Mr. Garcia was a private investor from 2000 to 2001, the General Manager of Breen Capital Group, an investor in tax liens, from 1997 to 2000, and a Senior Vice President of Lehman Brothers Inc. from 1985 to 1996. He has served as a director of the Company or one of its predecessors since 1991.

Lawrence I. Hebert

Age 62. Mr. Hebert is Chairman of Dominion Advisory Group, LLC and served as Senior Advisor at PNC Bank from 2005 to 2007. He served as a director and President and Chief Executive Officer of Riggs Bank N.A., a subsidiary of Riggs National Corporation, from 2001 to 2005. Mr. Hebert also served as Chief Executive Officer of Riggs National Corporation during 2005 and served as a director of Riggs National Corporation from 1988 to 2005. Mr. Hebert served as a director of Riggs Investment Advisors and Riggs Bank Europe Limited (both indirect subsidiaries of Riggs National Corporation). Mr. Hebert previously served as Vice Chairman from 1983 to 1998, President from 1984 to 1998, and Chairman and Chief Executive Officer from 1998 to 2001 of Allbritton Communications Company. He has served as a director of the Company or one of its predecessors since 1989.

Marc F. Racicot

Age 60. Mr. Racicot is an attorney and served as President and Chief Executive Officer of the American Insurance Association from August 2005 until February 2009. Prior to that, he was an attorney at the law firm of Bracewell & Giuliani, LLP from 2001 to 2005. He is a former Governor (1993 to 2001) and Attorney General (1989 to 1993) of the State of Montana. Mr. Racicot was appointed by President Bush to serve as the Chairman of the Republican National Committee from 2002 to 2003 and he served as Chairman of the Bush/Cheney Re-election Committee from 2003 to 2004. He presently serves on the Board of Directors for Burlington Northern Santa Fe Corporation, Massachusetts Mutual Life Insurance Company, and the Board of Visitors for the University of Montana School of Law. He has served as a director of the Company since 2005.

Laura W. van Roijen

Age 56. Ms. van Roijen has been a private investor since 1992. Ms. van Roijen was a Vice President at Citicorp from 1980 to 1990. She has served as a director of the Company or one of its predecessors since 1992.

Director Compensation

The following table sets forth compensation that the Company paid during the year ended December 31, 2008, to its directors. The Company's directors are divided into two groups – interested directors and independent directors. Interested directors are interested persons as defined in Section 2(a)(19) of the 1940 Act.

Name	Fees Earned or		Option Awards ⁽¹⁾	Non-qualified Non-Equity Incentive Plan Compensation		Change in Pension Value and Non-qualified Deferred Compensation ⁽³⁾		All Other Compensation	Total
	Paid in Cash	Stock Awards		Compensation	Earnings	Compensation	Other		
Interested Directors									
William L. Walton ⁽²⁾	\$	n/a	\$	n/a	n/a	\$	\$		
Joan M. Sweeney ⁽²⁾	\$	n/a	\$	n/a	n/a	\$	\$		
Robert E. Long	\$ 190,000	n/a	\$ 10,571	n/a	n/a	\$	\$ 200,571		
Independent Directors									
Ann Torre Bates	\$ 195,000	n/a	\$ 10,571	n/a	n/a	\$	\$ 205,571		
Brooks H. Browne	\$ 190,000	n/a	\$ 10,571	n/a	n/a	\$	\$ 200,571		
John D. Firestone	\$ 190,000	n/a	\$ 10,571	n/a	n/a	\$	\$ 200,571		
Anthony T. Garcia	\$ 195,000	n/a	\$ 10,571	n/a	n/a	\$	\$ 205,571		
Edwin L. Harper ⁽⁴⁾	\$ 190,000	n/a	173,591						
Advances									317,786
									338,703
									347,067
									361,757
Fixed assets									4,611
									4,678
									4,671
									4,678
Other assets									38,701
									32,709
									24,263
									23,739
Total Assets									563,508
									594,642
									588,355
									611,143

1. Borrowings include preference share capital of Rs. 350 crore.

2. Prior period figures have been regrouped/re-arranged where necessary.
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ICICI Bank Limited
ICICI Bank Towers
Bandra Kurla Complex
Mumbai 400 051

All financial and other information in this press release, other than financial and other information for specific subsidiaries where specifically mentioned, is on an unconsolidated basis for ICICI Bank Limited only unless specifically stated to be on a consolidated basis for ICICI Bank Limited and its subsidiaries. Please also refer to the statement of audited unconsolidated, consolidated and segmental results required by Indian regulations that has, along with this release, been filed with the stock exchanges in India where ICICI Bank's equity shares are listed and with the New York Stock Exchange and the US Securities Exchange Commission, and is available on our website www.icicibank.com.

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'expected to', etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the actual growth in demand for banking and other financial products and services in the countries that we operate or where a material number of our customers reside, our ability to successfully implement our strategy, including our use of the Internet and other technology, our rural expansion, our exploration of merger and acquisition opportunities, our ability to integrate recent or future mergers or acquisitions into our operations and manage the risks associated with such acquisitions to achieve our strategic and financial objectives, our ability to manage the increased complexity of the risks we face following our rapid international growth, future levels of impaired loans, our growth and expansion in domestic and overseas markets, the adequacy of our allowance for credit and investment losses, technological changes, investment income, our ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to implement our dividend policy, the impact of changes in banking regulations and other regulatory changes in India and other jurisdictions on us, the bond and loan market conditions and availability of liquidity amongst the investor community in these markets, the nature or level of credit spreads, 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 as well as other risks that are detailed in the reports filed by us with the United States Securities and Exchange Commission. ICICI Bank undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

This release does not constitute an offer of securities.

For further press queries please call Sujit Ganguli at 91-22-2653 8525 or email ganguli.sujit@icicibank.com.

For investor queries please call Rakesh Mookim at 91-22-2653 6114 or email ir@icicibank.com.

1 crore = 10.0 million

US\$ amounts represent convenience translations at US\$1= Rs. 61.75

Auditors' Report on the Financial Results of ICICI Bank Limited pursuant to the Clause 41 of the Listing Agreement

To The Board of Directors of
ICICI Bank Limited

1. We have audited the quarterly financial results of ICICI Bank Limited ('the Bank') for the quarter ended 30 September 2014 and year to date financial results for the period from 1 April 2014 to 30 September 2014, attached herewith, being submitted by the Bank pursuant to the requirement of Clause 41 of the Listing Agreement, except for (a) the disclosures regarding 'Public Shareholding' and 'Promoters and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us and (b) disclosures relating to 'Pillar 3 under Basel III Capital Regulations' as have been disclosed on the Bank's website and in respect of which a link has been provided in the quarter and year to date financial results and have not been audited by us. These quarterly financial results and year to date financial results have been prepared on the basis of the condensed interim financial statements, which are the responsibility of the Bank's management and have been approved by the Board of Directors. Our responsibility is to express an opinion on these quarterly financial results and year to date financial results based on our audit of such condensed interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued pursuant to the Companies (Accounting Standards) Rules, 2006 which continue to apply under section 133 of the Companies Act 2013, provisions of Section 29 of the Banking Regulation Act, 1949, circulars and guidelines issued by Reserve Bank of India from time to time and other accounting principles generally accepted in India.
 2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
 3. For the purpose of our audit as stated in paragraph 2 above, we did not audit the financial statements of Singapore, Bahrain, Hong Kong and Dubai branches of the Bank, whose financial statements reflect total assets of Rs. 1,545,225 million as at 30 September 2014, total revenues of Rs. 17,707 million for the quarter ended 30 September 2014 and Rs. 34,380 million for the period from 1 April 2014 to 30 September 2014 and net cash outflows amounting to Rs. 43,583 million for the quarter ended 30 September 2014 and Rs. 29,698 million for the period from 1 April 2014 to 30 September 2014. These financial statements have been audited by other auditors, duly qualified to act as auditors in the country of incorporation of the said branches, whose reports have been furnished to us, and our opinion in so far as it relates to such branches is based solely on the reports of the other auditors.
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B S R & Co. LLP

Auditors' Report on the Financial Results of ICICI Bank Limited pursuant to the Clause 41 of the Listing Agreement (Continued)

ICICI Bank Limited

4. In our opinion and to the best of our information and according to the explanations given to us, these quarterly financial results as well as the year to date financial results:

- i) have been presented in accordance with the requirements of Clause 41 of the Listing Agreement in this regard; and
- ii) give a true and fair view of the net profit for the quarter ended 30 September 2014 as well as the year to date results for the period from 1 April 2014 to 30 September 2014.

5. Further, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the Bank in terms of Clause 35 of the Listing Agreement and found the same to be correct.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

/s/ Venkataramanan Vishwanath
Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
30 October 2014

ICICI Bank Limited

Registered Office: Landmark, Race Course Circle, Vadodara - 390 007.

Corporate Office: ICICI Bank Towers, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

Web site: <http://www.icicibank.com>

UNCONSOLIDATED FINANCIAL RESULTS

		Three months ended			Six Months ended		(Rs. in crore)
Sr. no.	Particulars	September 30, 2014 (Audited)	June 30, 2014 (Audited)	September 30, 2013 (Audited)	September 30, 2014 (Audited)	September 30, 2013 (Audited)	Year ended March 31, 2014 (Audited)
	Interest earned						
1.	(a)+(b)+(c)+(d)	12,150.56	11,766.90	10,813.27	23,917.46	21,233.95	44,178.15
	Interest/discount						
a)	on advances/bills	8,874.04	8,392.18	7,736.87	17,266.22	14,932.51	31,427.93
	Income on						
b)	investments	2,972.19	2,977.19	2,839.08	5,949.38	5,723.71	11,557.05
c)	Interest on balances with Reserve Bank of India and other inter-bank funds	53.77	49.27	47.03	103.04	104.74	199.98
d)	Others	250.56	348.26	190.29	598.82	472.99	993.19
2.	Other income	2,738.39	2,849.81	2,166.48	5,588.20	4,650.77	10,427.87
	TOTAL INCOME						
3.	(1)+(2)	14,888.95	14,616.71	12,979.75	29,505.66	25,884.72	54,606.02
4.	Interest expended	7,493.92	7,275.01	6,769.76	14,768.93	13,369.97	27,702.59
	Operating expenses						
5.	(e)+(f)	2,697.12	2,824.98	2,322.11	5,522.10	4,812.71	10,308.86
e)	Employee cost	1,086.39	1,246.86	871.55	2,333.25	1,960.98	4,220.11
f)	Other operating expenses	1,610.73	1,578.12	1,450.56	3,188.85	2,851.73	6,088.75
6.	TOTAL EXPENDITURE (4)+(5) (excluding provisions and contingencies)	10,191.04	10,099.99	9,091.87	20,291.03	18,182.68	38,011.45
7.	OPERATING PROFIT (3)-(6) (Profit before provisions and contingencies)	4,697.91	4,516.72	3,887.88	9,214.63	7,702.04	16,594.57

8.	Provisions (other than tax) and contingencies	849.49	726.08	624.80	1,575.57	1,217.98	2,626.40
9.	Exceptional items	..	..	..	..	..	..
10.	PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX (7)–(8)–(9)	3,848.42	3,790.64	3,263.08	7,639.06	6,484.06	13,968.17
11.	Tax expense (g)+(h)	1,139.41	1,135.34	911.03	2,274.75	1,857.80	4,157.69
	Current period g) tax	1,081.85	1,164.85	849.49	2,246.70	1,834.87	3,844.50
	Deferred tax h) adjustment	57.56	(29.51)	61.54	28.05	22.93	313.19
12.	NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER TAX (10)–(11)	2,709.01	2,655.30	2,352.05	5,364.31	4,626.26	9,810.48
13.	Extraordinary items (net of tax expense)	..	..	..	..	..	..
14.	NET PROFIT/(LOSS) FOR THE PERIOD (12)–(13)	2,709.01	2,655.30	2,352.05	5,364.31	4,626.26	9,810.48
15.	Paid-up equity share capital (face value Rs. 10/- each)	1,157.46	1,156.22	1,154.45	1,157.46	1,154.45	1,155.04
16.	Reserves excluding revaluation reserves	77,712.85	74,735.47	71,943.42	77,712.85	71,943.42	72,051.71
17.	Analytical ratios						
i)	Percentage of shares held by Government of India	0.05	0.04	0.03	0.05	0.03	0.03
ii)	Capital adequacy ratio (Basel III)	16.64%	17.00%	16.50%	16.64%	16.50%	17.70%
iii)	Earnings per share (EPS)						
a)	Basic EPS before and after extraordinary items, net of	23.42	22.98	20.38	46.40	40.09	84.99

	tax expense (not annualised for three months/six months) (in Rs.)						
	b) Diluted EPS before and after extraordinary items, net of tax expense (not annualised for three months/six months) (in Rs.)	23.21	22.80	20.33	46.01	39.94	84.65
18.	NPA Ratio1						
	Gross non-performing advances (net of i) write-off)	11,546.70	10,843.30	10,028.45	11,546.70	10,028.45	10,505.84
	Net non-performing ii) advances	3,942.33	3,428.52	2,697.63	3,942.33	2,697.63	3,297.96
	iii) % of gross non-performing advances (net of write-off) to gross advances	3.12%	3.05%	3.08%	3.12%	3.08%	3.03%
	% of net non-performing advances to net iv) advances	1.09%	0.99%	0.85%	1.09%	0.85%	0.97%
	Return on assets 19. (annualised)	1.82%	1.83%	1.72%	1.82%	1.73%	1.78%
20.	Public shareholding						
	i) No. of shares	1,157,252,235	1,156,011,729	1,154,394,745	1,157,252,235	1,154,394,745	1,154,832,769
	ii) Percentage of shareholding	100	100	100	100	100	100
	Promoter and promoter group 21. shareholding						
	i) Pledged/encumbered						

a) No. of shares	..	..	..	..	..	..
b) Percentage of shares (as a % of the total shareholding of promoter and promoter group)	..	..	..	..	..	..
c) Percentage of shares (as a % of the total share capital of the Bank)	..	..	..	..	..	..
ii) Non-encumbered						
a) No. of shares	..	..	..	..	..	..
b) Percentage of shares (as a % of the total shareholding of promoter and promoter group)	..	..	..	..	..	..
c) Percentage of shares (as a % of the total share capital of the Bank)	..	..	..	..	..	..

At September 30, 2014, the percentage of gross non-performing customer assets to gross customer assets was 2.74% and net non-performing customer assets to net customer assets was 0.96%. Customer assets include

1 advances and credit substitutes.

SUMMARISED UNCONSOLIDATED BALANCE SHEET

(Rs. in crore)

Particulars	At			
	September 30, 2014 (Audited)	June 30, 2014 (Audited)	March 31, 2014 (Audited)	September 30, 2013 (Audited)
Capital and Liabilities				
Capital	1,157.46	1,156.22	1,155.04	1,154.45
Employees stock options outstanding	6.88	6.90	6.57	5.53
Reserves and surplus	77,712.85	74,735.47	72,051.71	71,943.42
Deposits	352,055.44	335,767.40	331,913.66	309,046.15
Borrowings (includes preference shares and subordinated debt)	150,349.19	145,946.11	154,759.05	145,356.18
Other liabilities and provisions	29,860.93	30,742.54	34,755.55	36,002.11
Total Capital and Liabilities	611,142.75	588,354.64	594,641.58	563,507.84
Assets				
Cash and balances with Reserve Bank of India	19,210.70	20,255.72	21,821.82	18,750.51
Balances with banks and money at call and short notice	28,167.38	21,944.85	19,707.77	14,829.76
Investments	173,590.68	170,153.11	177,021.81	168,828.64
Advances	361,757.33	347,066.97	338,702.65	317,786.23
Fixed assets	4,678.01	4,670.57	4,678.14	4,611.31
Other assets	23,738.65	24,263.42	32,709.39	38,701.39
Total Assets	611,142.75	588,354.64	594,641.58	563,507.84

CONSOLIDATED FINANCIAL RESULTS

(Rs. in crore)

Sr. no.	Particulars	Three months ended			Six Months ended		Year ended
		September 30, 2014 (Unaudited)	June 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)	March 31, 2014 (Audited)
1.	Total income	22,150.39	20,097.76	19,015.58	42,248.15	37,367.43	79,563.85
2.	Net profit	3,064.62	2,832.01	2,697.42	5,896.63	5,444.81	11,041.37
3.	Earnings per share (EPS)						
	a) Basic EPS (not annualised for three months/six months) (in Rs.)	26.50	24.51	23.37	51.01	47.18	95.65

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b) Diluted EPS (not annualised for three months/six months) (in Rs.)	26.22	24.29	23.27	50.51	46.91	95.14
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UNCONSOLIDATED SEGMENTAL RESULTS OF ICICI BANK LIMITED

		Three months ended			Six Months ended		(Rs. in crore)
Sr. no.	Particulars	September 30, 2014 (Audited)	June 30, 2014 (Audited)	September 30, 2013 (Audited)	September 30, 2014 (Audited)	September 30, 2013 (Audited)	Year ended March 31, 2014 (Audited)
1.	Segment Revenue						
a	Retail Banking	8,050.79	7,673.74	6,758.08	15,724.53	13,095.02	27,411.60
b	Wholesale Banking	8,538.96	8,109.64	8,111.21	16,648.60	15,812.77	32,402.48
c	Treasury	10,637.41	10,542.05	9,156.86	21,179.46	18,576.89	39,268.26
d	Other Banking	335.12	416.98	126.08	752.10	290.53	936.34
	Total segment revenue	27,562.28	26,742.41	24,152.23	54,304.69	47,775.21	100,018.68
	Less: Inter segment revenue	12,673.33	12,125.70	11,172.48	24,799.03	21,890.49	45,412.66
	Income from operations	14,888.95	14,616.71	12,979.75	29,505.66	25,884.72	54,606.02
2.	Segmental Results (i.e. Profit before tax)						
a	Retail Banking	805.57	463.42	623.22	1,268.99	946.34	1,829.52
b	Wholesale Banking	1,697.33	1,573.88	1,747.18	3,271.21	3,237.77	6,588.63
c	Treasury	1,289.46	1,606.96	842.99	2,896.42	2,139.57	5,252.27
d	Other Banking	56.06	146.38	49.69	202.44	160.38	297.75
	Total segment results	3,848.42	3,790.64	3,263.08	7,639.06	6,484.06	13,968.17
	Unallocated expenses	..	..	..	..	..	..
	Profit before tax	3,848.42	3,790.64	3,263.08	7,639.06	6,484.06	13,968.17
3.	Capital employed (i.e. Segment assets – Segment liabilities)						
a	Retail Banking	(144,246.11)	(141,374.39)	(137,299.41)	(144,246.11)	(137,299.41)	(139,706.24)
b	Wholesale Banking	146,634.76	146,394.84	130,360.65	146,634.76	130,360.65	137,829.58
c	Treasury	71,784.45	66,921.13	71,115.31	71,784.45	71,115.31	69,446.71
d	Other Banking	1,242.25	681.31	2,749.47	1,242.25	2,749.47	970.07
e	Unallocated	3,461.84	3,275.70	6,177.38	3,461.84	6,177.38	4,673.20
	Total	78,877.19	75,898.59	73,103.40	78,877.19	73,103.40	73,213.32

Notes on segmental results:

1. The disclosure on segmental reporting has been prepared in accordance with Reserve Bank of India (RBI) circular no. DBOD.No.BP.BC.81/21.04.018/2006-07 dated April 18, 2007 on guidelines on enhanced disclosures on "Segmental Reporting" which is effective from the reporting period ended March 31, 2008.

2.

"Retail Banking" includes exposures which satisfy the four criteria of orientation, product, granularity and low value of individual exposures for retail exposures laid down in Basel committee on Banking Supervision document "International Convergence of Capital Measurement and Capital Standards: A Revised Framework".

3. "Wholesale Banking" includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under Retail Banking.
 4. "Treasury" includes the entire investment and derivative portfolio of the Bank.
 5. "Other Banking" includes leasing operations and other items not attributable to any particular business segment of the Bank.
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Notes:

1. The above financial results have been approved by the Board of Directors at its meeting held on October 30, 2014.
2. The financial statements have been prepared in accordance with Accounting Standard (AS) 25 on 'Interim Financial Reporting'.
3. Pillar 3 (Market Discipline) disclosures (unaudited) as per RBI guidelines on Composition of Capital Disclosure Requirements at September 30, 2014 for the Group are available at <http://www.icicibank.com/aboutus/invest-disclosure.html>.
4. Other income includes foreign exchange gain of Rs. 165.13 crore, Rs. 103.09 crore and Rs. 222.25 crore on repatriation of retained earnings from overseas branches of the Bank for the three months ended September 30, 2014, three months ended June 30, 2014 and year ended March 31, 2014 respectively.
5. 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. The Reserve Bank of India (RBI), through its circular dated December 20, 2013, had advised banks to create deferred tax liability (DTL) on the amount outstanding in Special Reserve, as a matter of prudence. In accordance with RBI guidelines, during the year ended March 31, 2014 the Bank created DTL of Rs. 1,419.23 crore on Special Reserve outstanding at March 31, 2013, by reducing the reserves. Further, DTL of Rs. 87.51 crore and Rs. 94.53 crore has been created for the three months ended September 30, 2014 (September 30, 2013: Nil) and three months ended June 30, 2014 respectively on the estimated amount to be transferred to Special Reserve and DTL of Rs. 304.26 crore was created for the year ended March 31, 2014 on the amount transferred to Special Reserve. Accordingly, the tax expense for the three months ended September 30, 2014, three months ended June 30, 2014 and year ended March 31, 2014 is higher by Rs. 87.51 crore (September 30, 2013: Nil) and Rs. 94.53 crore and Rs. 304.26 crore respectively.
6. During the three months ended September 30, 2014, the Bank has allotted 1,240,506 equity shares of Rs. 10/- each pursuant to exercise of employee stock options.
7. The Board of Directors at its meeting held on September 9, 2014 approved the sub-division of each equity share of the Bank having a face value of Rs. 10 into five equity shares having a face value of Rs. 2 each. The sub-division of equity shares is subject to approval of shareholders and applicable statutory and regulatory approvals. The record date for the split will be announced subsequent to obtaining the above approvals.
8. Status of equity investors' complaints/grievances for the three months ended September 30, 2014:

Opening balance	Additions	Disposals	Closing balance
0	21	21	0

9. Previous period/year figures have been re-grouped/re-classified where necessary to conform to current period classification.
10. The above unconsolidated financial results for the three months ended June 30, 2014 and three months and six months ended September 30, 2014 are audited by the statutory auditors, B S R & Co. LLP, Chartered Accountants. The unconsolidated financial results for the three months and six months ended September 30, 2013 and year ended March 31, 2014 have been audited by another firm of chartered accountants.
11. Rs. 1 crore = 10 million.

Place: Mumbai
Date: October 30, 2014

N. S. Kannan
Executive Director