auditors' report

to the members of ICICI Bank Limited

1. We have audited the attached balance sheet of ICICI Bank Limited (the 'Bank') as at March 31, 2006 and also the profit and loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. Incorporated in the said financial statements is the return of the one foreign branch audited by another firm of independent accountants.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. The balance sheet and profit and loss account are drawn up in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949, read with Section 211 of the Companies Act, 1956.

4. We report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;

   b) In our opinion, the transactions of the Bank which have come to our notice have been within its powers;

   c) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the foreign branch not visited by us. The audited returns of the foreign branch has been forwarded to us and has been appropriately dealt with;

   d) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   e) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, insofar as they apply to the Bank;

   f) On the basis of written representations received from the directors, as on March 31, 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required for banking companies, and give a true and fair view in conformity with the accounting principles generally accepted in India;

      i. in case of the balance sheet, of the state of the affairs of the Bank as at March 31, 2006;

      ii. in case of the profit and loss account, of the profit for the year ended on that date; and

      iii. in case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Co.
Chartered Accountants

per Viren H. Mehta
a Partner

Membership No.: 048749

April 29, 2006

balance sheet

as on March 31, 2006 **(Rs. in '000s)**

	Schedule	As on 31.03.2006	*As on 31.03.2005*
CAPITAL AND LIABILITIES			
Capital	1	**12,398,345**	*10,867,758*
Reserves and Surplus	2	**213,161,571**	*118,131,954*
Deposits	3	**1,650,831,713**	*998,187,775*
Borrowings	4	**385,219,136**	*335,444,960*
Other liabilities and provisions	5	**252,278,777**	*213,961,606*
TOTAL CAPITAL AND LIABILITIES		**2,513,889,542**	*1,676,594,053*
ASSETS			
Cash and balance with Reserve Bank of India	6	**89,343,737**	*63,449,004*
Balances with banks and money at call and short notice	7	**81,058,508**	*65,850,719*
Investments	8	**715,473,944**	*504,873,525*
Advances	9	**1,461,631,089**	*914,051,517*
Fixed Assets	10	**39,807,115**	*40,380,361*
Other Assets	11	**126,575,149**	*87,988,927*
TOTAL ASSETS		**2,513,889,542**	*1,676,594,053*
Contingent liabilities	12	**3,950,336,655**	*2,681,537,382*
Bills for collection		**43,384,648**	*23,920,922*
Significant accounting policies and notes to accounts	18		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date

For S. R. Batliboi & Co.
Chartered Accountants

per VIREN H. MEHTA
a Partner
Membership No. : 048749

Place : Mumbai
Date : April 29, 2006

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

LALITA D. GUPTE
Joint Managing Director

KALPANA MORPARIA
Joint Managing Director

CHANDA D. KOCHHAR
Deputy Managing Director

NACHIKET MOR
Deputy Managing Director

VISHAKHA MULYE
Chief Financial Officer
& Treasurer

JYOTIN MEHTA
General Manager &
Company Secretary

RAKESH JHA
General Manager

profit and loss account

for the year ended March 31, 2006 **(Rs. in '000s)**

	Schedule	Year ended 31.03.2006	*Year ended 31.03.2005*
I. INCOME			
Interest earned	13	**137,844,958**	*94,098,944*
Other income	14	**49,831,394**	*34,161,439*
TOTAL INCOME		**187,676,352**	*128,260,383*
II. EXPENDITURE			
Interest expended	15	**95,974,483**	*65,708,876*
Operating expenses	16	**44,795,170**	*32,991,475*
Provisions and contingencies	17	**21,505,952**	*9,508,016*
TOTAL EXPENDITURE		**162,275,605**	*108,208,367*
III. PROFIT/LOSS			
Net profit for the year		**25,400,747**	*20,052,016*
Profit brought forward		**1,882,221**	*530,876*
TOTAL PROFIT / (LOSS)		**27,282,968**	*20,582,892*
IV. APPROPRIATIONS/TRANSFERS			
Transfer to Statutory Reserve		**6,360,000**	*5,020,000*
Transfer to Reserve Fund		**222**	*—*
Transfer to Capital Reserve		**680,000**	*200,000*
Transfer to Investment Fluctuation Reserve		**5,900,000**	*—*
Transfer from Investment Fluctuation Reserve		**(13,203,350)**	*—*
Transfer to Special Reserve		**2,750,000**	*250,000*
Transfer to Revenue and other reserves		**13,203,350**	*6,000,000*
Proposed equity share dividend		**7,593,326**	*6,329,609*
Proposed preference share dividend		**35**	*35*
Corporate dividend tax		**1,064,969**	*901,027*
Balance carried over to balance sheet		**2,934,416**	*1,882,221*
TOTAL		**27,282,968**	*20,582,892*
Significant accounting policies and notes to accounts	18		
Earning per share (Refer note B. 4)			
Basic (Rs.)		**32.49**	*27.55*
Diluted (Rs.)		**32.15**	*27.33*
Face value per share (Rs.)		**10.00**	*10.00*

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report of even date

For S. R. Batliboi & Co.
Chartered Accountants

per VIREN H. MEHTA
a Partner
Membership No. : 048749

Place : Mumbai
Date : April 29, 2006

VISHAKHA MULYE
Chief Financial Officer
& Treasurer

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

LALITA D. GUPTE
Joint Managing Director

KALPANA MORPARIA
Joint Managing Director

CHANDA D. KOCHHAR
Deputy Managing Director

NACHIKET MOR
Deputy Managing Director

JYOTIN MEHTA
General Manager &
Company Secretary

RAKESH JHA
General Manager

cash flow statement

ICICI Bank

for the year ended March 31, 2006 **(Rs. in '000s)**

Particulars		**Year ended 31.03.2006**	*Year ended 31.03.2005*
Cash flow from operating activities			
Net profit before taxes		**30,966,076**	*25,272,032*
Adjustments for:			
Depreciation and amortisation		**9,021,206**	*9,424,450*
Net (appreciation)/depreciation on investments		**8,301,403**	*5,416,494*
Provision in respect of non-performing assets (including prudential provision on standard assets)		**7,947,244**	*(1,213,571)*
Provision for contingencies & others		**226,801**	*85,984*
Dividend from subsidiaries		**(3,386,929)**	*(1,880,786)*
(Profit)/Loss on sale of fixed assets		**(71,222)**	*20,822*
		53,004,579	*37,125,425*
Adjustments for:			
(Increase)/decrease in investments		**(141,019,247)**	*(43,133,937)*
(Increase)/decrease in advances		**(552,112,941)**	*(287,949,797)*
Increase/(decrease) in borrowings		**65,476,052**	*54,169,059*
Increase/(decrease) in deposits		**652,643,939**	*317,101,929*
(Increase)/decrease in other assets		**(36,704,232)**	*(20,734,975)*
Increase/(decrease) in other liabilities and provisions		**13,861,469**	*43,226,853*
		2,145,040	*62,679,132*
Refund/(payment) of direct taxes		**(8,620,283)**	*(8,487,388)*
Net cash generated from operating activities	**(A)**	**46,529,336**	*91,317,169*
Cash flow from investing activities			
Investments in subsidiaries and/or joint ventures (including application money)		**(8,509,194)**	*(6,430,433)*
Income received on such investments		**3,386,929**	*1,880,786*
Purchase of fixed assets		**(5,474,001)**	*(3,795,277)*
Proceeds from sale of fixed assets		**942,843**	*262,914*
(Purchase) / sale of held to maturity securities		**(69,286,381)**	*(26,370,435)*
Net cash generated from investing activities	**(B)**	**(78,939,804)**	*(34,452,445)*
Cash flow from financing activities			
Proceeds from issue of share capital (other than ESOPs) net of issue expenses		**79,039,409**	*31,922,933*
Amount received on exercise of stock options		**774,424**	*649,862*
Net proceeds / (repayment) of bonds (including subordinated debt)		**869,592**	*(38,616,923)*
Dividend and dividend tax paid		**(7,174,390)**	*(6,227,217)*
Net cash generated from financing activities	**(C)**	**73,509,035**	*(12,271,345)*
Effect of exchange fluctuation on translation reserve	**(D)**	**3,955**	*—*
Net increase / (decrease) in cash and cash equivalents	**(A) + (B) + (C) + (D)**	**41,102,522**	*44,593,379*
Cash and cash equivalents at 1st April		**129,299,723**	*84,706,344*
Cash and cash equivalents at 31st March		**170,402,245**	*129,299,723*

Significant accounting policies and notes to accounts (refer Schedule 18)
The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report of even date

For S. R. Batliboi & Co.
Chartered Accountants

per VIREN H. MEHTA
a Partner
Membership No. : 048749

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

LALITA D. GUPTE
Joint Managing Director

KALPANA MORPARIA
Joint Managing Director

CHANDA D. KOCHHAR
Deputy Managing Director

NACHIKET MOR
Deputy Managing Director

Place : Mumbai
Date : April 29, 2006

VISHAKHA MULYE
Chief Financial Officer
& Treasurer

JYOTIN MEHTA
General Manager &
Company Secretary

RAKESH JHA
General Manager

forming part of the Balance Sheet (Rs. in '000s)

	As on 31.03.2006	*As on 31.03.2005*
SCHEDULE 1 - CAPITAL		
Authorised Capital		
1,000,000,000 equity shares of Rs. 10 each [March 31, 2005: 1,550,000,000 equity shares of Rs. 10 each]	**10,000,000**	*15,500,000*
55,000,000 preference shares of Rs. 100 each [March 31, 2005: Nil]	**5,500,000**	—
350 preference shares of Rs. 10 million each	**3,500,000**	*3,500,000*
Equity share capital		
Issued, subscribed and paid-up capital 736,716,094 equity shares of Rs. 10 each (March 31, 2005: 616,391,905 equity shares)	**7,367,161**	*6,163,919*
Add : Issued 110,967,096 equity shares of Rs. 10 each fully paid up vide prospectus dated December 8, 2005 (March 31, 2005: 115,866,538 equity shares vide prospectus dated April 12, 2004.)[1]	**1,109,671**	*1,158,665*
Add : Issued 37,237,460 equity shares of Rs. 10 each fully paid up consequent to issue of 18,618,730 American Depository Shares (ADS) vide prospectus dated December 6, 2005 (includes 2,428,530 ADS issued under green shoe option)	**372,374**	—
Add : Issued 4,903,251 equity shares of Rs. 10 each fully paid up (March 31, 2005: 4,457,651 equity shares) on exercise of employee stock options	**49,033**	*44,577*
Less : Calls unpaid	**266**	—
Add : Forfeited 67,323 equity shares (March 31, 2005: 67,323 equity shares)	**372**	*372*
Share capital suspense [net] [Represents application money received for Nil equity shares (March 31, 2005: 22,470 equity shares) of Rs. 10 each on exercise of employee stock options]	**—**	*225*
TOTAL EQUITY CAPITAL	**8,898,345**	*7,367,758*
Preference Share Capital [2] [Represents face value of 350 preference shares of Rs. 10 million each issued to preference shareholders of erstwhile ICICI Limited on amalgamation redeemable at par on April 20, 2018]	**3,500,000**	*3,500,000*
TOTAL CAPITAL	**12,398,345**	*10,867,758*

1. Includes 14,285,714 equity shares of Rs. 10 each fully paid up consequent to green shoe option vide prospectus dated December 8, 2005 (March 31, 2005: 6,992,187 equity shares on exercise of green shoe option vide prospectus dated April 12, 2004).
2. For these preference shares, the notification from Ministry of Finance has currently exempted the Bank from the restriction of Section 12 (1) of the Banking Regulation Act, 1949, which prohibits issue of preference shares by banks.

forming part of the Balance Sheet *(Contd.)* **(Rs. in '000s)**

	As on 31.03.2006	*As on 31.03.2005*
SCHEDULE 2 – RESERVES AND SURPLUS		
I. Statutory reserve		
Opening balance	**14,627,307**	*9,607,307*
Additions during the year	**6,360,000**	*5,020,000*
Deductions during the year	**—**	*—*
Closing balance	**20,987,307**	*14,627,307*
II. Special reserve		
Opening balance	**11,940,000**	*11,690,000*
Additions during the year	**2,750,000**	*250,000*
Deductions during the year	**—**	*—*
Closing balance	**14,690,000**	*11,940,000*
III. Share premium		
Opening balance	**39,892,352**	*8,523,304*
Additions during the year [1]	**79,157,323**	*31,897,100*
Deductions during the year [2]	**874,078**	*528,052*
Closing balance	**118,175,597**	*39,892,352*
IV. Investment fluctuation reserve		
Opening balance	**5,160,000**	*7,303,350*
Additions during the year	**8,043,350**	*—*
Deductions during the year	**13,203,350**	*2,143,350*
Closing balance	**—**	*5,160,000*
V. Capital reserve		
Opening balance	**4,850,000**	*4,650,000*
Additions during the year	**680,000**	*200,000*
Deductions during the year	**—**	*—*
Closing balance	**5,530,000**	*4,850,000*
VI. Foreign currency translation reserve	**3,955**	*—*
VII. Reserve fund	**222**	*—*
VIII. Revenue and other reserves		
Opening balance	**39,780,074**	*31,636,724*
Additions during the year	**13,203,350**	*8,143,350*
Deductions during the year	**2,143,350**	*—*
Closing balance	**50,840,074**	*39,780,074*
IX. Balance in profit and loss account	**2,934,416**	*1,882,221*
TOTAL RESERVES AND SURPLUS	**213,161,571**	*118,131,954*

1. Includes :-
   a) Rs. 48,940.0 million (net of share premium in arrears of Rs. 92.4 million (March 31, 2005: Rs. Nil) consequent to public issue vide prospectus dated December 8, 2005.
   b) Rs. 22,134.6 million consequent to issue of ADS vide prospectus dated December 6, 2005.
   c) Rs. 7,357.1 million on the exercise of the green shoe option vide prospectus dated December 8, 2005.
   d) Rs. 725.6 million (March 31, 2005: Rs. 602.5 million) on exercise of employee stock options.
2. Represents share issue expenses amounting to Rs. 874.1 million, written-off from the share premium account as per the objects of the issue.

forming part of the Balance Sheet *(Contd.)* **(Rs. in '000s)**

	As on 31.03.2006	*As on 31.03.2005*
SCHEDULE 3 – DEPOSITS		
A. I. Demand deposits		
i) From banks	**4,223,967**	*1,976,547*
ii) From others	**161,510,846**	*126,392,471*
II. Savings bank deposits	**209,369,834**	*113,918,205*
III. Term deposits		
i) From banks	**107,080,416**	*64,467,974*
ii) From others	**1,168,646,650**	*691,432,578*
TOTAL DEPOSITS	**1,650,831,713**	*998,187,775*
B. I. Deposits of branches in India	**1,565,128,392**	*963,791,353*
II. Deposits of branches outside India	**85,703,321**	*34,396,422*
TOTAL DEPOSITS	**1,650,831,713**	*998,187,775*
SCHEDULE 4 – BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	**—**	*—*
ii) Other banks	**39,370,169**	*20,779,268*
iii) Other institutions and agencies		
a) Government of India	**2,813,561**	*3,612,510*
b) Financial institutions	**34,372,429**	*45,185,692*
iv) Borrowings in the form of		
a) Deposits taken over from erstwhile ICICI Limited	**1,388,454**	*2,070,517*
b) Bonds and debentures (excluding subordinated debt)		
— Debentures and bonds guaranteed by the Government of India	**14,815,000**	*14,815,000*
— Borrowings under private placement of bonds carrying maturity of 1 to 30 years from the date of placement	**16,179,466**	*30,948,127*
Bonds issued under multiple option/safety bonds series		
— Regular interest bonds	**8,556,640**	*9,933,481*
— Deep discount bonds	**4,257,163**	*4,039,128*
— Bonds with premium warrants	**928,721**	*797,947*
— Encash bonds	**679,210**	*1,170,280*
— Tax saving bonds	**46,187,337**	*59,167,873*
— Pension bonds	**61,052**	*59,351*
c) Application money pending allotment	**—**	*6,160,858*
II. Borrowings outside India		
i) From multilateral/bilateral credit agencies (guaranteed by the Government of India for the equivalent of Rs.19,542.5 million at March 31, 2006)	**23,820,581**	*24,949,331*
ii) From international banks, institutions and consortiums	**123,776,548**	*80,041,728*
iii) By way of bonds and notes	**68,012,805**	*31,713,869*
TOTAL BORROWINGS	**385,219,136**	*335,444,960*

Secured borrowings in I and II above is Rs. Nil.

ICICI Bank **forming part of the Balance Sheet** *(Contd.)* (Rs. in '000s)

	As on 31.03.2006	*As on 31.03.2005*
SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	**33,271,959**	*27,944,845*
II. Inter-office adjustments (net)	**3,496,486**	*5,614,186*
III. Interest accrued	**13,846,487**	*13,116,497*
IV. Unsecured redeemable debentures/bonds [Subordinated debt included in Tier II Capital]	**101,443,755**	*82,088,996*
V. Others		
a) Security deposits from clients	**7,709,786**	*12,030,416*
b) Sundry creditors	**58,083,459**	*42,262,101*
c) Received for disbursements under special program	**3,007,090**	*2,932,942*
d) Provision for standard assets	**5,638,250**	*2,248,050*
e) Other liabilities [1]	**25,781,505**	*25,723,573*
TOTAL OTHER LIABILITIES AND PROVISIONS	**252,278,777**	*213,961,606*

1. Includes :-
   a) Proposed dividend of Rs. 7,563.5 million [March 31, 2005: Rs. 6,262.1 million].
   b) Corporate dividend tax payable of Rs. 1,060.8 [March 31, 2005: Rs. 878.3 million].

	As on 31.03.2006	*As on 31.03.2005*
SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	**12,088,189**	*5,544,811*
II. Balances with Reserve Bank of India in current accounts	**77,255,548**	*57,904,193*
TOTAL CASH AND BALANCES WITH RESERVES BANK OF INDIA	**89,343,737**	*63,449,004*

	As on 31.03.2006	*As on 31.03.2005*
SCHEDULE 7 – BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with banks		
a) in current accounts	**4,402,861**	*5,228,934*
b) in other deposit accounts	**6,185,632**	*7,061,268*
ii) Money at call and short notice		
a) with banks	**6,500,000**	*16,100,000*
b) with other institutions	**3,000**	*1,900,000*
TOTAL	**17,091,493**	*30,290,202*
II. Outside India		
i) in current accounts	**7,318,874**	*7,324,711*
ii) in other deposit accounts	**48,614,939**	*16,659,195*
iii) money at call and short notice	**8,033,202**	*11,576,611*
TOTAL	**63,967,015**	*35,560,517*
TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	**81,058,508**	*65,850,719*

forming part of the Balance Sheet *(Contd.)*

(Rs. in '000s)

	As on 31.03.2006	*As on 31.03.2005*
SCHEDULE 8 – INVESTMENTS [net of provisions]		
I. Investments in India		
i) Government securities	**510,744,392**	*344,516,800*
ii) Other approved securities	**601**	*301,154*
iii) Shares (includes equity and preference shares)	**20,578,522**	*19,147,771*
iv) Debentures and bonds	**18,040,317**	*28,540,305*
v) Subsidiaries and/or joint ventures	**16,691,698**	*12,848,124*
vi) Others (commercial paper, mutual fund units, pass through certificates, security receipts etc.)	**104,308,855**	*84,404,072*
TOTAL	**670,364,385**	*489,758,226*
II. Investments outside India		
i) Government securities	**1,342,384**	*377,947*
ii) Subsidiaries and/or joint ventures abroad (includes equity and preference shares)	**11,915,291**	*7,818,846*
iii) Others	**31,851,884**	*6,918,506*
TOTAL	**45,109,559**	*15,115,299*
TOTAL INVESTMENTS	**715,473,944**	*504,873,525*
SCHEDULE 9 – ADVANCES [net of provisions]		
A. i) Bills purchased and discounted	**63,065,998**	*43,984,209*
ii) Cash credits, overdrafts and loans repayable on demand	**249,328,298**	*123,344,410*
iii) Term loans	**1,117,904,639**	*722,588,931*
iv) Securitisation, finance lease and hire purchase receivables [1]	**31,332,154**	*24,133,967*
TOTAL	**1,461,631,089**	*914,051,517*
B. i) Secured by tangible assets [includes advances against book debt] [2]	**1,199,732,405**	*778,517,712*
ii) Covered by Bank/Government Guarantees	**13,508,731**	*10,104,623*
iii) Unsecured	**248,389,953**	*125,429,182*
TOTAL	**1,461,631,089**	*914,051,517*
C. I. Advances in India		
i) Priority Sector	**426,756,181**	*200,892,904*
ii) Public Sector	**11,572,043**	*11,154,310*
iii) Banks	**48,863**	*4,517,162*
iv) Others	**898,014,748**	*635,303,209*
TOTAL	**1,336,391,835**	*851,867,585*
II. Advances outside India		
i) Due from banks	**18,559,863**	*10,375,851*
ii) Due from others		
a) Bills purchased and discounted	**43,769,271**	*24,736,630*
b) Syndicated loans	**29,704,361**	*11,925,394*
c) Others	**33,205,759**	*15,146,057*
TOTAL	**125,239,254**	*62,183,932*
TOTAL ADVANCES	**1,461,631,089**	*914,051,517*

1. Includes receivables under lease amounting to Rs. 695.1 million (March 31, 2005 : Rs. 913.6 million).
2. Includes a loan of Rs. 16,028.7 million (March 31, 2005 : Rs. Nil) for which security is being created.

ICICI Bank **forming part of the Balance Sheet** *(Contd.)* **(Rs. in '000s)**

	As on 31.03.2006	*As on 31.03.2005*
SCHEDULE 10 – FIXED ASSETS		
I. Premises		
At cost as on March 31 of preceding year	**18,829,741**	*16,668,982*
Additions during the year	**1,454,189**	*2,254,384*
Deductions during the year	**(84,491)**	*(93,625)*
Depreciation to date	**(2,029,015)**	*(1,516,102)*
Net block	**18,170,424**	*17,313,639*
II. Other fixed assets (including furniture and fixtures)		
At cost as on March 31 of preceding year	**16,303,939**	*13,587,781*
Additions during the year	**4,361,180**	*2,826,608*
Deductions during the year	**(133,227)**	*(110,450)*
Depreciation to date	**(10,633,404)**	*(7,765,842)*
Net block	**9,898,488**	*8,538,097*
III. Assets given on lease		
At cost as on March 31 of preceding year	**20,122,827**	*20,645,237*
Additions during the year	**544**	*2,838*
Deductions during the year	**(1,169,048)**	*(525,248)*
Depreciation to date, accumulated lease adjustment and provisions	**(7,216,120)**	*(5,594,202)*
Net block	**11,738,203**	*14,528,625*
TOTAL FIXED ASSETS	**39,807,115**	*40,380,361*
SCHEDULE 11 – OTHER ASSETS		
I. Inter-office adjustments (net)	**—**	*—*
II. Interest accrued	**21,543,081**	*13,124,389*
III. Tax paid in advance/tax deducted at source (net)	**28,220,490**	*26,643,957*
IV. Stationery and stamps	**1,663**	*3,609*
V. Non-banking assets acquired in satisfaction of claims [1]	**3,627,879**	*3,677,234*
VI. Others		
a) Advance for capital assets	**1,479,423**	*963,017*
b) Outstanding fees and other Income	**3,676,895**	*2,792,942*
c) Exchange fluctuation suspense with Government of India	**24,966**	*244,749*
d) Swap suspense	**71,587**	*794,710*
e) Deposits	**25,766,974**	*15,003,770*
f) Deferred tax asset (net)	**1,642,837**	*148,666*
g) Early retirement option expenses not written off	**885,979**	*1,269,979*
h) Others	**39,633,375**	*23,321,905*
TOTAL OTHER ASSETS	**126,575,149**	*87,988,927*

1. Includes certain non-banking assets acquired in satisfaction of claims which are in the process of being transferred in the Banks' name.

SCHEDULE 12 – CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	**29,777,239**	*27,464,523*
II. Liability for partly paid investments	**168,472**	*168,396*
III. Liability on account of outstanding forward exchange contracts	**918,314,985**	*714,848,723*
IV. Guarantees given on behalf of constituents		
a) In India	**170,909,502**	*140,444,828*
b) Outside India	**20,118,115**	*15,968,174*
V. Acceptances, endorsements and other obligations	**106,867,498**	*74,115,736*
VI. Currency swaps	**172,422,863**	*112,957,025*
VII. Interest rate swaps, currency options and interest rate futures	**2,471,920,061**	*1,519,218,305*
VIII. Other items for which the Bank is contingently liable	**59,837,920**	*76,351,672*
TOTAL CONTINGENT LIABILITIES	**3,950,336,655**	*2,681,537,382*

forming part of the Profit and Loss Account (Rs. in '000s)

	Year ended 31.03.2006	Year ended 31.03.2005
SCHEDULE 13 – INTEREST EARNED		
I. Interest/discount on advances/bills	**96,849,551**	*67,528,301*
II. Income on investments	**36,927,577**	*22,294,366*
III. Interest on balances with Reserve Bank of India and other inter-bank funds	**3,354,647**	*2,320,089*
IV. Others [1]	**713,183**	*1,956,188*
TOTAL INTEREST EARNED	**137,844,958**	*94,098,944*

1. Includes interest on income tax refunds of Rs. 399.8 million (March 31, 2005: Rs. 247.3 million).

	Year ended 31.03.2006	Year ended 31.03.2005
SCHEDULE 14 – OTHER INCOME		
I. Commission, exchange and brokerage	**30,019,493**	*19,210,001*
II. Profit/(loss) on sale of investments (net)	**7,497,522**	*5,461,352*
III. Profit/(loss) on revaluation of investments (net)	**(534,825)**	*(907)*
IV. Profit/(loss) on sale of land, buildings and other assets (net) [1]	**71,222**	*(20,822)*
V. Profit/(loss) on foreign exchange transactions (net)	**4,730,846**	*3,146,394*
VI. Income earned by way of dividends, etc. from subsidiary companies and/or joint ventures abroad/in India	**3,386,929**	*1,880,786*
VII. Miscellaneous income (including lease income)	**4,660,207**	*4,484,635*
TOTAL OTHER INCOME	**49,831,394**	*34,161,439*

1. Includes profit/(loss) on sale of assets given on lease.

	Year ended 31.03.2006	Year ended 31.03.2005
SCHEDULE 15 – INTEREST EXPENDED		
I. Interest on deposits	**58,366,832**	*32,520,688*
II. Interest on Reserve Bank of India/inter-bank borrowings [1]	**9,254,169**	*2,527,689*
III. Others (including interest on borrowings of erstwhile ICICI Limited)	**28,353,482**	*30,660,499*
TOTAL INTEREST EXPENDED	**95,974,483**	*65,708,876*

1. Includes interest paid on inter-bank deposits.

	Year ended 31.03.2006	Year ended 31.03.2005
SCHEDULE 16 – OPERATING EXPENSES		
I. Payments to and provisions for employees	**10,822,935**	*7,374,121*
II. Rent, taxes and lighting	**2,348,028**	*1,853,347*
III. Printing and stationery	**1,110,432**	*876,632*
IV. Advertisement and publicity	**1,855,514**	*1,162,555*
V. Depreciation on Bank's property (including non-banking assets)	**3,471,658**	*2,933,725*
VI. Depreciation (including lease equalisation) on leased assets	**2,766,260**	*2,969,907*
VII. Directors' fees, allowances and expenses	**3,237**	*3,872*
VIII. Auditors' fees and expenses	**18,456**	*17,632*
IX. Law charges	**112,356**	*97,141*
X. Postages, telegrams, telephones, etc.	**2,157,585**	*1,736,270*
XI. Repairs and maintenance	**2,580,722**	*2,159,454*
XII. Insurance	**1,080,254**	*597,230*
XIII. Direct marketing agency expenses	**6,554,240**	*4,854,521*
XIV. Other expenditure	**9,913,493**	*6,355,068*
TOTAL OPERATING EXPENSES	**44,795,170**	*32,991,475*
SCHEDULE 17 – PROVISIONS AND CONTINGENCIES		
I. Income Tax		
– Current period tax	**6,618,650**	*1,764,935*
– Deferred tax adjustment	**(1,346,853)**	*3,425,081*
– Fringe benefit tax	**263,532**	*—*
II. Wealth tax	**30,000**	*30,000*
III. Provision for investments (including credit substitutes) (net)	**7,766,578**	*5,415,587*
IV. Provision for advances (net) [1]	**7,947,244**	*(1,213,571)*
V. Others	**226,801**	*85,984*
TOTAL PROVISIONS AND CONTINGENCIES	**21,505,952**	*9,508,016*

1. Includes provision on standard assets, non-performing advances, non-performing leased assets and other receivables.

SCHEDULE 18

Significant accounting policies and notes to accounts

OVERVIEW

ICICI Bank Limited ("ICICI Bank" or "the Bank"), incorporated in Vadodara, India is a publicly held banking company engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. ICICI Bank is a banking company governed by the Banking Regulation Act, 1949.

Basis of preparation

The accounting and reporting policies of ICICI Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles ("GAAP") in India, the guidelines issued by Reserve Bank of India ("RBI") from time to time and practices generally prevalent within the banking industry in India. The Bank follows the accrual method of accounting, except where otherwise stated, and the historical cost convention.

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

Equity issue

During the year ended March 31, 2006, the Bank raised equity capital amounting to Rs. 80,006.1 million. The expenses of the issue amounting to Rs. 874.1 million have been charged to the share premium account. The details of the equity capital raised are given in the table below.

Rupees in million except per share data

Details	No. of equity shares	Amount of share premium	Aggregate proceeds
Fully paid equity shares of Rs. 10 each at a premium of Rs. 515 per share	67,787,322	34,910.5	35,588.3
Fully paid equity shares of Rs. 10 each at a premium of Rs. 488.75 per share[1]	28,894,060	14,122.0	14,410.9
18,618,730 American Depository Share ("ADS") at aprice of US$ 26.75 per share [2]	37,237,460	22,134.6	22,506.9
Fully paid equity shares of Rs. 10 each issued by exercise of the green shoe option	14,285,714	7,357.1	7,500.0
Total	148,204,556	78,524.2	80,006.1

1. Unpaid calls of Rs. 0.3 million (Unpaid share premium Rs. 92.4 million).
2. Includes green shoe option of 2,428,530 ADSs.

The Bank had also made an issue of 115,920,758 equity shares (including 6,992,187 equity shares issued by exercise of green shoe option) of Rs.10 each at a premium of Rs. 270 per share aggregating Rs. 32,457.8 million under the prospectus dated April 12, 2004. The expenses of the issue were charged to the share premium account.

ICICI Bank had sponsored an American Depositary Shares (ADSs) Offering which opened for participation on March 7, 2005 and closed on March 11, 2005. In terms of the Offering, 20,685,750 ADSs representing 41,371,500 equity shares had been sold at a price of US$ 21.1 per ADS. The gross proceeds from the ADS Offering were approximately US$ 436.7 million (Rs.19,099.6 million). Pursuant to this offering existing outstanding equity shares were exchanged for newly issued ADSs and accordingly the offering did not result in an increase in share capital of the Bank.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Revenue recognition

a) Interest income is recognised in the profit and loss account as it accrues except in the case of non-performing assets ("NPAs") where it is recognised, upon realisation, as per the prudential norms of RBI.

b) Commissions paid to Direct Marketing Agents ("DMAs") for auto loans are recorded upfront in the profit and loss account net of subvention income received from them.

c) Income from hire purchase operations is accrued by applying the implicit interest rate on outstanding balances.

d) Income from leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding on the lease over the primary lease period. Leases effective from April 1, 2001 are accounted as advances at an amount equal to the net investment in the lease. The lease rentals are apportioned between principal and finance income based on a pattern reflecting a constant periodic return on the net investment of outstanding in respect of finance lease. The principal amount is recognised as repayment of advances and the finance income is reported as interest income.

e) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.

f) Dividend is accounted on an accrual basis when the right to receive the dividend is established.

forming part of the Accounts *(Contd.)*

g) All other fee income is recognised upfront on its becoming due.

h) Net income arising from sell-down of loan assets is recognised upfront in interest income. With effect from February 1, 2006, net income arising from securitisation of loan assets is amortised over the life of securities issued or to be issued by the special purpose vehicle/special purpose entity to which the assets are sold.

i) Guarantee commission is recognised over the period of the guarantee.

2. Investments

Investments are valued in accordance with the extant RBI guidelines on investment classification and valuation as given below.

a) All investments are categorised into 'Held to Maturity', 'Available for Sale' and 'Held for Trading'. Reclassifications, if any, in any category are accounted for as per RBI guidelines. Under each category, the investments are further classified under (a) government securities (b) other approved securities (c) shares (d) bonds and debentures, (e) subsidiaries and joint ventures and (f) others.

b) 'Held to Maturity' securities are carried at their acquisition cost or at amortised cost, if acquired at a premium over the face value. A provision is made for other than temporary diminution.

c) 'Available for Sale' and 'Held for Trading' securities are valued periodically as per RBI guidelines. The market/fair value for the purpose of periodical valuation of quoted investments included in the 'Available for Sale' and 'Held for Trading' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges, SGL account transactions, price list of RBI or prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association ("FIMMDA"), periodically.

The market/fair value of unquoted SLR securities included in the 'Available for Sale' and 'Held for Trading' categories is as per the rates published by FIMMDA.

The valuation of non-SLR securities, other than those quoted on the stock exchanges, wherever linked to the Yield-to-Maturity ("YTM") rates, is computed with a mark-up (reflecting associated credit risk) over the YTM rates for government securities published by FIMMDA.

Unquoted equity shares are valued at the book value, if the latest balance sheet is available or at Re. 1.

Securities are valued scrip-wise and depreciation/appreciation aggregated for each category. Net appreciation, if any, in each basket, being unrealised, is ignored, while net depreciation is provided for.

d) Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the profit and loss account.

e) Broken period interest on debt instruments is treated as a revenue item.

f) Investments in subsidiaries/joint ventures are categorised as 'Held to Maturity' in accordance with RBI guidelines.

g) Profit on sale of investments in the 'Held to Maturity' category is credited to the profit and loss account and is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve.

h) At the end of each reporting period, security receipts issued by the asset reconstruction company are valued in accordance with the guidelines applicable to non-SLR instruments prescribed by RBI from time to time. Accordingly, in case where the security receipts issued by the asset reconstruction company are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the Net Asset Value ("NAV"), obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting year end.

i) The Bank follows trade date method for accounting of its investments.

3. Provisions/Write-offs on loans and other credit facilities

a) All credit exposures are classified as per RBI guidelines, into performing and non-performing assets ("NPAs"). Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. Provisions are made for sub-standard and doubtful assets at rates for prescribed by RBI. Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines. The Bank also makes additional floating provision against non-performing retail loans and additional provision against specific corporate NPAs.

b) For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the present value of the interest sacrifice be provided at the time of restructuring.

c) In the case of loan accounts classified as NPAs (other than those subjected to restructuring), the account is reclassified as "standard" account if arrears of interest and principal are fully paid by the borrower.

In respect of non-performing loan accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e., a period of one year after the date when first payment of interest or of principal, whichever is earlier, falls due, subject to satisfactory performance during the period.

d) Amounts recovered against other debts written off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the profit and loss account.

e) In addition to the specific provision on NPAs, the Bank maintains a general provision on performing loans. The general provision covers the requirements of the RBI guidelines.

f) In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made on exposures exceeding 90 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 90 days, 25% of the normal provision requirement is held. 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 maintained on such country exposure.

4. Transfer and servicing of financial assets

The Bank transfers commercial and consumer loans through securitisation transactions. The transferred loans are de-recognised and gains/losses are recorded only if the Bank surrenders the rights to benefits specified in the loan contract. Recourse and servicing obligations are reduced from proceeds of the sale. Retained beneficial interests in the loans is measured by allocating the carrying value of the loans between the assets sold and the retained interest, based on the relative fair value at the date of the securitisation.

During the year RBI has issued guidelines on accounting for securitisation of standard assets. In accordance with these guidelines, with effect from February 1, 2006, the Bank accounts for any loss arising on sale immediately at the time of sale and the profit/premium arising on account of sale is amortised 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.

5. Fixed assets and depreciation

a) Premises and other fixed assets are carried at cost less accumulated depreciation. Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The rates of depreciation for fixed assets, which are not lower than the rates prescribed in schedule XIV of the Companies Act, 1956, are given below.

Asset	Depreciation Rate
Premises owned by the Bank	1.63%
Improvements to leasehold premises	1.63% or over the lease period, whichever is higher
ATMs	12.50%
Plant and machinery like air conditioners, xerox machines, etc.	10.00%
Computers	33.33%
EDC Terminals	16.67%
Furniture and fixtures	15.00%
Motor vehicles	20.00%
Others (including Software and system development expenses)	25.00%

b) Depreciation on leased assets is made on a straight-line basis at the higher of the rates determined with reference to the primary period of lease and the rates specified in Schedule XIV to the Companies Act, 1956.

c) Assets purchased/sold during the year are depreciated on the basis of actual number of days the asset has been put to use.

d) Items costing less than Rs. 5,000/- are depreciated fully over a period of 12 months from the date of purchase.

6. Foreign currency transactions

a) Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction, income and expenditure items of integral foreign operations (representative offices) are translated at weekly average closing rate, and income and expenditure of non-integral foreign operations (foreign branches and offshore banking units) are translated at quarterly average closing rate.

b) Monetary foreign currency assets and liabilities of domestic and integral foreign operations are translated at closing exchange rates notified by Foreign Exchange Dealers' Association of India ("FEDAI") at the balance sheet date and the resulting profits/losses are included in the profit and loss account.

c) Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the balance sheet date and the resulting profits/losses from exchange differences are accumulated in the foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operations.

d) Outstanding forward exchange contracts are revalued at the exchange rates notified by FEDAI for specified maturities and at interpolated rates for contracts of in-between maturities. The resultant gains or losses are recognised in the profit and loss account.

e) Contingent liabilities on account of guarantees, endorsements and other obligations are stated at the exchange rates notified by FEDAI at the balance sheet date.

7. Accounting for derivative contracts

The Bank enters into derivative contracts such as foreign currency options, interest rate and currency swaps and cross currency interest rate swaps to hedge on-balance sheet/off-balance sheet assets and liabilities or for trading purposes.

The swap contracts entered to hedge on-balance sheet assets and liabilities are structured in such a way that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of underlying assets and accounted pursuant to the principles of hedge accounting.

Foreign currency and rupee derivatives, which are entered for trading purposes, are marked to market and the resulting gain/loss, (net of provisions, if any) is recorded in the profit and loss account.

8. Employee Stock Option Scheme ("ESOS")

The Bank has formulated an Employees Stock Option Scheme. The Scheme provides that employees are granted an option to acquire equity shares of the Bank that vests in a graded manner. The options may be exercised within a specified period. The Bank follows the intrinsic value method as prescribed by the guidance note on "Accounting for Stock Options" issued by the Institute of Chartered Accountants of India ("ICAI") to account for its stock-based employees compensation plans. Compensation cost measured by the excess, if any, of the fair market price of the underlying stock over the exercise price. The grant price of the Bank's stock option is the last closing price on the stock exchange on the day preceding the date of grant of stock options and accordingly there is no compensation cost under the intrinsic value method.

9. Staff retirement benefits

ICICI Bank is required to pay gratuity to employees who retire or resign after at least five years of continuous service. ICICI Bank makes contributions to three separate gratuity funds, for employees inducted from erstwhile ICICI, employees inducted from erstwhile Bank of Madura and employees of ICICI Bank other than employees inducted from erstwhile ICICI and erstwhile Bank of Madura.

The gratuity funds for employees inducted from erstwhile ICICI and erstwhile Bank of Madura are separate gratuity funds managed by ICICI Prudential Life Insurance Company. Actuarial valuation of the gratuity liability is determined by an actuary appointed by ICICI Prudential Life Insurance Company. 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 gratuity fund for employees of ICICI Bank other than employees inducted from erstwhile ICICI and erstwhile Bank of Madura is administered by the Life Insurance Corporation of India. In accordance with the gratuity fund's rules, actuarial valuation of gratuity liability is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff turnover.

ICICI Bank contributes 15% of the total annual salary of each employee to a superannuation fund for ICICI Bank employees. ICICI Bank's employees get an option on retirement or resignation to receive one-third of the total balance and a monthly pension based on the remaining two-third balance. In the event of death of an employee, his or her beneficiary receives the remaining accumulated balance of 66.7%. ICICI Bank also gives a cash option to its employees, allowing them to receive the amount contributed by ICICI Bank in their monthly salary during their employment.

Till March 31, 2005, the superannuation fund was administered solely by the Life Insurance Corporation of India. Subsequent to March 31, 2005, the fund is being administered by both Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited. Employees have the option to retain the existing balance with Life Insurance Corporation of India or seek a transfer to ICICI Prudential Insurance Company.

ICICI Bank is statutorily required to maintain a provident fund as a part of its retirement benefits to its employees. There are separate provident funds for employees inducted from erstwhile Bank of Madura (other than those employees who have opted for pensions), 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 (10.0% for clerks and sub-staff of erstwhile Bank of Madura) 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.

10. Income taxes

Income tax expense is the aggregate amount of current tax, deferred tax and fringe benefit tax charge. Current year taxes are determined in accordance with the Income-tax Act, 1961. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the period.

Deferred tax assets and liabilities are recognised on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted prior to the balance sheet date. The impact of changes in the deferred tax assets and liabilities is recognised in the profit and loss account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon management's judgement as to whether realisation is considered certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax asset can be realised against future profits.

11. Impairment of assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

12. Accounting for contingencies

The Bank estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available up to the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statements.

13. Earnings Per Share ("EPS")

Basic and diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period, except where the results are anti-dilutive.

14. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

B. NOTES FORMING PART OF THE ACCOUNTS

The following additional disclosures have been made taking into account RBI guidelines in this regard.

1. Capital adequacy ratio

The capital to risk weighted assets ratio ("CRAR") as assessed by the Bank on the basis of the financial statements and guidelines issued by RBI is given in the table below.

Rupees in million

	As on March 31, 2006	*As on March 31, 2005*
Tier I capital	**191,815.3**	*102,463.2*
Tier II capital	**86,610.9**	*56,566.1*
Total capital	**278,426.2**	*159,029.3*
Total risk weighted assets	**2,085,935.9**	*1,350,168.1*
CRAR (%)	**13.35%**	*11.78%*
CRAR – Tier I capital (%)	**9.20%**	*7.59%*
CRAR – Tier II capital (%)	**4.15%**	*4.19%*
Amount of subordinated debt raised as Tier II capital during the year	**39,730.0**	*4,500.0*

2. Business/information ratios

The business/information ratios for the year ended March 31, 2006, and March 31, 2005 are given in the table below.

		Year ended March 31, 2006	*Year ended March 31, 2005*
i)	Interest income to working funds[1]	**7.03%**	*6.94%*
ii)	Non-interest income to working funds[1]	**2.54%**	*2.52%*
iii)	Operating profit to working funds[1]	**2.39%**	*2.18%*
iv)	Return on assets[2]	**1.30%**	*1.48%*
v)	Profit per employee (Rs. in million)	**1.0**	*1.1*

1. For the purpose of computing the ratios, working funds represent the average of total assets as reported to RBI under Section 27 of the Banking Regulation Act, 1949.
2. For the purpose of computing the ratio, assets represent average total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949.

Rupees in million

		As on March 31, 2006	*As on March 31, 2005*
vi)	Business per employee (average deposits plus average advances)	**90.5**	*88.0*

3. Information about business and geographical segments

- **Consumer and Commercial Banking** comprising the retail and corporate banking operations of the Bank.
- **Investment Banking** comprising the treasury activities of the Bank.

forming part of the Accounts *(Contd.)*

Inter-segment transactions are generally based on transfer pricing measures as determined by management. Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

Based on such allocations, segmental balance sheet as on March 31, 2006 and March 31, 2005 and segmental profit and loss account for the year ended March 31, 2006 and for the year ended March 31, 2005 have been prepared.

Rupees in million

	Particulars	Consumer and commercial banking		Investment banking		Total	
		For the year ended 31.03.06	*For the year ended 31.03.05*	**For the year ended 31.03.06**	*For the year ended 31.03.05*	**For the year ended 31.03.06**	*For the year ended 31.03.05*
1.	Revenue	**148,868.9**	*106,436.9*	**49,725.0**	*30,926.2*	**198,593.9**	*137,363.1*
2.	Less: Inter-segment revenue					**(10,917.6)**	*(9,102.7)*
3.	Total revenue (1)–(2)					**187,676.3**	*128,260.4*
4.	Operating profit (i.e. Profit before unallocated expenses, and tax)	**33,870.5**	*19,760.7*	**13,420.2**	*10,183.3*	**47,290.7**	*29,944.0*
5.	Unallocated expenses					**384.0**	*384.0*
6.	Provisions (net)	**7,320.2**	*814.1*	**8,620.5**	*3,473.9*	**15,940.7**	*4,288.0*
7.	Profit before tax	**26,550.3**	*18,946.6*	**4,799.7**	*6,709.4*	**30,966.0**	*25,272.0*
8.	Income tax expenses (net of deferred tax credit)					**5,565.3**	*5,220.0*
9.	Net profit (7)-(8)					**25,400.7**	*20,052.0*
10.	Segment assets	**1,643,838.9**	*1,051,486.3*	**839,301.3**	*597,045.1*	**2,483,140.2**	*1,648,531.4*
11.	Unallocated assets					**30,749.3**	*28,062.7*
12.	Total assets (10)+(11)					**2,513,889.5**	*1,676,594.1*
13.	Segment liabilities	**1,923,206.7**	*1,291,932.4*	**590,682.8**	*384,661.7*	**2,513,889.5**	*1,676,594.1*
14.	Unallocated liabilities					**—**	*—*
15.	Total liabilities (13)+(14)					**2,513,889.5**	*1,676,594.1*

Geographical segments

The Bank reports its operations under the following geographical segments.

- **Domestic Operations** comprises branches having operations in India.
- **Foreign Operations** comprises branches having operations outside India and offshore banking unit having operations in India.

Based on above segments the assets and revenue of the Bank for the year ended March 31, 2006 have been prepared.

Rupees in million

Sr. No	Particulars	Domestic Operations	Foreign Operations	Total
1.	Revenue	178,131.7	9,544.7	187,676.4
2.	Assets	2,295,744.9	218,144.6	2,513,889.5

Hitherto the business operations of the Bank were largely concentrated in India. The assets and income from foreign operations were not significant to the overall operations of the Bank and have accordingly not been disclosed for earlier comparative year.

4. Earnings Per Share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20, “Earnings per Share”. Basic earnings per share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

The computation of earnings per share is given below.

Rupees in million except per share data

	Year ended March 31, 2006	*Year ended March 31, 2005*
Basic		
Weighted average no. of equity shares outstanding	**781,693,773**	*727,728,042*
Net profit	**25,400.7**	*20,052.0*
Basic earnings per share (Rs.)	**32.49**	*27.55*
Diluted		
Weighted average no. of equity shares outstanding	**789,963,635**	*733,720,485*
Net profit	**25,400.7**	*20,052.0*
Diluted earnings per share (Rs.)	**32.15**	*27.33*
Nominal value per share (Rs.)	**10.00**	*10.00*

The dilutive impact is due to options granted to employees by the Bank.

5. Maturity pattern

- In compiling the information of maturity pattern (refer 5. (a) and (b) below), certain estimates and assumptions have been made by the management.
- Assets and liabilities in foreign currency exclude off-balance sheet assets and liabilities.

a) The maturity pattern of assets and liabilities of the Bank as on March 31, 2006 is given below.

Rupees in million

Maturity buckets	Loans & advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1]	Total Foreign currency assets	Total Foreign currency liabilities
1 to 14 days	75,450.2	103,983.4	149,071.4	31,237.0	41,679.5	37,847.1
15 to 28 days	8,865.2	44,993.6	69,193.3	10,049.4	11,454.3	18,646.8
29 days to 3 months	75,231.3	81,976.1	255,473.5	53,804.3	37,365.6	59,270.5
3 to 6 months	89,859.5	64,510.5	231,693.4	46,661.4	32,628.1	28,415.9
6 months to 1 year	145,066.0	93,267.8	388,402.8	53,160.2	29,919.0	57,175.5
1 to 3 years	591,575.5	142,607.5	520,604.7	72,646.8	37,734.5	43,054.4
3 to 5 years	165,878.4	41,030.3	14,002.1	94,981.8	41,477.4	67,547.5
Above 5 years	309,705.0	143,104.7	22,390.5	22,678.2	49,596.3	12,765.4
Total	1,461,631.1	715,473.9	1,650,831.7	385,219.1	281,854.7	324,723.1

1. Includes foreign currency balances.

b) The maturity pattern of assets and liabilities of the Bank as on March 31, 2005 is given below.

Rupees in million

Maturity buckets	Loans & advances[1]	Investment securities[1]	Deposits[1]	Borrowings[1]	Total Foreign currency assets	Total Foreign currency liabilities
1 to 14 days	60,518.3	76,283.4	54,262.2	4,008.0	22,857.4	9,193.8
15 to 28 days	8,069.1	20,403.1	32,683.8	12,311.5	6,607.9	12,023.6
29 days to 3 months	65,709.7	48,751.0	132,970.0	31,264.5	31,162.4	31,853.9
3 to 6 months	50,320.5	47,302.7	159,242.9	32,491.4	17,851.7	18,568.2
6 months to 1 year	84,088.2	60,431.9	195,407.5	56,986.8	13,830.7	29,450.2
1 to 3 years	294,282.1	113,986.8	398,826.7	111,143.4	30,191.2	30,242.4
3 to 5 years	94,524.5	27,618.4	15,087.5	53,323.6	19,326.3	40,075.9
Above 5 years	256,539.1	110,096.2	9,707.2	33,915.8	28,915.1	16,229.0
Total	914,051.5	504,873.5	998,187.8	335,445.0	170,742.7	187,637.0

1. Includes foreign currency balances.

6. Related party transactions

The Bank has transactions with its related parties comprising of subsidiaries, associates joint ventures and key management personnel. The following represents the significant transactions between the Bank and its related parties.

Insurance services

During the year ended March 31, 2006, the Bank paid insurance premium to insurance joint ventures amounting to Rs. 829.6 million (March 31, 2005: Rs. 315.4 million). During the year ended March 31, 2006 the Bank received claims from insurance joint ventures amounting to Rs. 16.8 million (March 31, 2005: Rs. 8.4 million).

Fees and commission

During the year ended March 31, 2006, the Bank received fees from its subsidiaries and joint ventures amounting to Rs. 2,280.5 million (March 31, 2005: Rs. 279.8 million) and commission of Rs. 9.9 million (March 31, 2005: Rs. 5.3 million) on account of guarantees and letters of credit issued for subsidiaries.

Lease of premises and facilities

During the year ended March 31, 2006, the Bank charged an aggregate amount of Rs. 443.7 million (March 31, 2005: Rs. 432.8 million) for lease of premises, facilities and other administrative costs to subsidiaries and joint ventures.

Sale/Purchase of housing loan portfolio

During the year ended March 31, 2006, the Bank sold housing loan portfolio to its subsidiary amounting to Rs. 37,711.0 million (March 31, 2005: Rs. 3,059.7 million). During the year ended March 31, 2006, the Bank purchased housing portfolio from its subsidiary amounting to Rs. 18,307.7 million (March 31, 2005: Rs. Nil).

Secondment of employees

During the year ended March 31, 2006, the Bank received Rs. 3.0 million (March 31, 2005: Rs. 8.4 million) from subsidiaries and joint ventures for secondment of employees.

Purchase of investments

During the year ended March 31, 2006, the Bank purchased certain investments from its subsidiaries and joint ventures amounting to Rs. 15,255.5 million (March 31, 2005: Rs. 32,440.1 million) and from its associates amounting to Rs. Nil (March 31, 2005: Rs. 820.0 million).

Sale of investments

During the year ended March 31, 2006, the Bank sold certain investments to its subsidiaries and joint ventures amounting to Rs. 6,757.7 million (March 31, 2005: Rs. 22,668.5 million) and to its associates amounting to Rs. 1,545.0 million (March 31, 2005: Rs. Nil). On the sales made to subsidiaries and joint ventures, the Bank accounted for a gain of Rs. 16.7 million (March 31, 2005: Loss of Rs. 12.4 million) and on the sale made to associates, the Bank accounted for a gain of Rs. 10.1 million (March 31, 2005: Rs. Nil).

Redemption/Buyback and Conversion of investments

During the year ended March 31, 2006, certain investments in subsidiaries and joint ventures in preference shares were converted to equity shares amounting to Rs. Nil (March 31, 2005: Rs. 250.0 million). Consideration of Rs. 1,078.9 million (March 31, 2005: Rs. 106.9 million) was received on account of buyback/capital reduction of equity shares by subsidiaries and a gain amounting to Rs. 620.6 million (March 31, 2005: Rs. 67.4 million) was accounted in the books. Units in associates amounting to Rs. 1,162.3 million (March 31, 2005: Rs. 2,362.8 million) were redeemed during the year and a gain of Rs. Nil (March 31, 2005: Rs. 19.8 million) was accounted on redemption.

Reimbursement of expenses

During the year ended March 31, 2006, the Bank reimbursed expenses to its subsidiaries amounting to Rs. 3,397.8 million (March 31, 2005: Rs. 2,596.0 million).

Brokerage paid

During the year ended March 31, 2006, the Bank paid brokerage to its subsidiary amounting to Rs. 13.6 million (March 31, 2005: Rs. 9.1 million).

Custodial charges received

During the year ended March 31, 2006, the Bank received custodial charges from its subsidiaries and joint ventures amounting to Rs. 15.8 million (March 31, 2005: Rs. 5.7 million) and associates amounting to Rs. 5.4 million (March 31, 2005: Rs. 2.2 million).

Interest paid

During the year ended March 31, 2006, the Bank paid interest to its subsidiaries and joint ventures amounting to Rs. 384.2 million (March 31, 2005: Rs. 255.7 million) and to its associates amounting to Rs. Nil (March 31, 2005: Rs. 1.1 million).

Interest received

During the year ended March 31, 2006, the Bank received interest from its subsidiaries and joint ventures amounting to Rs. 613.6 million (March 31, 2005: Rs. 376.7 million) and from its key management personnel[1] Rs. 0.5 million (March 31, 2005: Rs. 0.3 million).

Other Income

During the year ended March 31, 2006, the Bank has accounted gain/loss on derivative transactions entered into with subsidiaries and joint ventures amounting to Rs. 245.3 million (March 31, 2005: Gain of Rs. 462.3 million).

Dividend received

During the year ended March 31, 2006, the Bank received dividend from its subsidiaries and joint ventures amounting to Rs. 1,635.6 million (March 31, 2005: Rs. 714.5 million) and from its associates amounting to Rs. 1,808.2 million (March 31, 2005: Rs. 1,221.8 million).

Dividend paid

During the year ended March 31, 2006, the Bank paid dividend to its key management personnel[1] amounting to Rs. 3.2 million (March 31, 2005: Rs. 1.6 million).

Remuneration to whole-time directors

Remuneration paid to the whole-time directors of the Bank during the year ended March 31, 2006 was Rs. 75.9 million (March 31, 2005: Rs. 60.5 million).

Letter of Comfort

The Bank has issued letters of comfort on behalf of its foreign subsidiaries namely, ICICI Bank UK Limited and ICICI Bank Canada Limited. The details of the same are given in the table below.

On behalf of	To	Purpose
ICICI Bank UK Limited	Financial Services Authority, UK ("FSA")	To financially support ICICI Bank UK Limited to ensure that it meets all of its financial obligations as they fall due.
ICICI Bank Canada	Office of the Superintendent of Financial Institutions, Canada ("OSFI")	To infuse additional capital should ICICI Bank Canada's capital fall below the minimum requirement and provide ICICI Bank Canada ongoing financial, managerial and operational support.
ICICI Bank Canada	Canada Deposit Insurance Corporation ("CDIC")	To comply with the Bank Act and the CDIC regulations or by-laws there under and to indemnify CDIC against all losses, damages, reasonable costs and expenses arising from failure of ICICI Bank Canada in performing the same.

Related party balances

The balances payable to/ receivable from subsidiaries/ joint ventures/ associates/ key management personnel included in the balance sheet as on March 31, 2006 are given below.

Rupees in million

Items	Subsidiaries/ Joint ventures	Associates	Key Management Personnel[1]	Total
Deposits with ICICI Bank	8,734.8	274.9	25.0	9.034.7
Deposits of ICICI Bank[2]	11,339.7	—	—	11,339.7
Call/ Term money borrowed	—	—	—	—
Advances	1,631.9	—	15.4	1,647.3
Investments of ICICI Bank	29,263.2	14,228.5	—	43,491.7
Investments of related parties in ICICI Bank	447.5	—	4.3	451.8
Receivables	666.0	2.0	—	668.0
Payables	779.2	—	—	779.2
Repo	—	—	—	—
Reverse repo	—	—	—	—
Guarantees[3]	3,634.0	—	—	3,634.0
Letters of comfort[4]	30,059.6	—	—	30,059.6
Swaps/forward contracts	148,404.1	—	—	148,404.1
Participation certificate	2,320.0	—	—	2,320.0

1. Whole-time directors and relatives.
2. Includes call money lent.
3. Includes letter of undertaking.
4. Excludes letter of comfort issued on behalf of foreign subsidiaries, details of which are given separately.

forming part of the Accounts *(Contd.)*

The maximum balance payable to/ receivable from subsidiaries/ joint ventures/ associates/ key management personnel during the year ended March 31, 2006 is given below.

Rupees in million

Items	Subsidiaries/ Joint ventures	Associates	Key Management Personnel[1]	Total
Deposits with ICICI Bank	11,331.7	2,160.2	46.1	13,538.0
Deposits of ICICI Bank[2]	12,223.9	—	—	12,223.9
Call/ Term money borrowed	7,490.3	—	—	7,490.3
Advances	2,245.8	—	21.2	2,267.0
Investments of ICICI Bank	29,960.3	14,726.8	—	44,687.1
Investments of related parties in ICICI Bank	547.1	—	4.4	551.5
Receivables	798.4	4.1	—	802.5
Payables	3,060.0	0.5	—	3,060.5
Repo	400.3	—	—	400.3
Reverse repo	2,244.7	—	—	2,244.7
Guarantees[3]	5,196.3	—	—	5,196.3
Letters of comfort[4]	30,815.7	—	—	30,815.7
Swaps/forward contracts	207,739.7	—	—	207,739.7
Participation certificate	2,320.0	—	—	2,320.0

1. Whole-time directors and relatives.
2. Includes call money lent.
3. Includes letter of undertaking.
4. Excludes letter of comfort issued on behalf of foreign subsidiaries, details of which are given separately.

The balances payable to/ receivable from subsidiaries/ joint ventures/ associates/ key management personnel included in the balance sheet as on March 31, 2005 are given below.

Rupees in million

Items	Subsidiaries/ Joint ventures	Associates	Key Management Personnel[1]	Total
Deposits with ICICI Bank	6,593.6	0.3	37.1	6,631.0
Deposits of ICICI Bank[2]	9,798.9	—	—	9,798.9
Call/ Term money borrowed	459.2	—	—	459.2
Advances	322.9	—	19.1	342.0
Investments of ICICI Bank	20,734.1	14,470.5	—	35,204.6
Investments of related parties in ICICI Bank	1.6	—	2.3	3.9
Receivables	202.4	—	—	202.4
Payables	885.3	—	—	885.3
Repo	—	—	—	—
Reverse repo	2,244.7	—	—	2,244.7
Guarantees[3]	4,928.3	—	—	4,928.3
Letters of comfort[4]	21,318.3	—	—	21,318.3
Swaps/forward contracts	118,137.1	—	—	118,137.1
Participation certificate	896.6	—	—	896.6

1. Whole-time directors and relatives.
2. Includes call money lent.
3. Includes letter of undertaking.
4. Excludes letter of comfort issued on behalf of foreign subsidiaries, details of which are given separately.

The maximum balance payable to/ receivable from subsidiaries/ joint ventures/ associates/ key management personnel during the year ended March 31, 2005 is given below.

Rupees in million

Items	Subsidiaries/ Joint ventures	Associates	Key Management Personnel[1]	Total
Deposits with ICICI Bank	19,352.2	2,405.5	196.1	21,953.8
Deposits of ICICI Bank[2]	9,798.9	—	—	9,798.9
Call/ Term money borrowed	3,500.0	—	—	3,500.0
Advances	2,435.6	—	19.1	2,454.7
Investments of ICICI Bank	40,204.6	33,399.0	—	73,603.6
Investments of related parties in ICICI Bank	16.6	—	2.3	18.9
Receivables	202.4	—	—	202.4
Payables	1,762.1	—	—	1,762.1
Repo	128.8	—	—	128.8
Reverse repo	2,244.7	—	—	2,244.7
Guarantees[3]	4,928.3	—	—	4,928.3
Letters of comfort[4]	21,318.3	—	—	21,318.3
Swaps/forward contracts	230,905.2	—	—	230,905.2
Participation certificate	896.6	—	—	896.6

1. Whole-time directors and relatives.
2. Includes call money lent.
3. Includes letter of undertaking.
4. Excludes letter of comfort issued on behalf of foreign subsidiaries, details of which are given separately.

Subsidiaries and joint ventures

ICICI Venture Funds Management Company Limited, ICICI Securities Limited, ICICI Brokerage Services Limited, ICICI International Limited, ICICI Trusteeship Services Limited, ICICI Home Finance Company Limited, ICICI Investment Management Company Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Bank UK Limited, ICICI Bank Canada, ICICI Prudential Life Insurance Company Limited, ICICI Distribution Finance Private Limited (ICICI Distribution Finance Private Limited has merged with ICICI Home Finance Company Limited effective August 11, 2005), ICICI Lombard General Insurance Company Limited, Prudential ICICI Asset Management Company Limited, Prudential ICICI Trust Limited, ICICI Bank Eurasia Limited Liability Company and TSI Ventures (India) Private Limited.

Associates

ICICI Equity Fund, ICICI Eco-net Internet and Technology Fund, ICICI Emerging Sectors Fund, ICICI Strategic Investments Fund, ICICI Property Trust and TCW/ICICI Investment Partners L.L.C.

7. Securitisation

The Bank sells loans through securitisation and direct assignment. The information on securitisation activity of the Bank as an originator for the year ended March 31, 2006 and March 31, 2005 is given in the table below.

Rupees in million

	Year ended March 31, 2006	*Year ended March 31, 2005*
Total number of loan assets securitised	**909,130**	*942,567*
Total book value of loan assets securitised	**94,856.2**	*160,071.2*
Sale consideration received for the securitised assets	**102,856.6**	*163,412.2*
Net gain on account of securitisation	**4,032.4**	*3,976.1*

forming part of the Accounts *(Contd.)*

The information on securitisation activity of the Bank as an originator as on March 31, 2006 and March 31, 2005 is given in the table below.

Rupees in million

	As on March 31, 2006	*As on March 31, 2005*
Outstanding credit enhancement	**16,369.2**	*7,234.3*
Outstanding liquidity facility	**2,640.4**	—
Outstanding servicing liability	**695.6**	*260.7*
Outstanding subordinate contributions	**8,369.8**	*17,712.7*

8. Employee Stock Option Scheme

In terms of the ESOS, as amended, the maximum number of options granted to any eligible employee in a financial year shall not exceed 0.05% of the issued equity shares of the Bank at the time of grant of the options and aggregate of all such options granted to the eligible employees shall not exceed 5% of the aggregate number of the issued equity shares of the Bank on the date(s) of the grant of options.

In terms of the Scheme, 17,362,584 options (March 31, 2005: 18,215,335 options) granted to eligible employees were outstanding at March 31, 2006.

A summary of the status of the Bank's stock option plan is given below.

	Stock option outstanding	
	Year ended March 31, 2006	*Year ended March 31, 2005*
Outstanding at the beginning of the year	**18,215,335**	*15,964,982*
Add: Granted during the year	**4,981,780**	*7,554,500*
Less: Forfeited/lapsed during the year	**931,280**	*846,496*
Exercised during the year	**4,903,251**	*4,457,651*[1]
Outstanding at the end of the year	**17,362,584**	*18,215,335*

1. Excludes options exercised but not allotted.

9. Preference shares

Certain government securities amounting to Rs. 2,001.1 million (March 31, 2005: Rs. 1,952.3 million) have been earmarked against redemption of preference share capital, which falls due for redemption on April 20, 2018, as per the original issue terms.

10. Transfer to Investment Fluctuation Reserve ("IFR")

An amount of Rs. 2,143.4 million being the excess balance in Investment Fluctuation Reserve (IFR) account over the regulatory requirement was transferred to general reserve account during the year ended March 31, 2005. RBI has subsequently instructed that this amount should be retained in IFR account itself. Accordingly, the said amount was transferred back to IFR account from the general reserve account in the first quarter of the year ended March 31, 2006, making IFR account balance Rs. 7,303.4 million.

RBI required banks to create IFR aggregating to 5% of their investments in fixed income securities (in AFS and Trading Book) over a five-year period starting from March 31, 2002. Accordingly a further amount of Rs. 5,900.0 million was transferred to IFR during the year ended March 31, 2006, making the IFR account balance Rs. 13,203.4 million. RBI has vide its circular DBOD.No. BP.BC. 38/21.04.141/2005-06 dated October 10, 2005 permitted banks that have maintained capital of at least 9% of the risk weighted assets for both credit risk and market risk for both held for trading and available for sale categories of investments as on March 31, 2006, to transfer the balance in the IFR 'below the line' in the Profit and Loss Appropriation Account to Statutory Reserve, General Reserve or balance of Profit & Loss Account.

Pursuant to the above, the entire IFR account balance of Rs. 13,203.4 million has been transferred from IFR to Revenue and other Reserves.

11. Subordinated debt

a) During the year ended March 31, 2006, the Bank raised subordinate debt amounting to Rs. 39,730.0 million through private placement of bonds. The details of these bonds are given below.

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 3 Option I	March 31, 2006	8.83% Annual	10 years and 15 days	2,500.0
Tranche 2 Option I	March 25, 2006	8.80% Annual	9 years 11 months and 19 days	20,000.0
Tranche 1 Option I	March 14, 2006	8.55% Annual	10 years and 1 month	2,500.0
Total				25,000.0

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Option I	February 14, 2006	8.15% Annual	10 years	1,190.0
Option II	February 14, 2006	8.25% Annual	15 years	370.0
Total				1,560.0

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Option II	December 30, 2005	7.60% (semi-annually)	10 years	1,010.0
Option III	December 30, 2005	7.75% (semi-annually)	12 years	1,020.0
Option IV	December 30, 2005	7.80% (semi-annually)	15 years	890.0
Total				2,920.0

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Option I	September 28, 2005	1 Yr INBMK [1] + 0.50% (To be reset semi-annually)	5 years and 7 months	2,250.0
Option II	September 28, 2005	7.50	10 years	2,750.0
Total				5,000.0

1 INBMK – Indian Benchmark

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Option I	June 29, 2005	1 Yr INBMK[1] + 0.50 % (To be reset semi- annually)	5 years and 10 months	1,100.0
Option II	June 29, 2005	7.25	5 years and 10 months	770.0
Option III	June 29, 2005	7.45	10 years	3,380.0
Total				5,250.0

1 INBMK – Indian Benchmark

b) During the year ended March 31, 2005, the Bank raised subordinate debt amounting to Rs. 4,500.0 million through private placement of bonds. The details of these bonds are given below.

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Option I	February 28, 2005	1 Yr INBMK[1] + 0.60% (To be reset semi- annually)	5 years and 3 months	2,650.0
Option II	February 28, 2005	7.00	5 years and 3 months	350.0
Option III	February 28, 2005	7.10	7 years and 3 months	550.0
Option IV	February 28, 2005	7.20	10 years and 3 months	950.0
Total				4,500.0

1. INBMK – Indian Benchmark

forming part of the Accounts *(Contd.)*

12. Investments

The details of investments and the movement of provisions held towards depreciation of investments of the Bank as on March 31, 2006 and March 31, 2005 is given below.

Rupees in million

Particulars	As on March 31, 2006	*As on March 31, 2005*
(1) Value of Investments		
(i) Gross value of investments		
(a) In India	**675,324.8**	*496,627.7*
(b) Outside India	**45,215.5**	*15,124.3*
(ii) Provisions for depreciation and fair value provision		
(a) In India	**4,960.5**	*6,869.5*
(b) Outside India	**105.9**	*9.0*
(iii) Net value of investments		
(a) In India	**670,364.3**	*489,758.2*
(b) Outside India	**45,109.6**	*15,115.3*
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	**6,079.1**	*10,470.8*
(ii) Add: Provisions made during the year (including utilisation of fair value provision)	**692.3**	*(949.1)*
(iii) Less: Write-off/write-back of excess provisions during the year	**(1,705.0)**	*(3,442.6)*
(iv) Closing balance	**5,066.4**	*6,079.1*

13. Investments in equity shares and equity like instruments

The details of the investments made by the Bank in equity and equity like instruments is given below.

Rupees in million

	As on March 31, 2006	*As on March 31, 2005*
Equity shares[1]	**14,453.1**	*9,231.4*
Convertible debentures	**583.8**	*585.0*
Units of equity oriented mutual funds	**200.6**	*252.7*
Investment in venture capital funds	**16,149.9**	*11,761.6*
Others (loans against collateral, advances to brokers)[2]	**12,956.0**	*6,683.6*
Total	**44,343.4**	*28,514.3*

1. Includes advance application money pending allotment of Rs. 2,560.6 million (March 31, 2005: Rs. 821.3 million).
2. Includes unutilised limits sanctioned to brokers and individuals against shares amounting to Rs. 3,648.5 million (March 31, 2005: Rs. 3,495.2 million).

14. Investment in non-SLR securities

i) Issuer composition of non-SLR investments

a) The issuer composition of non-SLR investments of the Bank as on March 31, 2006 is given below.

(Rupees in million)

No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated'[2] securities	Extent of 'unlisted'[2] securities
			(a)	(b)	(c)	(d)
1.	PSUs	2,875.6	277.5	32.1	0.5	32.6
2.	FIs	1,918.2	920.3	—	91.3	91.3
3.	Banks	22,373.4	7,087.2	—	—	50.0
4.	Private corporates	43,351.2	17,367.6	—	17,256.5	15,879.3
5.	Subsidiaries/ Joint ventures	28,607.0	2,704.8	—	150.0	150.0
6.	Others	110,647.5	29,891.5	23,422.1	0.3	—
7.	Provision held towards depreciation	(5,043.9)	—	—	—	—
	Total	204,729.0	58,248.9	23,454.2	17,498.6	16,203.2

1. Amounts reported under columns (a), (b), (c), and (d) above are not mutually exclusive.
2. This excludes investments, amounting to Rs. 2,554.8 million, in preference shares of subsidiaries, namely ICICI Bank UK Limited and ICICI Bank Canada and Rs. 32,644.2 million invested by overseas branches/offshore banking unit.

b) The issuer composition of non-SLR investments of the Bank as on March 31, 2005 is given below.

Rupees in million

No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities[2]	Extent of 'unlisted' securities[2]
			(a)	(b)	(c)	(d)
1.	PSUs	6,250.0	4,620.5	—	20.5	2,933.6
2.	FIs	3,264.3	342.3	—	101.3	101.3
3.	Banks	4,684.5	2,419.8	—	—	53.1
4.	Private corporates	45,210.9	30,553.2	200.0	31,362.1	29,677.4
5.	Subsidiaries/ Joint ventures	20,667.0	2,661.3	—	150.0	150.0
6.	Others	86,856.4	27,821.3	23,359.0	0.3	—
7.	Provision held towards depreciation	(6,877.5)	—	—	—	—
	Total	160,055.6	68,418.4	23,559.0	31,634.2	32,915.4

1. Amounts reported under columns (a), (b), (c), and (d) above are not mutually exclusive.
2. This excludes investments, amounting to Rs. 2,551.3 million, in preference shares of subsidiaries, namely ICICI Bank UK Limited and ICICI Bank Canada and Rs. 7,189.6 million invested by overseas branches / offshore banking unit.

ii) Non-performing non-SLR investments

The movement in gross non-performing non-SLR investments of the Bank as on March 31, 2006, and March 31, 2005 are given below.

Rupees in million

Particulars	**Year ended March 31, 2006**	*Year ended March 31, 2005*
Opening balance	**8,877.3**	*12,334.7*
Additions during the year	**2,158.0**	*1,570.3*
Reduction during the year	**8,439.4**	*5,027.3*
Closing balance	**2,595.9**	*8,877.3*
Total provisions held	**1,509.3**	*3,166.7*

15. Repurchase transactions

The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2006, and March 31, 2005 are given below.

Rupees in million

	Minimum outstanding balance during the period	Maximum outstanding balance during the period	Daily average outstanding balance during the period	Balance as on year end
Year ended March 31, 2006				
Securities sold under repurchase transaction	—	43,134.3	15,296.0	10,000.0
Securities purchased under reverse repurchase transaction	—	33,608.7	1,214.9	—
Year ended March 31, 2005				
Securities sold under repurchase transaction	—	34,842.0	9,683.6	13,076.3
Securities purchased under reverse repurchase transaction	—	14,520.0	586.7	—

Note: The above figures do not include securities sold and purchased under Liquidity Adjustment Facility (''LAF'') of RBI. The above figures are for Indian branches only.

16. Lending to sensitive sectors

The Bank has lending to sectors, which are sensitive to asset price fluctuations. The sensitive sectors include capital market, real estate and commodities.

The net position of lending to capital market and commodities sector is given in the table below.

Rupees in million

		As on March 31, 2006	*As on March 31, 2005*
Capital market sector			
i)	Investments made in equity shares	**14,453.1**	*9,231.4*
ii)	Investments in bonds / convertible debentures	**583.8**	*585.0*
iii)	Investments in units of equity–oriented mutual funds	**200.6**	*252.7*
iv)	Advances against share to individuals for investment in equity shares (including IPOs /ESOPS), bonds and debentures, units of equity oriented mutual funds[1]	**5,470.1**	*1,563.2*
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	**7,485.9**	*5,120.4*
	Total[2]	**28,193.5**	*16,752.7*
vi)	Of (v) above, the total finance extended to stockbrokers for margin trading	**—**	*—*
Commodities sector		**29,849.4**	*10,061.0*

1. Represents loans to Non-Banking Financial Companies ("NBFCs"), brokers and individuals against pledge of shares and includes an amount of Rs. 102.7 million as on March 31, 2006 (March 31, 2005: Rs. 141.0 million) pertaining to guarantee issued to a corporate for the issue of non-convertible debentures, the proceeds of which have been utilised for acquisition of shares by the corporate.
2. The total does not include exposure in unregistered Venture Capital funds amounting to Rs. 16,149.9 million as of March 31, 2006 (March 31, 2005: Rs. 11,761.6 million) which forms a part of capital market sector.

The net position of lending to real estate sector is given in the table below.

Rupees in million

	As on March 31, 2006	*As on March 31, 2005*
Real estate sector		
I Direct exposure	**501,514.8**	*322,930.6*
i) Residential mortgages, of which	**431,668.5**	*274,883.7*
- Upto Rs. 1.5 million	**263,796.5**	*166,413.1*
ii) Commercial real estate[1]	**69,846.0**	*45,618.4*
iii) Investments in mortgage backed securities (MBS) and other securitised exposures	**0.3**	*2,428.5*
a) Residential	**0.3**	*2,428.5*
b) Commercial real estate	**—**	*—*
II Indirect exposure	**30,135.8**	*52,619.9*
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**30,135.8**	*52,619.9*
Total	**531,650.6**	*375,550.5*

1. Commercial real estate exposure includes loans given to land and building developers for construction, corporates for their real estate requirements and to individuals for non-residential premises.

17. Credit exposure

a) As on March 31, 2006, the Bank had no single borrower exposure above 15% and no group borrower exposure above 40% of capital funds.

b) As on March 31, 2005 the Bank had taken single borrower exposure above 15% with the approval of the Board of Directors in the cases given below.

Name of Borrower	As on March 31, 2005 % to capital funds
Bharat Heavy Electricals Limited	19.50%
Essar Oil Limited	17.46%
Asset Reconstruction Co. of India Limited ("ARCIL") [1]	16.73%
Larsen & Toubro Limited	16.20%

1. Includes exposure to security receipts issued by ARCIL.

18. Risk category-wise country-wise exposure

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. The country exposure (net) of the Bank in respect of United Kingdom is 1.11% of the total funded assets. As the net funded exposure to United Kingdom exceeds 1%, the Bank has made a provision of Rs. 63.6 million on country exposure during the year ended March 31, 2006.

Rupees in million

Risk category	**Exposure (net) as on March 31, 2006**	*Exposure (net) as on March 31, 2005*
Insignificant	**118,755.5**	*54,349.8*
Low	**44,689.4**	*11,408.4*
Moderate	**24,372.9**	*4,592.1*
High	**3,357.7**	—
Very High	**—**	—
Restricted	**447.1**	—
Off-Credit	**223.1**	*656.2*
Total	**191,845.7**	*71,006.5*
- of which funded	**138,915.0**	*38,885.7*

19. Advances

The details of movement of gross NPAs, net NPAs and provisions are given in the table below.

Rupees in million

Particulars	**Year ended March 31, 2006**	*Year ended March 31, 2005*
(i) Net NPAs (funded) to Net Advances (%)	**0.72%**	*1.65%*
(ii) Movement of NPAs (Gross)		
(a) Opening balance	**27,704.3**	*30,475.9*
(b) Additions during the year[1]	**10,202.3**	*11,157.9*
(c) Reductions during the year[1]	**(15,680.7)**	*(13,929.5)*
(d) Closing balance [2]	**22,225.9**	*27,704.3*
(iii) Movement of Net NPAs		
(a) Opening balance	**15,052.7**	*13,724.0*
(b) Additions during the year[1]	**7,035.0**	*11,216.3*
(c) Reductions during the year[1]	**(11,560.9)**	*(9,887.6)*
(d) Closing balance	**10,526.8**	*15,052.7*
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance [3]	**12,368.5**	*16,250.1*[4]
(b) Provisions made during the year (including utilisation of fair value provisions)	**5,601.2**	*18,002.1*
(c) Write-off/write-back of excess provisions	**(6,542.2)**	*(21,883.7)*
(d) Closing balance [3]	**11,427.5**	*12,368.5*

1. Excludes cases added to and deleted from NPAs in the same year with such gross loans amounting to Rs. 1,714.7 million (March 31, 2005: Rs. 13,759.9 million) and such net loans amounting to Rs. 1,463.2 million (March 31, 2005: Rs. 9,540.7 million).
2. Includes suspended interest and claims received from ECGC/DICGC of Rs. 271.6 million (March 31, 2005: Rs. 283.7 million) on working capital loan.
3. Excludes technical write-off amounting to Rs. 6,586.7 million (March 31, 2005: Rs. 15,763.6 million) and suspended interest and claims received from ECGC/DICGC of Rs. 271.6 million (March 31, 2005: Rs. 283.7 million).
4. Includes utilisation of fair value provisions.

20. Financial assets transferred during the year to Securitisation Company (SC) / Reconstruction Company (RC)

The Bank has transferred certain assets to an asset reconstruction company (ARC) in terms of the guidelines issued by RBI governing such transfer. For the purpose of the valuation of the underlying security receipts issued by the ARCIL, the security receipts were valued at their respective NAVs as advised by the ARCIL. The details of the assets transferred for the years ended March 31, 2006 and March 31, 2005 are given in the table below.

Rupees in million

		Year ended March 31, 2006	*Year ended March 31, 2005*
A	No. of accounts	**15**	*82*
B	Aggregate value (net of provisions) of accounts sold to SC/RC	**4,794.0**	*13,279.3*
C	Aggregate consideration	**4,066.3**	*10,862.3*
D	Additional consideration realised in respect of accounts transferred in earlier years[1]	**—**	*—*
E	Aggregate gain/(loss) over net book value	**(727.7)**	*(2,417.0)*

1. During the year ended March 31, 2006, ARCIL fully redeemed security receipts of four trusts and partly redeemed security receipts of two trusts. The Bank realised Rs. 95.7 million over the gross book value in respect of these trusts.

21. Provisions on standard asset

The provision on standard assets held by the Bank in accordance with RBI guidelines was Rs. 5,638.3 million at March 31, 2006 (March 31, 2005: Rs. 2,248.1 million).

22. Information in respect of restructured assets

a) Details of loan assets subjected to restructuring is given below.

Rupees in million

		Year ended March 31, 2006	*Year ended March 31, 2005*
(i)	Total amount of loan assets subjected to restructuring, rescheduling, renegotiation;	**4,139.4**	*20,196.5*
	of which under CDR [(i) = (ii)+(iii)+(iv)]	**4,077.0**	*18,060.1*
(ii)	The amount of standard assets subjected to restructuring, rescheduling, renegotiation;	**4,055.5**	*19,455.3*
	of which under CDR	**4,055.5**	*17,501.4*
(iii)	The amount of sub-standard assets subjected to restructuring, rescheduling, renegotiation;	**62.4**	*558.7*
	of which under CDR	—	*558.7*
(iv)	The amount of doubtful assets subjected to restructuring, rescheduling, renegotiation;	**21.5**	*182.5*
	of which under CDR	**21.5**	*—*

Note: Above details exclude cases that were approved by CDR Forum and disclosed in the earlier years by the Bank and in which certain terms and conditions have been modified by CDR Forum during the current year. The above table includes cases that were restructured and disclosed in earlier years by the Bank and subsequently referred to and admitted under the CDR scheme during the current year.

b) The gross amounts (net of write-offs) of restructuring under the CDR schemes during the year are given below.

Rupees in million

Loan category	Year ended March 31, 2006			*Year ended March 31, 2005*		
	No.	**Amount**	**Interest Sacrifice**	*No.*	*Amount*	*Interest Sacrifice*
Standard	**2**	**4,055.5**	**50.7**	*17*	*17,501.4*	*788.0*
Sub-standard	**—**	**—**	**—**	*3*	*558.7*	*—*
Doubtful	**1**	**21.5**	**—**	*—*	*—*	*—*
Total	**3**	**4,077.0**	**50.7**	*20*	*18,060.1*	*788.0*

Note: Above details exclude cases that were approved by CDR Forum and disclosed in the earlier years by the Bank and in which certain terms and conditions have been modified by CDR Forum during the current year. The above table includes cases that were restructured and disclosed in earlier years by the Bank and subsequently referred to and admitted under the CDR scheme during the current year.

During the year ended March 31, 2006, there has been no debt restructuring for small and medium enterprises.

c) The Bank has restructured borrower accounts in standard, sub-standard and doubtful categories. The gross amounts (net of write-off) of asset restructured during the year are given below.

Rupees in million

Loan category	**Year ended March 31, 2006**			*Year ended March 31, 2005*		
	No.	**Amount**	**Interest Sacrifice**	*No.*	*Amount*	*Interest Sacrifice*
Standard	**—**	**—**	**—**	*16*	*15,745.2*	*685.8*
Sub-standard	**1**	**62.4**	**—**	*3*	*558.7*	*—*
Doubtful	**1**	**21.5**	**—**	*5*	*182.5*	*—*
Total	**2**	**83.9**	**—**	*24*	*16,484.4*	*685.8*

Note: The above details include accounts restructured under the Corporate Debt Restructuring "CDR" scheme during the year, other than cases that were restructured and disclosed in earlier years by the Bank and subsequently referred to and admitted under the CDR scheme during the current year.

23. Details of non-performing assets sold, excluding those sold to SC/RC

The Bank has sold certain cases of non-performing assets in terms of the guidelines issued by RBI circular no. DBOD.NO.BP.BC.16/21.04.048/2005-06 dated July 13, 2005 on such sale. The details of assets sold are given below.

Rupees in million

	Particulars	**Year ended March 31, 2006**
1.	No. of borrower accounts sold	**366**
2.	Aggregate outstanding (Gross)	**14,384.1**
3.	Aggregate consideration received	**2,223.2**

24. Fixed Assets

Fixed assets include softwares acquired by the Bank. The movement in software assets is given below.

Rupees in million

	Year ended March 31, 2006	*Year ended March 31, 2005*
At cost as on March 31st of preceding year	**2,422.6**	*2,057.7*
Additions during the year	**430.1**	*364.9*
Deductions during the year	**—**	*—*
Depreciation to date	**(2,026.3)**	*(1,396.5)*
Net block	**826.4**	*1,026.1*

25. Assets under lease

25.1 Assets under operating lease

The details of future rentals payable on operating leases are given below.

Rupees in million

Period	**As on March 31, 2006**	*As on March 31, 2005*
Not later than one year	**126.7**	*234.4*
Later than one year and not later than five years	**605.9**	*999.5*
Later than five years	**2.0**	*311.2*
Total	**734.6**	*1,545.1*

25.2 Assets under finance lease

The details of finance leases are given below.

Rupees in million

Period	**As on March 31, 2006**	*As on March 31, 2005*
Total of future minimum lease payments	**817.1**	*1,105.5*
Present value of lease payments	**695.1**	*913.6*
Unmatured finance charges	**122.0**	*191.9*
Maturity profile of total of future minimum lease payments		
- Not later than one year	**232.4**	*293.3*
- Later than one year and not later than five years	**584.7**	*804.5*
- Later than five years	**—**	*7.7*
Total	**817.1**	*1,105.5*

forming part of the Accounts *(Contd.)*

25.3 The maturity profile of present value of lease payments is given below.

The details of maturity profile of present value of finance lease payments are given below.

Rupees in million

Period	As on March 31, 2006	*As on March 31, 2005*
Not later than one year	**176.7**	*222.8*
Later than one year and not later than five years	**518.4**	*683.3*
Later than five years	**—**	*7.5*
Total	**695.1**	*913.6*

26. Early Retirement Option ("ERO")

The Bank had implemented an Early Retirement Option Scheme 2003 for its employees in July 2003. All employees who had completed 40 years of age and seven years of service with the Bank (including period of service with entities amalgamated with the Bank) were eligible for the ERO.

The ex-gratia payments under ERO and termination benefits and leave encashment in excess of the provision made (net of tax benefits), aggregating to Rs. 1,910.0 million is being amortised over a period of five years commencing August 1, 2003 (the date of retirement of employees exercising the Option being July 31, 2003).

On account of the above ERO scheme, an amount of Rs. 384.0 million (March 31, 2005: Rs. 384.0 million) has been charged to revenue being the proportionate amount amortised for the year ended March 31, 2006.

27. Provisions for income tax

The provision for income tax (including deferred tax and fringe benefit tax) for the year ended March 31, 2006 and March 31, 2005 amounted to Rs. 5,535.3 million and Rs. 5,190.0 million respectively.

28. Deferred Tax

As on March 31, 2006, the Bank has recorded net deferred tax asset of Rs. 1,642.8 million (March 31, 2005: Rs. 148.7 million), which has been included in Other Assets. The break-up of deferred tax assets and liabilities into major items is given below.

Rupees in million

Particulars	As on March 31, 2006	*As on March 31, 2005*
Deferred tax asset		
Provision for bad and doubtful debts	**6,501.5**	*6,990.8*
Capital loss	**950.0**	—
Others	**880.7**	*917.2*
	8,332.2	*7,908.0*
Less: Deferred tax liability		
Depreciation on fixed assets	**6,697.2**	*7,537.7*
Others	**—**	*221.6*
	6,697.2	*7,759.3*
Add: Deferred tax asset pertaining to foreign branches	**7.8**	—
Total net deferred tax asset/ (liability)	**1,642.8**	*148.7*

During the year ended March 31, 2006, the Bank has created a deferred tax asset on carry forward capital losses as based on its firm plans it is virtually certain that sufficient future taxable capital gains will be available against which the loss can be set off.

29. Other Assets

29.1 Exchange fluctuation

Exchange fluctuation aggregating Rs. 25.0 million (March 31, 2005: Rs. 244.7 million), which arises on account of rupee-tying agreements with the Government of India, is held in "Rupee Determine Exchange Fluctuation Account" pending adjustment at maturity on receipt of payments from the Government for repayments to foreign lenders.

29.2 Swap suspense (net)

Swap suspense (net) aggregating Rs. 71.6 million (debit) (March 31, 2005: Rs. 794.7 million (debit)), which arises out of conversion of foreign currency swaps, is held in "Swap suspense account" and will be reversed at conclusion of swap transactions with swap counter-parties.

30. Derivatives

ICICI Bank is a major participant in the financial derivatives market. The Bank deals in derivatives for balance sheet management and market making purposes whereby the Bank offers derivative products to its customers, enabling them to hedge their risks.

Dealing in derivatives is carried out by identified groups in the treasury of the Bank based on purpose of transaction. Derivative transactions are entered into by the treasury front office. Treasury middle office conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting and ensures compliance with various internal and regulatory guidelines.

The market making and the proprietary trading activities in derivatives are governed by the investment policy of the Bank, which lays down the position limits, stop loss limits as well as other risk limits. The Risk Management Group ("RMG") lays down the methodology for computation and monitoring of risk. The Risk Committee of the Board ("RCB") reviews the Bank's risk management policy in relation to various risks (portfolio, liquidity, interest rate, off-balance sheet and operational risks), investment policies and compliance issues in relation thereto. The RCB comprises of independent directors and the Managing Director and CEO.

Risk monitoring of the derivatives portfolio is done on a daily basis. The Bank measures and monitors risk using Value at Risk ("VAR") approach and the relevant greeks for options. Risk reporting on derivatives forms an integral part of the management information system and the marked to market position and the VAR of the derivatives portfolio is reported on a daily basis.

The use of derivatives for hedging purpose is governed by the hedge policy approved by Asset Liability Management Committee ("ALCO"). Subject to prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate, floating rate or foreign currency assets/ liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is assessed at the time of inception of the hedge and periodically thereafter. During the year the Bank changed its method for testing hedge effectiveness from the price value of basis point ("PVBP") or duration method to the marked to market method. Due to this change certain derivative contracts which were hitherto accounted for as hedges, became ineffective and were accordingly accounted for as trading.

Hedge derivative transactions are accounted for pursuant to the principles of hedge accounting. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the profit and loss account. Premia on options are accounted for at the expiry of the options. The Bank makes provisions on the outstanding positions in trading derivatives for possible adverse movements in underlying. Derivative transactions are covered under International Swap Dealers Association (''ISDA'') master agreements with the respective counterparties. The credit exposure on account of derivative transactions is computed as per RBI guidelines and is marked against the credit limits approved for the respective counterparties.

Rupees in million

		As on March 31, 2006	
Sr. No.	Particular	**Currency derivatives [1]**	**Interest rate derivatives [2]**
1.	Derivatives (Notional principal amount)		
	a) For hedging	**—**	**41,252.2**
	b) For trading	**428,580.4**	**2,174,510.4**
2.	Marked to market positions [3]		
	a) Asset (+)	**2,150.3**	**1,963.2**
	b) Liability (-)	**—**	**—**
3.	Credit exposure	**21,458.8**	**28,170.8**
4.	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives [4]	**—**	**(1,230.8)**
	b) on trading derivatives	**1,087.0**	**900.9**
5.	Maximum and minimum of 100*PV01 observed during the year		
	a) on hedging[4]		
	Maximum	**—**	**838.4**
	Minimum	**(74.4)**	**(1,230.8)**
	b) on trading		
	Maximum	**1,119.8**	**1,097.5**
	Minimum	**632.8**	**(1,439.1)**

1. Options & Cross Currency Interest Rate Swaps are included in currency derivatives.
2. Foreign currency Interest Rate Swaps, Forward Rate Agreements and swaptions are included in interest rate derivatives.
3. For trading portfolio.
4. The swap contracts entered for hedging purpose would have an opposite and offsetting impact with the underlying on-balance sheet items.

forming part of the Accounts *(Contd.)*

Rupees in million

Sr. No.	Particular	As on March 31, 2005 Currency derivatives [1]	Interest rate derivatives [2]
1.	Derivatives (Notional principal amount)		
	a) For hedging	8,083.1	106,428.6
	b) For trading	274,325.6	1,335,689.1
2.	Marked to market positions [3]		
	a) Asset (+)	442.0	564.7
	b) Liability (-)	—	—
3.	Credit exposure	9,373.9	18,124.4
4.	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives [4]	(79.4)	(22.1)
	b) on trading derivatives	880.7	(534.5)
5.	Maximum and minimum of 100*PV01 observed during the year		
	a) on hedging [4]		
	Maximum	(38.2)	2.8
	Minimum	(101.5)	(1,675.1)
	b) on trading		
	Maximum	1,280.6	180.8
	Minimum	156.6	(1,081.3)

1. Options & cross currency interest rate swaps are included in currency derivatives.
2. Foreign currency interest rate swaps and forward rate agreements are included in interest rate derivatives.
3. For trading portfolio.
4. The swap contracts entered for hedging purpose have an opposite and offsetting impact with the underlying on-balance sheet items.

The notional principal amount of credit derivatives outstanding at March 31, 2006 was Rs. 23,514.4 million (March 31, 2005: Rs. 3,937.1 million).

The notional principal amount of forex contracts classified as hedging amounted to Rs. 165,041.4 million (March 31, 2005: Rs. 60,340.1 million). The notional principal amount of forex contracts classified as trading amounted to Rs. 753,273.6 million (March 31, 2005: Rs. 609,304.1 million).

The net overnight open position at March 31, 2006 is Rs. 457.8 million (March 31, 2005: Rs. 190.7 million).

31. Forward rate agreement ("FRA")/ Interest rate swaps ("IRS")

The notional principal amount of Rupee IRS contracts at March 31, 2006 is Rs. Nil for hedging contracts (March 31, 2005: Rs. 51,100.0 million) and Rs. 1,870,025.6 million for trading contracts (March 31, 2005: Rs. 1,114,302.0 million).

The fair value represents the estimated replacement cost of swap contracts at balance sheet date. At March 31, 2006 the fair value of trading rupee interest rate swap contracts is Rs. 922.4 million (March 31, 2005: Rs. 333.6 million).

Associated credit risk is the loss that the Bank would incur in case all the counter-parties to these swaps fail to fulfil their contractual obligations. At March 31, 2006, the associated credit risk on trading rupee interest rate swap contracts is Rs. 16,754.4 million (March 31, 2005: Rs. 9,865.3 million).

Market risk is monitored as the loss that would be incurred by the Bank for a 100 basis points change in the interest rates. At March 31, 2006 the market risk on trading rupee interest rate swap contracts amounts to Rs. 1,192.3 million (March 31, 2005: Rs. 137.8 million).

Credit risk concentration is measured as the highest net receivable under swap contracts from a particular counter-party. At March 31, 2006 there is a credit risk concentration of Rs. 476.4 million (March 31, 2005: Rs. 274.6 million) under rupee interest rate swap contracts, with ICICI Securities. As per the prevailing market practice, the Bank does not insist on collateral from the counter-parties in these contracts.

The details of the forward rate agreements/interest rate swaps are given below.

Particulars	**As on March 31, 2006**	*As on March 31, 2005*
i) The notional principal of rupee swap agreements [1]	**1,870,025.6**	*1,165,402.0*
ii) Losses which would be incurred if all counter-parties failed to fulfil their obligations under the agreements	**16,754.4**	*9,865.3*
iii) Collateral required by the Bank upon entering into swaps	**—**	*—*
iv) Concentration of credit risk arising from the rupee swaps	**476.4**	*274.6*
v) The fair value of rupee trading swap book [2]	**922.4**	*333.6*

1. Notional principal of swap agreements includes both hedge and trading portfolio.
2. Fair value represents clean mark-to-market.

32. Exchange Traded Interest Rate Derivatives

The detail of exchange traded interest rate derivatives is given below.

Rupees in million

Sr. No.	Particulars	As on March 31, 2006
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	
	a) Euro dollar futures	133,577.3
	b) Treasury note futures – 10 years	13,496.0
	c) Treasury note futures – 5 years	3,319.4
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2006 (instrument-wise)	
	a) Euro dollar futures	—
	b) Treasury note futures – 10 year	1,516.9
	c) Treasury note futures – 5 year	—
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	N.A
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	N.A

Note: All the transactions in exchange traded derivatives have been entered into by foreign branches for trading portfolio.

Rupees in million

Sr. No.	Particulars	As on March 31, 2005
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	
	a) Euro dollar futures	73,404.1
	b) Treasury note futures – 10 years	153.1
	c) Treasury note futures – 5 years	1,224.9
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2005 (instrument-wise)	
	a) Euro dollar futures	—
	b) Treasury note futures – 10 years	65.6
	c) Treasury note futures – 5 years	—
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	N.A
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	N.A

Note: All the transactions in exchange traded derivatives have been entered into by foreign branches for trading portfolio.

forming part of the Accounts *(Contd.)*

33. Subvention income

The Bank has aligned its accounting policy for subvention income with its accounting policy for direct marketing agency/associate expenses. Accordingly, subvention income has been accounted for in the period in which it is received instead of over the period of the loan. As a result of the change in policy, the impact on profit after tax for the year ended March 31, 2006 is not expected to be significant.

34. Provision

RBI has increased the requirement of general provisioning on standard loans (excluding loans to agriculture sector and small and medium enterprises) to 0.40% compared to 0.25% earlier. In accordance with the revised guidelines on general provisioning on standard loans, the Bank has made general provision of Rs. 3,390.2 million during the year ended March 31, 2006. The Bank has reassessed its provision requirement on performing loans and non-performing loans on a portfolio basis during the year ended March 31, 2006. Based on this reassessment, the Bank has written back an amount of Rs. 1,692.2 million from its existing provisions against non-performing loans, which were in excess of regulatory requirements.

35. Penalties imposed by RBI

The RBI had imposed penalties (ranging from Rs. 0.5 million to Rs. 2.0 million) on certain banks including ICICI Bank on January 23, 2006 under Section 47A(1)(b) of the Banking Regulation Act, 1949. A penalty of Rs. 0.5 million (March 31, 2005: Rs. Nil) had been imposed on the Bank citing contravention of RBI instructions relating to opening of accounts, monitoring of transactions for adherence to Know Your Customer ("KYC")/Anti Money Laundering ("AML") norms, and non-adherence to normal banking practices.

36. Comparative figures

Figures of the previous year have been regrouped to conform to the current year presentation.

Signatures to Schedules 1 to 18

For and on behalf of the Board of Directors

N. VAGHUL
Chairman

K. V. KAMATH
Managing Director & CEO

LALITA D. GUPTE
Joint Managing Director

KALPANA MORPARIA
Joint Managing Director

CHANDA D. KOCHHAR
Deputy Managing Director

NACHIKET MOR
Deputy Managing Director

Place : Mumbai
Date : April 29, 2006

VISHAKHA MULYE
Chief Financial Officer
& Treasurer

JYOTIN MEHTA
General Manager &
Company Secretary

RAKESH JHA
General Manager