

To the Members of ICICI Bank Ltd

Auditors' report on the financial statements of ICICI Bank Limited

1. We have audited the attached Balance Sheet of ICICI Bank Limited ('the Bank') as at March 31, 2007 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both 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 Singapore branch, audited by another auditor.
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 misstatements. 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 the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the Singapore branch of the Bank, whose financial statements reflect total assets of Rs 204,336.2 million as at March 31, 2007, total revenues of Rs 12,610.2 million and cash flows amounting to Rs 36,085.3 million for the year then ended. These financial statements have been audited by another auditor, duly qualified to act as auditors in the country of incorporation of the branch, whose report has been furnished to us, and was relied upon by us for our opinion on the financial statements of the Bank.
4. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 211(1) and (2) of the Companies Act, 1956.
5. We report that:
 - (i) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - (ii) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
 - (iii) the returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
6. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent they are not inconsistent with the accounting policies prescribed by the Reserve Bank of India.
7. We further report that:
 - (i) the Balance Sheet, Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns;

- (ii) 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;
 - (iii) the reports on the accounts of the Singapore branch audited by another auditor have been dealt with in preparing our report in the manner considered necessary by us;
 - (iv) as per information and explanation given to us the Central Government has, till date, not prescribed any cess payable under Section 441A of the Companies Act, 1956;
 - (v) on the basis of written representations received from the directors, as on March 31, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
8. In our opinion and to the best of our information and according to the explanations given to us and on consideration of report submitted by the Singapore branch auditor, the said accounts together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as 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 the case of the Balance Sheet, of the state of affairs of the Bank as at March 31, 2007;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Bank for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

for BSR & Co.
Chartered Accountants

Akeel Master
Partner
Membership No.: 046768

Mumbai
28 April 2007



ICICI BANK LIMITED
Unconsolidated Balance Sheet as on March 31, 2007

Rupees in '000s

		As on 31.03.2007	As on 31.03.2006
CAPITAL AND LIABILITIES	Schedule		
Capital	1	12,493,437	12,398,345
Reserves and Surplus	2	234,139,207	213,161,571
Deposits	3	2,305,101,863	1,650,831,713
Borrowings	4	512,560,263	385,219,136
Other liabilities and provisions	5	382,286,356	252,278,777
TOTAL CAPITAL AND LIABILITIES		3,446,581,126	2,513,889,542
ASSETS			
Cash and balance with Reserve Bank of India	6	187,068,794	89,343,737
Balances with banks and money at call and short notice	7	184,144,452	81,058,508
Investments	8	912,578,418	715,473,944
Advances	9	1,958,655,996	1,461,631,089
Fixed assets	10	39,234,232	39,807,115
Other assets	11	164,899,234	126,575,149
TOTAL ASSETS		3,446,581,126	2,513,889,542
Contingent liabilities	12	5,629,599,060	3,950,336,655
Bills for collection		40,465,610	43,384,648
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 and on behalf of the Board of Directors

For BSR & Co.
Chartered Accountants

N. Vaghul
Chairman

K. V. Kamath
Managing Director & CEO

Kalpana Morparia
Joint Managing Director

Akeel Master
Partner
Membership No.: 046768

Chanda D. Kochhar
Deputy Managing Director

Nachiket Mor
Deputy Managing Director

V. Vaidyanathan
Executive Director

Place : Mumbai
Date : April 28, 2007

Vishakha Mulye
Group Chief Financial Officer

Jyotin Mehta
General Manager &
Company Secretary

Rakesh Jha
General Manager



ICICI BANK LIMITED
Unconsolidated Profit and Loss Account for the year ended March 31, 2007

Rupees in '000s

	Schedule	Year ended 31.03.2007	Year ended 31.03.2006
I. INCOME			
Interest earned	13	229,942,916	143,061,325
Other income	14	59,291,686	41,808,859
TOTAL INCOME		289,234,602	184,870,184
II. EXPENDITURE			
Interest expended	15	163,584,984	95,974,483
Operating expenses	16	66,905,564	50,011,537
Provisions and contingencies	17	27,641,854	13,483,417
TOTAL EXPENDITURE		258,132,402	159,469,437
III. PROFIT/LOSS			
Net profit for the year		31,102,200	25,400,747
Profit brought forward		2,934,416	1,882,221
TOTAL PROFIT / (LOSS)		34,036,616	27,282,968
IV. APPROPRIATIONS/TRANSFERS			
Transfer to Statutory Reserve		7,800,000	6,360,000
Transfer to Reserve fund		1,168	222
Transfer to Capital Reserve		1,210,000	680,000
Transfer to Investment Fluctuation Reserve		..	5,900,000
Transfer from Investment Fluctuation Reserve		..	(13,203,350)
Transfer to Special Reserve		4,500,000	2,750,000
Transfer to Revenue and other reserves		..	13,203,350
Proposed equity share dividend		9,011,694	7,593,326
Proposed preference share dividend		35	35
Corporate dividend tax		1,530,978	1,064,969
Balance carried over to balance sheet		9,982,741	2,934,416
TOTAL		34,036,616	27,282,968
Significant accounting policies and notes to accounts	18		
Earning per share (Refer note 18.B.6)			
Basic (Rs.)		34.84	32.49
Diluted (Rs.)		34.64	32.15
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 and on behalf of the Board of Directors

For BSR & Co
Chartered Accountants

N. Vaghul
Chairman

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Managing Director & CEO

Kalpna Morparia
Joint Managing Director

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Executive Director

1

Place : Mumbai
Date : April 28, 2007

Vishakha Mulye
Group Chief Financial Officer

Jyotin Mehta
General Manager &
Company Secretary

Rakesh Jha
General Manager

ICICI BANK LIMITED
Unconsolidated Cash Flow Statement for the year ended March 31, 2007

Rupees in '000s

PARTICULARS	Year ended 31.03.2007	Year ended 31.03.2006
Cash flow from operating activities		
Net profit before taxes	36,480,391	30,966,076
Adjustments for:		
Depreciation and amortisation	7,639,002	9,021,206
Net (appreciation) / depreciation on investments	9,918,419	8,301,403
Provision in respect of non-performing assets (including prudential provision on standard assets)	21,592,999	7,947,244
Provision for contingencies & others	251,311	226,801
Dividend from subsidiaries	(4,484,915)	(3,386,929)
(Profit) / Loss on sale of fixed assets	(1,152,224)	(71,222)
	70,244,982	53,004,579
Adjustments for:		
(Increase) / decrease in investments	(19,666,157)	(141,019,247)
(Increase) / decrease in advances	(511,255,267)	(552,112,941)
Increase / (decrease) in borrowings	57,039,927	65,476,052
Increase / (decrease) in deposits	654,270,149	652,643,939
(Increase) / decrease in other assets	(28,758,999)	(36,704,232)
Increase / (decrease) in other liabilities and provisions	26,886,199	13,861,469
	178,515,852	2,145,040
Refund / (payment) of direct taxes	(18,141,312)	(8,620,283)
Net cash generated from operating activities (A)	230,619,522	46,529,336
Cash flow from investing activities		
Investments in subsidiaries and/or joint ventures (including application money)	(15,758,166)	(8,509,194)
Income received on above investments	4,484,915	3,386,929
Purchase of fixed assets	(4,924,623)	(5,474,001)
Proceeds from sale of fixed assets	4,347,300	942,843
(Purchase) / sale of held to maturity securities	(171,776,134)	(69,286,381)
Net cash generated from investing activities (B)	(183,626,708)	(78,939,804)
Cash flow from financing activities		
Proceeds from issue of share capital (including ESOPs) net of issue expenses	2,074,414	79,813,833
Net proceeds / (repayment) of bonds (including subordinated debt)	160,717,380	869,592
Dividend and dividend tax paid	(8,646,021)	(7,174,390)
Net cash generated from financing activities (C)	154,145,774	73,509,035
Effect of exchange fluctuation on translation reserve (D)	(327,587)	3,955

Rupees in '000s

PARTICULARS	Year ended 31.03.2007	Year ended 31.03.2006
Net increase / (decrease) in cash and cash equivalents	200,811,001	41,102,522
Cash and cash equivalents at 1st April	170,402,245	129,299,723
Cash and cash equivalents at 31st March	371,213,247	170,402,245

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 and on behalf of the Board of Directors

For BSR & Co

Chartered Accountants

N. Vaghul

Chairman

K. V. Kamath

Managing Director & CEO

Kalpana Morparia

Joint Managing Director

Akeel Master

Partner

Membership No.: 046768

Chanda D. Kochhar

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Executive Director

Place : Mumbai

Date : April 28, 2007

Vishakha Mulye

Group Chief Financial Officer

Jyotin Mehta

General Manager &
Company Secretary

Rakesh Jha

General Manager

Schedules forming part of the balance sheet

Rupees in '000s

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 1 - CAPITAL		
Authorised capital		
1,000,000,000 equity shares of Rs. 10 each [March 31, 2006: 1,000,000,000 equity shares of Rs. 10 each]	10,000,000	10,000,000
55,000,000 preference shares of Rs. 100 each [March 31, 2006: 55,000,000 preference shares of Rs.100 each]	5,500,000	5,500,000
350 preference shares of Rs. 10 million each [March 31, 2006: 350 preference shares of Rs. 10 million each]	3,500,000	3,500,000
Equity share capital		
Issued, subscribed and paid-up capital ¹		
889,779,621 equity shares of Rs. 10 each (March 31, 2006: 884,920,650 equity shares)	8,897,796	8,849,206
Add : Issued 9,487,051 equity shares of Rs. 10 each fully paid up (March 31, 2006: 4,903,251 equity shares) on exercise of employee stock options	94,871	49,033
	8,992,667	8,898,239
Less: Calls unpaid	..	266
Add: Forfeited 111,603 equity shares (March 31, 2006: 67,323 equity shares)	770	372
TOTAL EQUITY CAPITAL	8,993,437	8,898,345
Preference share capital ²		
[Represents face value of 350 preference shares of Rs. 10 million each issued to preference share holders of erstwhile ICICI Limited on amalgamation redeemable at par on April 20, 2018]	3,500,000	3,500,000
TOTAL CAPITAL	12,493,437	12,398,345

1. Includes:

a) 110,967,096 equity shares of Rs.10 each issued vide prospectus dated December 8, 2005.

b) 37,237,460 equity shares of Rs. 10 each issued consequent to issue of 18,618,730 American Depository Shares vide prospectus dated December 6, 2005.

2. For these preference shares, the notification dated April 17, 2002 from Ministry of Finance, Government of India, issued on the recommendation of Reserve Bank of India (RBI), under Section 53 of the Banking Regulation Act, 1949 had exempted the Bank from the restriction of section 12(1) of the Banking Regulation Act, 1949, which prohibits the issue of preference shares by banks, for a period of five years. The Bank has applied to the RBI for making a recommendation to Central Government for continuation of such exemption.

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory reserve		
Opening balance	20,987,307	14,627,307
Additions during the year	7,800,000	6,360,000
Deductions during the year	..	..
Closing balance	28,787,307	20,987,307
II. Special reserve		
Opening balance	14,690,000	11,940,000
Additions during the year	4,500,000	2,750,000
Deductions during the year	..	..
Closing balance	19,190,000	14,690,000
III. Share premium		
Opening balance	118,175,597	39,892,352
Additions during the year ¹	1,979,322	79,157,323
Deductions during the year	..	874,078
Closing balance	120,154,919	118,175,597
IV. Investment fluctuation reserve		
Opening balance	..	5,160,000
Additions during the year	..	8,043,350
Deductions during the year	..	13,203,350
Closing balance	..	..
V. Capital reserve		
Opening balance	5,530,000	4,850,000
Additions during the year	1,210,000	680,000
Deductions during the year	..	..
Closing balance	6,740,000	5,530,000
VI. Foreign currency translation reserve		
	(501,197)	3,955
VII. Reserve fund		
Opening balance	222	..
Additions during the year ²	1,168	222
Deductions during the year	..	..
Closing balance	1,390	222
VIII. Revenue and other reserves		
Opening balance	50,840,074	39,780,074
Additions during the year	..	13,203,350
Deductions during the year ³	1,056,027	2,143,350
Closing balance	49,784,047	50,840,074
IX. Balance in profit and loss account		
	9,982,741	2,934,416
TOTAL RESERVES AND SURPLUS	234,139,207	213,161,571

1. Includes Rs. 1,901.9 million (March 31, 2006: Rs. 725.6 million) on exercise of employee stock options.

2. Represents appropriation of 5% of net profit by Sri Lanka branch to meet the requirements of Section 20 of Sri Lankan Banking Act No 30 of 1988.

3. Represents transition adjustment on account of first time adoption of Accounting Standard 15 (Revised) on "Employee benefits" issued by The Institute of Chartered Accountants of India for the year ended March 31, 2007.



Schedules forming part of the balance sheet

Rupees in '000s

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 3 - DEPOSITS		
A. I. Demand deposits		
i) From banks	4,648,856	4,223,967
ii) From others	209,107,605	161,510,846
II. Savings bank deposits	288,387,894	209,369,834
III. Term deposits		
i) From banks	145,787,927	107,080,416
ii) From others	1,657,169,581	1,168,646,650
TOTAL DEPOSITS	2,305,101,863	1,650,831,713
B. I. Deposits of branches in India	2,217,017,644	1,565,128,392
II. Deposits of branches outside India	88,084,219	85,703,321
TOTAL DEPOSITS	2,305,101,863	1,650,831,713

Rupees in '000s

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	..	..
ii) Other banks	42,668,594	39,370,169
iii) Other institutions and agencies		
a) Government of India	2,171,867	2,813,561
b) Financial institutions	36,708,119	34,372,429
iv) Borrowings in the form of		
a) Deposits taken over from erstwhile ICICI Limited	..	1,388,454
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	6,784,799	16,179,466
Bonds issued under multiple option/safety bonds series		
- Regular interest bonds	5,566,170	8,556,640
- Deep discount bonds	4,564,511	4,257,163
- Bonds with premium warrants	..	928,721
- Encash bonds	56,015	679,210
- Tax saving bonds	20,779,673	46,187,337
- Pension bonds	61,626	61,052
TOTAL BORROWINGS IN INDIA	134,176,374	169,609,202
II. Borrowings outside India		
i) From multilateral/bilateral credit agencies guaranteed by the Government of India for the equivalent of Rs. 19,151.7 million at March 31, 2007 (March 31, 2006: 19,542.5 million)	22,701,869	23,820,581
ii) From international banks, institutions and consortiums	177,126,582	123,776,548
iii) By way of bonds and notes	178,353,872	68,012,805
iv) Other borrowings	201,566	..
TOTAL BORROWINGS OUTSIDE INDIA	378,383,889	215,609,934
TOTAL BORROWINGS	512,560,263	385,219,136

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

Rupees in '000s

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	42,337,867	33,271,959
II. Inter-office adjustments (net)	..	3,496,486
III. Interest accrued	20,408,669	13,846,487
IV. Unsecured redeemable/perpetual debentures/bonds [Subordinated debt included in Tier I and Tier II Capital]	194,051,111	101,443,755
V. Others		
a) Security deposits from clients	4,691,762	7,709,786
b) Sundry creditors	68,115,421	58,083,459
c) Received for disbursements under special program	1,896,661	3,007,090
d) Provision for standard assets	12,948,250	5,638,250
e) Other liabilities ¹	37,836,615	25,781,505
TOTAL OTHER LIABILITIES AND PROVISIONS	382,286,356	252,278,777

1. Includes :

- a) Proposed dividend of Rs. 8,992.7 million [March 31, 2006: Rs. 7,563.5 million].
- b) Corporate dividend tax payable of Rs. 1,528.3 million [March 31, 2006: Rs. 1,060.8 million].



Schedules forming part of the balance sheet

Rupees in '000s

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	20,669,585	12,088,189
II. Balances with Reserve Bank of India in current accounts	166,399,209	77,255,548
TOTAL CASH AND BALANCES WITH RESERVE BANK OF INDIA	187,068,794	89,343,737

Rupees in '000s

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with banks		
a) In current accounts	7,778,635	4,402,861
b) In other deposit accounts	12,583,020	6,185,632
ii) Money at call and short notice		
a) With banks	1,000,000	6,500,000
b) With other institutions	..	3,000
TOTAL	21,361,655	17,091,493
II. Outside India		
i) In current accounts	15,930,529	7,318,874
ii) In other deposit accounts	114,269,004	48,614,939
iii) Money at call and short notice	32,583,264	8,033,202
TOTAL	162,782,797	63,967,015
TOTAL BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	184,144,452	81,058,508

Rupees in '000s

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 8 - INVESTMENTS		
I. Investments in India [net of provisions]		
i) Government securities	673,681,742	510,744,392
ii) Other approved securities	601	601
iii) Shares (includes equity and preference shares)	19,372,558	20,578,522
iv) Debentures and bonds	24,628,194	18,040,317
v) Subsidiaries and/or joint ventures	26,071,831	16,691,698
vi) Others (commercial paper, mutual fund units, pass through certificates, security receipts etc.)	123,785,241	104,308,855
TOTAL INVESTMENTS IN INDIA	867,540,167	670,364,385
II. Investments outside India [net of provisions]		
i) Government securities	2,965,737	1,342,384
ii) Subsidiaries and/or joint ventures abroad (includes equity and preference shares)	14,650,476	11,915,291
iii) Others	27,422,038	31,851,884
TOTAL INVESTMENTS OUTSIDE INDIA	45,038,251	45,109,559
TOTAL INVESTMENTS	912,578,418	715,473,944
III. Investments in India		
Gross value of investments	873,108,274	675,324,809
Less: aggregate of provision/depreciation	5,568,107	4,960,424
Net investments	867,540,167	670,364,385
IV. Investments outside India		
Gross value of investments	45,052,750	45,215,492
Less: aggregate of provision/depreciation	14,499	105,933
Net investments	45,038,251	45,109,559
TOTAL INVESTMENTS	912,578,418	715,473,944



Schedules forming part of the balance sheet

Rupees in '000s

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 9 - ADVANCES [net of provisions]		
A. i) Bills purchased and discounted	44,947,460	63,065,998
ii) Cash credits, overdrafts and loans repayable on demand	328,642,181	249,328,298
iii) Term loans	1,512,550,418	1,117,904,639
iv) Securitisation, finance lease and hire purchase receivables ¹	72,515,937	31,332,154
TOTAL ADVANCES	1,958,655,996	1,461,631,089
B. i) Secured by tangible assets [includes advances against book debts]	1,528,133,832	1,199,732,405
ii) Covered by Bank/Government guarantees	34,195,829	13,508,731
iii) Unsecured	396,326,335	248,389,953
TOTAL ADVANCES	1,958,655,996	1,461,631,089
C. I. Advances in India		
i) Priority Sector	552,772,378	426,756,181
ii) Public Sector	4,017,005	11,572,043
iii) Banks	906,063	48,863
iv) Others	1,156,860,404	898,014,748
TOTAL ADVANCES IN INDIA	1,714,555,850	1,336,391,835
II. Advances outside India		
i) Due from banks	30,027,302	18,559,863
ii) Due from others		
a) Bills purchased and discounted	22,000,550	43,769,271
b) Syndicated loans	146,579,129	29,704,361
c) Others	45,493,165	33,205,759
TOTAL ADVANCES OUTSIDE INDIA	244,100,146	125,239,254
TOTAL ADVANCES	1,958,655,996	1,461,631,089

1. Includes receivables under lease amounting to Rs. 577.9 million (March 31, 2006 : Rs. 695.1 million).

Rupees in '000s

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
At cost as on March 31 of preceding year	20,199,439	18,829,741
Additions during the year	1,186,105	1,454,189
Deductions during the year	(889,342)	(84,491)
Depreciation to date	(2,608,478)	(2,029,015)
Net block	17,887,724	18,170,424
II. Other fixed assets (including furniture and fixtures)		
At cost as on March 31 of preceding year	20,531,892	16,303,939
Additions during the year	4,469,584	4,361,180
Deductions during the year	(648,582)	(133,227)
Depreciation to date	(13,038,759)	(10,633,404)
Net block	11,314,135	9,898,488
III. Assets given on lease		
At cost as on March 31 of preceding year	18,954,323	20,122,827
Additions during the year	..	544
Deductions during the year	(817,791)	(1,169,048)
Depreciation to date, accumulated lease adjustment and provisions	(8,104,159)	(7,216,120)
Net block	10,032,373	11,738,203
TOTAL FIXED ASSETS	39,234,232	39,807,115



Schedules forming part of the balance sheet

Rupees in '000s

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 11 - OTHER ASSETS		
I. Inter-office adjustments (net)	3,762,923	..
II. Interest accrued	29,417,095	21,543,081
III. Tax paid in advance/tax deducted at source (net)	37,661,011	28,220,490
IV. Stationery and stamps	1,552	1,663
V. Non-banking assets acquired in satisfaction of claims ¹	3,536,564	3,627,879
VI. Others		
a) Advance for capital assets	1,896,627	1,479,423
b) Outstanding fees and other income	4,204,860	3,676,895
c) Exchange fluctuation suspense with Government of India	..	24,966
d) Swap suspense	168,266	71,587
e) Deposits	31,538,890	25,766,974
f) Deferred tax asset (net)	6,099,534	1,642,837
g) Early retirement option expenses not written off	501,979	885,979
h) Others	46,109,933	39,633,375
TOTAL OTHER ASSETS	164,899,234	126,575,149

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

Rupees in '000s

	As on 31.03.2007	As on 31.03.2006
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	39,115,895	29,777,239
II. Liability for partly paid investments	168,472	168,472
III. Liability on account of outstanding forward exchange contracts	1,331,560,415	918,314,985
IV. Guarantees given on behalf of constituents		
a) In India	241,625,310	170,909,502
b) Outside India	50,493,774	20,118,115
V. Acceptances, endorsements and other obligations	186,706,710	106,867,498
VI. Currency swaps	325,260,384	172,422,863
VII. Interest rate swaps, currency options and interest rate futures	3,346,921,704	2,471,920,061
VIII. Other items for which the Bank is contingently liable	107,746,396	59,837,920
TOTAL CONTINGENT LIABILITIES	5,629,599,060	3,950,336,655



Schedules forming part of the profit and loss account

Rupees in '000s

	Year ended 31.03.2007	Year ended 31.03.2006
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	160,963,126	102,065,918
II. Income on investments	59,885,435	36,927,577
III. Interest on balances with Reserve Bank of India and other inter-bank funds	8,085,554	3,354,647
IV. Others ¹	1,008,801	713,183
TOTAL INTEREST EARNED	229,942,916	143,061,325

1. Includes interest on income tax refunds of Rs. 1,022.7 million (March 31, 2006: Rs. 399.8 million).

Rupees in '000s

	Year ended 31.03.2007	Year ended 31.03.2006
SCHEDULE 14 - OTHER INCOME		
I. Commission, exchange and brokerage	43,308,555	30,019,493
II. Profit/(loss) on sale of investments (net)	11,152,403	7,497,522
III. Profit/(loss) on revaluation of investments (net) ¹	(10,337,772)	(8,557,360)
IV. Profit/(loss) on sale of land, buildings and other assets (net) ²	1,152,224	71,222
V. Profit/(loss) on foreign exchange transactions (net)	6,439,626	4,730,846
VI. Income earned by way of dividends, etc. from subsidiary companies and/or joint ventures abroad/ in India	4,484,915	3,386,929
VII. Miscellaneous income (including lease income)	3,091,735	4,660,207
TOTAL OTHER INCOME	59,291,686	41,808,859

1. Includes amortisation of premium on government securities of Rs. 9,987.0 million (March 31, 2006: Rs. 8,022.5 million).

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

Rupees in '000s

	Year ended 31.03.2007	Year ended 31.03.2006
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	116,477,051	58,366,832
II. Interest on Reserve Bank of India/inter-bank borrowings ¹	13,001,023	9,254,169
III. Others (including interest on borrowings of erstwhile ICICI Limited)	34,106,910	28,353,482
TOTAL INTEREST EXPENDED	163,584,984	95,974,483

1. Includes interest paid on inter-bank deposits.



Schedules forming part of the profit and loss account

Rupees in '000s

	Year ended 31.03.2007	Year ended 31.03.2006
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	16,167,490	10,822,935
II. Rent, taxes and lighting	3,108,152	2,348,028
III. Printing and stationery	1,524,660	1,110,432
IV. Advertisement and publicity	2,177,368	1,855,514
V. Depreciation on Bank's property (including non-banking assets)	3,565,076	3,471,658
VI. Depreciation (including lease equalisation) on leased assets	1,882,750	2,766,260
VII. Directors' fees, allowances and expenses	3,849	3,237
VIII. Auditors' fees and expenses	21,203	18,456
IX. Law charges	284,800	112,356
X. Postages, telegrams, telephones, etc.	2,925,819	2,157,585
XI. Repairs and maintenance	3,369,533	2,580,722
XII. Insurance	1,688,971	1,080,254
XIII. Direct marketing agency expenses	15,238,964	11,770,607
XIV. Other expenditure	14,946,929	9,913,493
TOTAL OPERATING EXPENSES	66,905,564	50,011,537

Rupees in '000s

	Year ended 31.03.2007	Year ended 31.03.2006
SCHEDULE 17 - PROVISIONS AND CONTINGENCIES		
I. Income tax		
- Current period tax	9,443,237	6,618,650
- Deferred tax adjustment	(4,464,322)	(1,346,853)
- Fringe benefit tax	369,276	263,532
II. Wealth tax	30,000	30,000
III. Provision for investments (including credit substitutes) (net)	419,353	(255,957)
IV. Provision for advances (net) ¹	21,592,999	7,947,244
V. Others	251,311	226,801
TOTAL PROVISIONS AND CONTINGENCIES	27,641,854	13,483,417

1. Includes provisions 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 financial statements have been prepared in accordance with statutory requirements prescribed under the Banking Regulation Act, 1949. The accounting and reporting policies of ICICI Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (“Indian GAAP”), the guidelines issued by Reserve Bank of India (“RBI”) from time to time and practices generally prevalent in 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.

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) Income from hire purchase operations is accrued by applying the implicit interest rate on outstanding balances.
- c) 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 entered into till March 31, 2001 have been accounted for as operating leases. 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 outstanding in respect of finance lease. The principal amount is recognised as repayment of advances and the finance income is reported as interest income.
- d) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.
- e) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- f) Loan processing fee is accounted for upfront when it becomes due.
- g) Project appraisal/structuring fee is accounted for at the completion of the agreed service.

- h) Arranger fee is accounted for as income when a significant portion of the arrangement/syndication is completed.
- i) Commission received on guarantees issued is amortised on a straight line basis over the period of the guarantee.
- j) All other fees are accounted for as and when they become due.
- k) Net income arising from sell-down / securitisation of loan assets prior to February 1, 2006 has been 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. Net income arising from sale of loan assets through direct assignment, without any recourse obligation, is recognised at the time of sale.

2. Investments

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

- a) All investments are classified 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 classification, the investments are further categorised as (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. Any premium over the face value of the securities acquired is amortised over the remaining period to maturity on constant yield basis.
- c) 'Available for Sale' and 'Held for Trading' securities are valued periodically as per RBI guidelines. Any premium over the face value of the investments in government securities, classified as 'Available for Sale', is amortised over the remaining period to maturity on constant yield basis. Quoted investments are valued based on the trades/quotes on the recognised stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association, periodically.

The market/fair value of unquoted government and other approved securities ("SLR" securities) included in the 'Available for Sale' and 'Held for Trading' categories is as per the rates published by Fixed Income Money Market and Derivatives Association.

The valuation of other than government and other approved securities ("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 Fixed Income Money Market and Derivatives Association.

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

Securities are valued scrip-wise and depreciation/appreciation is aggregated for each category. Net appreciation in each category, if any, 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) Equity investments in subsidiaries/joint ventures are categorised as 'Held to Maturity' in accordance with RBI guidelines.
- f) 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. Profit on sale of investments in 'Available for Sale' and 'Held for Trading' categories is credited to profit and loss account.
- g) Repurchase and reverse repurchase transactions are accounted for in accordance with the extant RBI guidelines.
- h) Broken period interest on debt instruments is treated as a revenue item.
- i) At the end of each reporting period, security receipts issued by the asset reconstruction company are valued in accordance with the guidelines applicable to instruments, other than government and other approved securities, prescribed by RBI from time to time. Accordingly, in cases 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 obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting period / year end.
- j) 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. In the case of corporate loans, provisions are made for sub-standard and doubtful assets at rates prescribed by RBI. Loss assets and the unsecured portion of doubtful assets are provided / written off as per the extant RBI guidelines. Subject to the minimum provisioning levels prescribed by RBI, provision on homogeneous retail loans is assessed at a portfolio level, on the basis of days past due.
- b) For restructured / rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires a provision equal to the present value of the interest sacrifice to be made at the time of restructuring.
- c) In the case of loan accounts classified as NPAs (other than those subjected to restructuring), the account is upgraded to "standard" category 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 of the account during the period.

- d) Amounts recovered against 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 exposures (other than for home country exposure). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provisioning is 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 above provision is required to be 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 assets

The Bank transfers commercial and consumer loans through securitisation transactions. The transferred loans are de-recognised and gains/losses, net of provisions, are accounted for 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.

In accordance with the RBI guidelines, with effect from February 1, 2006, the Bank accounts for any loss arising from securitisation immediately at the time of sale and the profit/premium arising from securitisation is amortised over the life of the securities issued or to be issued by the special purpose vehicle to which the assets are sold.

5. Fixed assets and depreciation

Premises and other fixed assets are carried at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. 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, photo-copying machines, etc.	10.00%
Computers	33.33%
Card acceptance devices	16.67%
Furniture and fixtures	15.00%
Motor vehicles	20.00%
Others (including Software and system development expenses)	25.00%

- a) Depreciation on leased assets and leasehold improvements is recognised on a straight-line basis using rates determined with reference to the primary period of lease or rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher.
- b) Assets purchased / sold during the year are depreciated on a pro-rata basis for the actual number of days the asset has been put to use.
- c) Items costing upto Rs. 5,000/- are depreciated fully over a period of 12 months from the date of purchase.

6. Foreign currency transactions

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 rates, and income and expenditure of non-integral foreign operations (foreign branches and offshore banking units) are translated at quarterly average closing rates.

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 at the balance sheet date and the resulting profits/losses are included in the profit and loss account.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by Foreign Exchange Dealers' Association of India 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.

The premium or discount arising on inception of forward exchange contracts that are entered to establish the amount of reporting currency required or available at the settlement date of a transaction is amortised over the life of the contract. All other outstanding forward exchange contracts are revalued at the exchange rates notified by Foreign Exchange Dealers' Association of India 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.

Contingent liabilities on account of guarantees, endorsements and other obligations denominated in foreign currencies are disclosed at the closing exchange rates notified by Foreign Exchange Dealers' Association of India 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 for hedging or for trading purposes.

The swap contracts entered to hedge on-balance sheet assets and liabilities are structured such 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. Hedged swaps are accounted for on an accrual basis.

Foreign currency and rupee derivative contracts are entered into for trading purposes are marked to market and the resulting gain or loss (net of provisions, if any) is accounted for in the profit and loss account.

8. Employee Stock Option Scheme ("ESOS")

The Employees Stock Option Scheme ("the scheme ") provides for the grant of equity shares of the Bank to its employees. 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 to account for its stock-based employees compensation plans. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date. The fair market price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than

one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

Since the exercise prices of the Bank's stock options are equal to fair market price on the grant date, there is no compensation cost under the intrinsic value method.

9. Staff Retirement Benefits

Gratuity

ICICI Bank pays gratuity to employees who retire or resign after a minimum period of five years of continuous service. ICICI Bank makes contributions to three separate gratuity funds, for employees inducted from erstwhile ICICI Limited (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.

Separate gratuity funds for employees inducted from erstwhile ICICI and erstwhile Bank of Madura are managed by ICICI Prudential Life Insurance Company Limited. Actuarial valuation of the gratuity liability is determined by an actuary appointed by ICICI Prudential Life Insurance Company Limited. The investments of the funds are made according to rules prescribed by the Government of India. 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 and ICICI Prudential Life Insurance Company Limited. 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 attrition as per the projected unit credit method.

As per the transition provision of AS 15 (Revised) on "Accounting for retirement benefits in financial statements of employer", the difference in the liability on account of gratuity benefits created by the Bank at March 31, 2006 due to the revised standard have been included in Schedule 2 ("Reserves and Surplus").

Superannuation Fund

ICICI Bank contributes 15.0% 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 two-third balance. ICICI Bank also gives cash option to its employees, allowing them to receive the amount contributed by ICICI Bank in their monthly salary during their employment.

Upto 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 had the option to retain the existing balance with Life Insurance Corporation of India or seek a transfer to ICICI Prudential Life Insurance Company Limited.

Pension

The Bank provides for pension, a deferred retirement plan covering certain employees. The plan provides for a pension payment on a monthly basis to these employees on their retirement based on the respective employee's salary and years of employment with the Bank. Employees covered by the pension plan are not eligible for benefits under the provident fund plan, a defined contribution plan.

As per the transition provision of AS 15 (Revised) on "Accounting for retirement benefits in financial statements of employer", the difference in the liability on account of pension benefits created by the Bank at March 31, 2006 due to the revised standard have been included in Schedule 2 ("Reserves and Surplus").

Provident Fund

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.

Leave encashment

The Bank provides for leave encashment benefit, which is a defined benefit scheme, based on actuarial valuation as at the balance sheet date conducted by an independent actuary.

As per the transition provision of AS 15 (Revised) on "Accounting for retirement benefits in financial statements of employer", the difference in the liability on account of leave encashment benefits created by the Bank at March 31, 2006 due to the revised standard have been included in Schedule 2 ("Reserves and Surplus").

10. Income Taxes

Income tax expense is the aggregate amount of current tax, deferred tax and fringe benefit tax charge. The annual income tax provision is based on the tax liability determined in accordance with the Income Tax Act, 1961. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the year.

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 substantively enacted at 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 as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation, tax losses and carry forward capital losses, only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

11. Impairment of Assets

Fixed 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 is recognised by debiting the profit and loss account and is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

12. Provisions, contingent liabilities and contingent assets

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 a 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. The Bank does not account for or disclose contingent assets, if any.

13. Earnings Per Share ("EPS")

Basic earnings per share is 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 earning per share reflects the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

14. Lease Transactions

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss account over the lease term.

15. 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 the requirements of accounting standards and RBI guidelines in this regard.

1. Merger of The Sangli Bank Limited

On December 9, 2006, the Board of Directors of ICICI Bank and the Board of Directors of The Sangli Bank Limited ('Sangli Bank') at their respective meetings, approved an all-stock amalgamation of Sangli Bank with ICICI Bank at a share exchange ratio of 100 shares of ICICI Bank for 925 shares of Sangli Bank. Shareholders of Sangli Bank have approved the scheme in their extra-ordinary general meeting held on January 15, 2007 and shareholders of ICICI Bank have approved the scheme of amalgamation in their extra-ordinary general meeting held on January 20, 2007.

RBI has sanctioned the scheme of amalgamation with effect from April 19, 2007 vide its order DBOD No. PSBD 10268 / 16.01.128/2006-07 dated April 18, 2007 under Sub-section (4) of Section 44A of Banking Regulation Act, 1949.

As on March 31, 2006, Sangli Bank had total assets of Rs. 21,508.5 million, deposits of Rs. 20,043.3 million, loans of Rs. 8,882.8 million and capital adequacy of 1.6%. During the year ended March 31, 2006, it incurred a loss of Rs. 292.7 million.

2. 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	28,894,060	14,122.0	14,410.9
18,618,730 American Depository Share ("ADS") at a price of US\$ 26.75 per share ¹	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. Includes 2,428,530 ADSs issued on exercise of the green-shoe option.

3. Capital adequacy ratio

The capital to risk weighted assets ratio (CRAR) as assessed 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, 2007	As on March 31, 2006
Tier I capital	215,033.4	191,815.3
<i>(of which Lower Tier I)</i>	22,577.9	..
Tier II capital	123,928.5	86,610.9
<i>(of which Upper Tier II)</i>	20,012.5	..
Total capital	338,961.9	278,426.2
Total risk weighted assets	2,899,930.6	2,085,935.9
CRAR (%)	11.69%	13.35%
CRAR – Tier I capital (%)	7.42%	9.20%
CRAR – Tier II capital (%)	4.27%	4.15%
Amount of subordinated debt raised as Tier I capital / Tier II capital during the year	64,903.5	39,730.0

1. USD 750 million (Rs. 32,602.5 million) of foreign currency bonds issued for Upper Tier II capital have been excluded from the above capital adequacy ratio (CRAR) computation, pending clarification required by Reserve Bank of India regarding certain terms of these bonds. If these bonds were considered as Tier II capital, the total CRAR would be 12.81%.

4. Business / information ratios (annualised)

The business / information ratios for the year ended March 31, 2007 and for March 31, 2006 are given in the table below.

	Year ended March 31, 2007	Year ended March 31, 2006
(i) Interest income to working funds ¹	8.04%	7.30%
(ii) Non-interest income to working funds ¹	2.07%	2.13%
(iii) Operating profit to working funds ¹	2.05%	1.98%
(iv) Return on assets ²	1.09%	1.30%
(v) Profit per employee (Rs. in million)	0.9	1.0

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, 2007	As on March 31, 2006
(vi) Business per employee (average deposits plus average advances) ³	102.7	90.5

3. For the purpose of computing the ratio, deposits and advances are the total deposits and total advances as reported to RBI in Form A under Section 27 of the Banking Regulation

Act, 1949. The average deposits and the average advances represent the simple average of the figures reported in Form A to RBI under Section 27 of the Banking Regulation Act, 1949.

5. Information about business and geographical segments

Business Segments

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

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, 2007 and March 31, 2006 and segmental profit & loss account for the year ended March 31, 2007 and for the year ended March 31, 2006 have been prepared.

Business segmental results are given below.

Rupees in million

	Particulars	Consumer and commercial banking		Investment banking		Total	
		For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2007	For the year ended March 31, 2006
1.	Revenue	234,793.7	154,085.3	70,661.9	41,702.4	305,455.6	195,787.7
2.	Less: Inter-segment revenue					(16,221.1)	(10,917.6)
3.	Total revenue (1) –(2)					289,234.5	184,870.1
4.	Operating profit (i.e. profit before unallocated expenses, and tax)	45,352.6	33,870.5	13,775.6	5,397.7	59,128.2	39,268.2
5.	Unallocated expenses					384.0	384.0
6.	Provisions (net)	21,968.8	7,320.2	295.0	598.0	22,263.8	7,918.2
7.	Profit before tax	23,383.8	26,550.3	13,480.6	4,799.7	36,480.4	30,966.0
8.	Income tax expenses (net of deferred tax credit)					5,378.2	5,565.3
9.	Net profit(7)-(8)					31,102.2	25,400.7
10.	Segment assets	2,163,604.5	1,643,838.9	1,238,714.1	839,301.3	3,402,318.6	2,483,140.2
11.	Unallocated assets					44,262.5	30,749.3
12.	Total assets (10)+(11)					3,446,581.1	2,513,889.5
13.	Segment liabilities	2,642,032.9	1,923,206.7	804,548.2	590,682.8	3,446,581.1	2,513,889.5
14.	Unallocated liabilities					..	..
15.	Total liabilities (13)+(14)					3,446,581.1	2,513,889.5

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.

Geographical segmental results are given below.

Rupees in million

	Particulars	Domestic operations		Foreign operations		Total	
		For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2007	For the year ended March 31, 2006
1	Revenue	268,961.9	183,348.0	20,272.7	9,544.7	289,234.6	192,892.7
	Particulars						
		As on March 31, 2007	As on March 31, 2006	As on March 31, 2007	As on March 31, 2006	As on March 31, 2007	As on March 31, 2006
2	Assets	3,039,670.0	2,295,744.9	406,911.1	218,144.6	3,446,581.1	2,513,889.5

6. Earnings Per Share

Basic and diluted earnings per equity share are computed 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, 2007	Year ended March 31, 2006
Basic		
Weighted average no. of equity shares outstanding	892,820,768	781,693,773
Net profit	31,102.2	25,400.7
Basic earnings per share (Rs.)	34.84	32.49
Diluted		
Weighted average no. of equity shares outstanding	897,743,476	789,963,635
Net profit	31,102.2	25,400.7
Diluted earnings per share (Rs.)	34.64	32.15
Nominal value per share (Rs.)	10.00	10.00

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

7. Maturity pattern

- In compiling the information of maturity pattern (refer 7. (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, 2007 is given below.

Rupees in million

Maturity buckets	Loans & advances¹	Investment securities¹	Deposits¹	Borrowings¹	Total foreign currency assets	Total foreign currency liabilities
1 to 14 days	92,885.1	45,292.9	223,743.2	9,453.3	94,285.0	47,662.5
15 to 28 days	24,562.0	97,922.7	104,126.2	5,694.1	12,626.0	10,878.7
29 days to 3 months	96,063.1	97,022.5	341,989.9	44,171.4	34,763.7	54,592.9
3 to 6 months	128,770.4	85,208.4	322,724.8	70,423.4	28,473.7	56,766.2
6 months to 1 year	208,006.2	173,803.9	594,972.4	82,016.6	92,005.7	83,910.9
1 to 3 years	763,016.1	156,450.4	674,036.1	158,216.9	56,812.0	137,945.8
3 to 5 years	251,094.3	68,280.5	31,354.7	122,375.6	68,987.5	103,222.6
Above 5 years	394,258.8	188,597.1	12,154.6	20,209.0	105,876.0	71,292.1
Total	1,958,656.0	912,578.4	2,305,101.9	512,560.3	493,829.6	566,271.7

1. Includes foreign currency balances.

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

Rupees in million

Maturity buckets	Loans & advances¹	Investment securities¹	Deposits¹	Borrowings¹	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

Maturity buckets	Loans & advances¹	Investment securities¹	Deposits¹	Borrowings¹	Total foreign currency assets	Total foreign currency liabilities
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.

8. Related party transactions

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

Insurance services

During the year ended March 31, 2007, the Bank paid insurance premium to insurance joint ventures amounting to Rs. 1,613.5 million (March 31, 2006: Rs. 829.6 million). During the year ended March 31, 2007, the Bank received claims from insurance joint ventures amounting to Rs. 725.4 million (March 31, 2006: Rs. 16.8 million).

Fees and commission

During the year ended March 31, 2007, the Bank received fees from its subsidiaries and joint ventures amounting to Rs. 4,427.2 million (March 31, 2006: Rs. 2,280.5 million) and commission of Rs. 10.7 million (March 31, 2006: Rs. 9.9 million) on account of guarantees and letters of credit issued for subsidiaries.

Lease of premises and facilities

During the year ended March 31, 2007, the Bank charged an aggregate amount of Rs. 711.5 million (March 31, 2006: Rs. 443.7 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, 2007, the Bank sold housing loan portfolio to its subsidiary amounting to Rs. 13,171.4 million (March 31, 2006: Rs. 37,711.0 million). During the year ended March 31, 2007, the Bank purchased housing portfolio from its subsidiary amounting to Rs. Nil (March 31, 2006: Rs. 18,307.7 million).

Secondment of employees

During the year ended March 31, 2007, the Bank received Rs. 136.3 million (March 31, 2006: Rs. 3.0 million) from subsidiaries and joint ventures for secondment of employees.

Purchase of investments

During the year ended March 31, 2007, the Bank purchased certain investments from its subsidiaries and joint ventures amounting to Rs. 14,186.8 million (March 31, 2006: Rs. 15,255.5 million) and from its associates amounting to Rs. 944.7 million (March 31, 2006: Rs.

Nil). During the year ended March 31, 2007, the Bank invested in the equity share capital of its subsidiaries amounting to Rs. 13,584.7 million (March 31, 2006: Rs. 8,217.3 million)

Sale of investments

During the year ended March 31, 2007, the Bank sold certain investments to its subsidiaries and joint ventures amounting to Rs. 8,569.2 million (March 31, 2006: Rs. 6,757.7 million) and to its associates amounting to Rs. Nil (March 31, 2006: Rs. 1,545.0 million). On the sales made to subsidiaries and joint ventures, the Bank accounted for a gain of Rs. 186.4 million (March 31, 2006: Gain of Rs. 16.7 million) and on the sale made to associates, the Bank accounted for no gain (March 31, 2006: Gain of Rs. 10.1 million).

Redemption / Buyback and Conversion of investments

During the year ended March 31, 2007, consideration of Rs. 663.9 million (March 31, 2006: Rs. 1,078.9 million) was received on account of buyback / capital reduction of equity shares by subsidiaries and a gain amounting to Rs. 614.0 million (March 31, 2006: Rs. 620.6 million) was accounted in the books. Units in associates amounting to Rs. 2,795.9 million (March 31, 2006: Rs. 1,162.3 million) were redeemed during the year ended March 31, 2007.

Reimbursement of expenses

During the year ended March 31, 2007, the Bank reimbursed expenses to its subsidiaries amounting to Rs. 2,147.7 million (March 31, 2006: Rs. 3,397.8 million).

Brokerage expenses

During the year ended March 31, 2007, the Bank paid brokerage to its subsidiaries amounting to Rs. 795.4 million (March 31, 2006: Rs. 13.6 million).

Custodial charges income

During the year ended March 31, 2007, the Bank received custodial charges from its subsidiaries and joint ventures amounting to Rs. 20.4 million (March 31, 2006: Rs. 15.8 million) and from its associates amounting to Rs. 5.7 million (March 31, 2006: Rs. 5.4 million).

Interest expenses

During the year ended March 31, 2007, the Bank paid interest to its subsidiaries and joint ventures amounting to Rs. 513.6 million (March 31, 2006: Rs. 384.2 million) and to its associates amounting to Rs. 1.1 million (March 31, 2006: Rs. Nil).

Interest income

During the year ended March 31, 2007, the Bank received interest from its subsidiaries and joint ventures amounting to Rs. 1,366.2 million (March 31, 2006: Rs. 613.6 million) and from its key management personnel¹ Rs. 0.7 million (March 31, 2006: Rs. 0.5 million).

Other income

During the year ended March 31, 2007, the gain on derivative transactions entered into with subsidiaries and joint ventures was Rs. 537.3 million (March 31, 2006: Gain of Rs. 245.3 million).

Dividend income

During the year ended March 31, 2007, the Bank received dividend from its subsidiaries and joint ventures amounting to Rs. 2,027.8 million (March 31, 2006: Rs. 1,635.6 million) and from its associates amounting to Rs. 2,457.1 million (March 31, 2006: Rs. 1,808.2 million).

Dividend paid

During the year ended March 31, 2007, the Bank paid dividend to its key management personnel¹ amounting to Rs. 4.4 million (March 31, 2006: Rs. 3.2 million).

Remuneration to whole-time directors

Remuneration paid to the whole-time directors of the Bank during the year ended March 31, 2007 was Rs. 87.0 million (March 31, 2006: Rs. 75.9 million).

Lines of credit

As on March 31, 2007, the Bank had issued lines of credit to its subsidiaries amounting to Rs. 2,173.5 million (March 31, 2006: Rs. 4,461.5 million).

Sale of property

During the year ended March 31, 2007, the Bank sold properties to its subsidiaries amounting to Rs. 1,505.7 million (March 31, 2006: Rs. Nil) and a gain amounting to Rs. 769.0 million (March 31, 2006: Rs. Nil) was accounted in the books.

Letter of Comfort

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

On behalf of	To	Purpose
ICICI Bank UK PLC.	Financial Services Authority, UK ("FSA")	To financially support ICICI Bank UK PLC. 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.
ICICI Bank Eurasia LLC	ICICI Bank UK PLC.	To confirm that ICICI Bank is aware of ICICI Bank UK PLC. granting short-term money, foreign exchange and derivative lines of credit to ICICI Bank Eurasia Limited Liability Company.

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, 2007 are given below.

Rupees in million

Items	Subsidiaries / Joint ventures	Associates	Key management personnel ¹	Total
Deposits with ICICI Bank	9,550.6	42.8	79.7	9,673.1
Deposits of ICICI Bank ²	319.1	..	..	319.1
Call/ Term money lent	11,186.1	..	..	11,186.1
Call/ Term money borrowed	0.4	..	..	0.4
Advances	6,477.3	..	20.6	6,497.9
Investments of ICICI Bank	43,938.1	13,743.1	..	57,681.2
Investments of related parties in ICICI Bank	496.0	..	14.1	510.1
Receivables	1,456.5	..	..	1,456.5
Payables	657.8	..	..	657.8
Repo	..	..	..	..
Reverse repo	..	..	..	..
Guarantees ³	3,449.8	..	..	3,449.8
Letters of comfort ⁴	45,943.5	..	..	45,943.5
Swaps/forward contracts	214,298.9	..	..	214,298.9
Participation certificate	7,193.9	..	..	7,193.9

1. Whole-time directors and relatives.

2. Includes call money lent.

3. Includes letter of undertaking.

4. Excludes letters 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, 2007 is given below.

Rupees in million

Items	Subsidiaries / Joint ventures	Associates	Key management personnel ¹	Total
Deposits with ICICI Bank	16,238.9	3,149.0	129.0	19,516.9
Deposits of ICICI Bank ²	1,228.8	..	..	1,228.8
Call / Term money lent	13,098.7	..	..	13,098.7
Call / Term money borrowed	869.4	..	..	869.4
Advances	6,477.3	..	20.8	6,498.1
Investments of ICICI Bank	43,938.1	16,539.2	..	60,477.3
Investments of related parties in ICICI Bank	1,533.6	..	14.1	1,547.7
Receivables	2,325.2	..	..	2,325.2
Payables	1,107.3	..	..	1,107.3
Repo	423.0	..	..	423.0
Reverse repo	1,880.0	..	..	1,880.0
Guarantees ³	3,870.5	..	..	3,870.5
Letters of comfort ⁴	47,134.5	..	..	47,134.5
Swaps/forward contracts	222,532.4	..	..	222,532.4

Items	Subsidiaries / Joint ventures	Associates	Key management personnel ¹	Total
Participation certificate	161,522.1	..	..	161,522.1

1. Whole-time directors and relatives.

2. Includes call money lent.

3. Includes letter of undertaking.

4. Excludes letters 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, 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 lent	179.3	..	..	179.3
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 letters 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, 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 lent	11,160.4	..	..	11,160.4

Items	Subsidiaries / Joint ventures	Associates	Key management personnel ¹	Total
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 letters 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 Primary Dealership Limited (formerly known as ICICI Securities Limited), ICICI Securities Limited (formerly known as 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 Plc., ICICI Bank Canada, ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Prudential Asset Management Company Limited (formerly known as Prudential ICICI Asset Management Company Limited), ICICI Prudential Trust Limited (formerly known as Prudential ICICI Trust Limited), ICICI Bank Eurasia Limited Liability Company, TCW/ICICI Investment Partners, L.L.C., TSI Ventures (India) Private Limited and ICICI Wealth Management Inc.

Associates

ICICI Equity Fund, ICICI Eco-net Internet and Technology Fund, ICICI Emerging Sectors Fund, ICICI Strategic Investments Fund, ICICI Property Trust.

9. 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, 2007 and for the year ended March 31, 2006 is given in the table below.

Rupees in million, except number of loans securitised

	Year ended March 31, 2007	Year ended March 31, 2006
Total number of loan assets securitised	1,484,398	909,130

	Year ended March 31, 2007	Year ended March 31, 2006
Total book value of loan assets securitised	116,012.5	94,856.2
Sale consideration received for the securitised assets	116,500.6	102,856.6
Net gain / (loss) on account of securitisation ¹	(65.5)	4,032.4

1. Excludes unamortised gain.

Rupees in million

	As on March 31, 2007	As on March 31, 2006
Outstanding credit enhancement	16,712.3	16,369.2
Outstanding liquidity facility	4,361.0	2,640.4
Outstanding servicing liability	371.4	695.6
Outstanding subordinate contributions	8,225.8	8,369.8

The Bank has also issued credit enhancement in the form of guarantees amounting to Rs. 8,198.4 million as on March 31, 2007 (March 31, 2006: Rs. Nil).

The details of provision created at the time of sale is given below.

Rupees in million

Particulars	Year ended March 31, 2007
Opening balance	6,077.3
Add: Additions during the year	2,178.1
Less: Deductions during the year	(1,370.2)
Closing balance	6,885.2

10. Staff retirement benefits

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for pension and gratuity benefits is given below.

Rupees in million

Particulars	Year ended March 31, 2007	
	Pension	Gratuity
Defined benefit obligation liability at March 31, 2007		
Opening obligations	1,038.5	1,001.0
Service cost	6.7	221.0
Interest cost	78.0	75.5
Actuarial (gain) / loss	(28.2)	(63.6)
Liabilities extinguished on settlement	(2.3)	..
Benefits paid	(63.3)	(91.8)
Obligations at March 31, 2007	1,029.4	1,142.1
Plan assets at March 31, 2007, at fair value		
Opening plans assets, at fair value	1,079.5	785.3
Expected return on plan assets	78.9	62.5

Particulars	Year ended March 31, 2007	
	Pension	Gratuity
Actuarial gain / (loss)	(110.1)	(18.0)
Assets distributed on settlement	(2.3)	..
Contributions	5.8	153.7
Benefits paid	(63.3)	(91.8)
Plan assets at March 31, 2007, at fair value	988.5	891.7
Fair value of plan assets at the end of the year	988.5	891.7
Present value of the defined benefit obligations at the end of the year	1,029.4	1,142.1
Asset / (liability) at March 31, 2007	(40.9)	(250.4)
Cost for the year ended March 31, 2007		
Service cost	6.7	221.0
Interest cost	78.0	75.5
Expected return on plan assets	(78.9)	(62.5)
Actuarial (gain) / loss	81.9	(45.6)
Net cost	87.7	188.4
Investment details of plan assets		
Majority of the plan assets are invested in Government securities and corporate bonds in case of pension plan and insurer managed funds and special deposit schemes in case of gratuity plan.		
Assumptions		
Interest rate	8.35%	8.35%
Salary escalation rate	7.00%	7.00%
Estimated rate of return on plan assets	7.50%	7.50%

The estimates of future salary increases, considered in actuarial valuation, take into consideration inflation, seniority, promotion and other relevant factors.

11. Employee Stock Option Scheme ("ESOS")

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, 13,187,783 options (March 31, 2006: 17,362,584 options) granted to eligible employees were outstanding at March 31, 2007.

As per the scheme, the exercise price of ICICI Bank's options is the last closing price on the stock exchange which recorded highest trading volume preceding the date of grant of options. Hence, there is no compensation cost in year ended March 31, 2007 based on intrinsic value of options. However, if ICICI Bank had used the fair value of options based on

the Black-Scholes model, compensation cost in year ended March 31, 2007 would have been higher by Rs. 827.4 million and proforma profit after tax would have been Rs. 30,274.8 million. On a proforma basis, ICICI Bank's basic and diluted earnings per share would have been Rs. 33.91 and Rs. 33.72 respectively. The key assumptions used to estimate the fair value of options are given below.

Risk-free interest rate	5.12% - 8.22%
Expected life	3 - 6 years
Expected Volatility	36.34% - 41.03%
Expected dividend yield	1.44% - 4.06%

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

Rupees, except number of shares

Particulars	Stock options outstanding			
	Year ended March 31, 2007		Year ended March 31, 2006	
	Number of shares	Weighted Average Exercise Price	Number of shares	Weighted Average Exercise Price
Outstanding at the beginning of the year	17,362,584	262.60	18,215,335	207.33
Add : Granted during the year	6,439,900	582.26	4,981,780	362.12
Less : Forfeited / lapsed during the year	1,127,650	422.81	931,280	261.89
Exercised during the year ¹	9,487,051	210.47	4,903,251	158.50
Outstanding at the end of the year	13,187,783	442.50	17,362,584	262.60
Options exercisable	326,259	225.80	4,451,704	194.00

1. Excludes options exercised but not allotted.

Summary of stock options outstanding as on March 31, 2007 is given below:

Range of exercise price (Rupees per share)	Number of shares arising out of options (Number of shares)	Weighted average exercise price (Rupees)	Weighted average remaining contractual life (Number of years)
105 - 300	203,190	168.24	4.50
301 - 600	12,861,093	442.93	8.27
601 - 1000	123,500	849.22	9.69

The options were exercised regularly throughout the year and weighted average share price as per NSE price volume data during the year ended March 31, 2007 was Rs. 750.58 (March 31, 2006: Rs. 531.34).

12. Preference shares

Certain government securities amounting to Rs. 2,104.8 million (March 31, 2006: Rs. 2,001.1 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.

For these preference shares, the notification dated April 17, 2002 from Ministry of Finance, Government of India, issued on the recommendation of Reserve Bank of India (RBI), under Section 53 of the Banking Regulation Act, 1949, had exempted the Bank from the restriction of Section 12(1) of the Banking Regulation Act, 1949, which prohibits the issue of preference shares by banks, for a period of five years. The Bank has applied to RBI for making a recommendation to Central Government for continuation of such exemption.

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

An amount of Rs. 2,143.4 million being the excess balance in IFR account over the regulatory requirement was transferred to general reserve account during the year ended March 31, 2005. RBI had 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 Investment Fluctuation Reserve account 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 had 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 account '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 account to Revenue and other Reserves in the balance sheet during the year ended March 31, 2006.

14. Subordinated debt

- a) During the year ended March 31, 2007, the Bank raised subordinated debt qualifying for Tier I / Tier II capital amounting to Rs. 97,506.0 million. The details of these bonds are given below.

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 1 Option 1	January 15, 2007	9.98% (semi-annually) ¹	Perpetual ²	180.0
Total (Tier I)				180.0

1. Coupon rate of 9.98% payable semi-annually from January 15, 2007 upto April 30, 2017 and 100 basis points over and above the coupon rate of 9.98% i.e. 10.98% payable semi-annually for the balance years, if the call option is not exercised by the Bank.

2. Call option exercisable on April 30, 2017 and on every interest payment date thereafter (exercisable with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 2 Option I	September 13, 2006	9.98% (semi-annually) ¹	Perpetual ²	5,500.0
Total (Tier I)				5,500.0

- Coupon rate of 9.98% payable semi-annually for first 10 years, 100 basis points over and above the coupon rate of 9.98% i.e. 10.98% payable semi-annually for the balance years, if the call option is not exercised by the Bank.
- Call option exercisable after 10 years i.e. on September 13, 2016 and on every interest payment date thereafter (exercisable with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Option I	August 24, 2006	7.25% (semi-annually) ¹	Perpetual ²	15,510.0
Total (Tier I)				15,510.0

- Coupon rate of 7.25% payable semi-annually on April 30 and October 31 of each year, at a fixed rate per annum of 7.25% till October 31, 2016 and thereafter semi-annually in arrears on April 30 and October 31 of each year at a variable rate equal to six monthly LIBOR plus 2.94%.
- Call option exercisable after 10 years i.e. on August 23, 2016 and on every interest payment date thereafter (exercisable with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 1 Option 1	August 9, 2006	10.10% (semi-annually) ¹	Perpetual ²	2,330.0
Total (Tier I)				2,330.0

- Coupon rate of 10.10% payable semi-annually for first 10 years, 100 basis points over and above the coupon rate of 10.10% i.e. 11.10% payable semi-annually for the balance years, if the call option is not exercised by the Bank.
- Call option exercisable after 10 years i.e. on August 9, 2016 and on every interest payment date thereafter (exercisable with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 1 Option 2	January 15, 2007	9.40% Annual ¹	15 years ²	940.0
Total (Upper Tier II)				940.0

- Coupon rate of 9.40% payable annually from January 15, 2007 upto April 30, 2017 and 10.40 % payable semi-annually thereafter, if the call option is not exercised by the Bank.
- Call option exercisable on April 30, 2017 (exercisable only with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Option I	January 12, 2007	6.375% (semi-annually) ¹	15 Years ²	33,135.0
Total (Upper Tier II)³				33,135.0

- Coupon rate of semi-annually in arrears at fixed rate per annum equal to 6.375% till April 30, 2017 and thereafter semi-annually in arrears at six monthly LIBOR plus 2.28%, if the call option is not exercised by the Bank.
- Call option exercisable on January 12, 2017 (exercisable with RBI approval).
- The above bonds issued for Upper Tier II capital have been excluded from the capital adequacy ratio (CRAR) computation, pending clarification required by Reserve Bank of India regarding certain terms of these bonds.

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Option I	December 27, 2006	Six-monthly LIBOR + 1.40% (semi-annually) ¹	15 Years ²	6,639.0
Total (Upper Tier II)				6,639.0

1. Floating rate six monthly LIBOR plus 1.40% payable semi-annually on April 15 and October 15 of each year, till April 15, 2017 and thereafter semi-annually in arrears on April 15 and October 15 of each year at a rate equal to six monthly LIBOR plus 2.40%, if the call option is not exercised by the Bank.
2. Call option exercisable on December 27, 2016 (exercisable with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 2 Option 1	July 17, 2006	9.50% Annual ¹	15 years ²	10,000.0
Total (Upper Tier II)				10,000.0

1. Coupon rate of 9.50% for first 10 years. For next 5 years, 50 basis points over and above coupon rate of 9.50% i.e. 10.00%, if the call option is not exercised by the Bank.
2. Call option after 10 years, i.e. on July 17, 2016 (exercisable with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 1 Option 1	July 11, 2006	9.00% Annual	10 years	20,000.0
Total (Tier II)				20,000.0

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 5 Option 1	June 22, 2006	8.95% Annual ¹	15 years ²	2,552.0
Total (Upper Tier II)				2,552.0

1. Coupon rate of 8.95% for first 10 years. For next 5 years, 50 basis points over and above coupon rate of 8.95% i.e. 9.45%, if the call option is not exercised by the Bank.
2. Call option after 10 years, i.e. on June 22, 2016 (exercisable with RBI approval).

Rupees in million

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Tranche 4 Option 1	May 19, 2006	8.50% Annual	10 years	230.0
Tranche 4 Option 2	May 19, 2006	8.60% Annual	12 years	140.0
Tranche 4 Option 3	May 19, 2006	8.40% Annual	5 years and 11 months	350.0
Total (Tier II)				720.0

- b) During the year ended March 31, 2006, the Bank raised subordinated debt amounting to Rs. 39,730.0 million through private placements 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

Particulars	Date of Issue	Coupon Rate (%)	Tenure	Amount
Total (Tier II)				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 (Tier II)				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 (Tier II)				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 III	September 28, 2005	7.50 % Annual	10 years	2,750.0
Total (Tier II)				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% Annual	5 years and 10 months	770.0
Option III	June 29, 2005	7.45% Annual	10 years	3,380.0
Total (Tier II)				5,250.0

1. INBMK – Indian Benchmark

15. Investments

The details of investments and the movement of provisions held towards depreciation of investments of the Bank as on March 31, 2007 and March 31, 2006 is given below.

Rupees in million

Particulars	As on March 31, 2007	As on March 31, 2006
1. Value of Investments		
(i) Gross value of investments		
(a) In India	873,108.3	675,324.8
(b) Outside India	45,052.7	45,215.5
(ii) Provision for depreciation		
(a) In India	5,568.1	4,960.5
(b) Outside India	14.5	105.9
(iii) Net value of investments		
(a) In India	867,540.2	670,364.3
(b) Outside India	45,038.2	45,109.6

2. Movement of provision held towards depreciation on investments		
	For the year ended March 31, 2007	For the year ended March 31, 2006
(i) Opening balance	5,066.4	6,079.1
(ii) Add: Provisions made during the year	948.9	692.3
(iii) Less: Write-off/ write-back of excess provisions during the year	(432.7)	(1,705.0)
(iv) Closing balance	5,582.6	5,066.4

16. Investment in securities, other than government and other approved securities

i) Issuer composition of investments in securities, other than government and other approved securities

a) The issuer composition of investments of the Bank in securities other than government and other approved securities as on March 31, 2007 is given below.

Rupees in million

No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities²	Extent of 'unlisted' securities^{2,3}
			(a)	(b)	(c)	(d)
1	PSUs	2,850.9	251.0	32.1	..	..
2	FIs	9,414.3	4,195.3	577.5	2,656.0	2,656.0
3	Banks	23,069.0	1,124.0	2,082.0	9,172.2	8,694.0
4	Private corporates	33,348.1	17,104.8	..	16,522.3	15,031.9
5	Subsidiaries/ Joint ventures	44,005.8	4,821.1	..	150.0	150.0

No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities ²	Extent of 'unlisted' securities ^{2,3}
			(a)	(b)	(c)	(d)
6	Others	131,732.4	63,006.5	27,470.5	0.1	..
7	Provision held towards depreciation	(5,524.4)				
	Total	238,896.1	90,502.7	30,162.1	28,500.6	26,531.9

1. Amounts reported under columns (a), (b), (c), and (d) above are not mutually exclusive.
2. This excludes investments, amounting to Rs. 4,671.1 million, in preference shares of subsidiaries, namely ICICI Bank UK Plc and ICICI Bank Canada. This also excludes investments in government securities (Rs. 2,967.8 million) and certificate of deposits (Rs. 869.4 million) of non-Indian origin made by overseas branches.
3. Includes an amount of Rs. 931.5 million in debentures, which are in the process of being listed.

b) The issuer composition of investments of the Bank in securities other than government and other approved securities 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' securities ²	Extent of 'unlisted' securities ²
			(a)	(b)	(c)	(d)
1	PSUs	2,875.6	277.5	1,134.3	0.5	32.6
2	FIs	9,589.3	920.3	271.2	6,560.5	6,560.5
3	Banks	22,373.4	7,087.2	1,228.0	7,942.8	7,992.9
4	Private corporates	43,351.2	17,367.5	2,917.3	17,256.5	16,026.6
5	Subsidiaries/ Joint ventures	28,607.0	2,704.8	..	150.0	150.0
6	Others	102,976.4	23,422.4	23,422.1	0.3	..
7	Provision held towards depreciation	(5,043.9)	..	..	..	..
	Total	204,729.0	51,779.7	28,972.9	31,910.6	30,762.6

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 Plc and ICICI Bank Canada. This also excludes investments in government securities (Rs. 1,342.3 million) and certificate of deposit (Rs. 223.1 million) of foreign issuers made by overseas branches.

ii) Non-performing investments in securities, other than government and other approved securities

The movement in gross non-performing investments in securities other than government and other approved securities for the year ended March 31, 2007 and year ended March 31, 2006 is given below.

Rupees in million

Particulars	Year ended March 31, 2007	Year ended March 31, 2006
Opening balance	2,595.9	8,877.3
Additions during the year	916.1	2,158.0
Reduction during the year	(428.9)	(8,439.4)
Closing balance	3,083.1	2,595.9
Total provisions held	2,045.9	1,509.3

17. Repurchase transactions

The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2007 and year ended March 31, 2006 are given below.

Rupees in million

	Minimum outstanding balance during the year	Maximum outstanding balance during year	Daily average outstanding balance during year	Balance as on year end
Year ended March 31, 2007				
Securities sold under repurchase transaction	..	55,823.8	17,020.1	4,760.6
Securities purchased under reverse repurchase transaction	..	5,100.1	110.1	..
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	..

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.

18. Lending to sensitive sectors

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

The position of lending to capital market is given below.

Rupees in million

	As on March 31, 2007	As on March 31, 2006
Capital market sector		
i) Investments made in equity shares	12,046.5	14,453.1
ii) Investments in convertible bonds / convertible debentures	332.5	583.8
iii) Investments in units of equity-oriented mutual funds	394.5	200.6
iv) Advances against share to individuals for investment in equity shares (including IPOs /ESOPs), bonds and debentures, units of equity oriented mutual funds	7,763.8	5,470.1
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers ¹	15,160.8	7,485.9
Total²	35,698.1	28,193.5
vi) Of (v) above, the total finance extended to stockbrokers for margin trading	..	..

1. Represents loans to non-banking financial companies ("NBFCs"), brokers and individuals against pledge of shares and includes an amount of Rs. Nil as on March 31, 2007 (March 31, 2006: Rs. 102.7 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. It includes a guarantee of Rs. 3,040.0 million (March 31, 2006: Rs. Nil) issued on behalf of a corporate customer to ensure equity capital contribution and an amount of Rs. 118.4 million (March 31, 2006: Rs. Nil) for issue of guarantee to venture funds.
2. The total does not include exposure in venture capital funds amounting to Rs. 19,499.7 million as of March 31, 2007 (the total does not include exposure in unregistered venture capital funds at March 31, 2006: Rs. 16,149.9 million), which forms a part of capital market exposure.

The summary of lending to real estate sector is given below.

Rupees in million

	As on March 31, 2007	As on March 31, 2006
Real estate sector		
I. Direct exposure	751,382.9	508,136.8
i) Residential mortgages, of which housing loans upto Rs. 1.5 million	595,153.0 300,137.0	431,668.5 263,796.5
ii) Commercial real estate ¹	142,509.8	69,846.0
iii) Investments in mortgage backed securities (MBS) and other securitised exposures	13,720.1	6,622.2
- a. Residential	13,720.1	6,622.2
- b. Commercial real estate	..	..
II. Indirect exposure	45,785.0	30,135.8
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	30,214.4	13,821.5

	As on March 31, 2007	As on March 31, 2006
Others	15,570.6	16,314.3
Total²	797,167.9	538,272.5

1. Commercial real estate exposure includes loans given to land and building developers for construction, corporates for their real estate requirements and to individuals / firms / corporates against non-residential premises.
2. Excludes non-banking assets acquired in satisfaction of claims.

19. Credit exposure

During the year ended March 31, 2007, the Bank had no single borrower exposure above 15% and no group borrower exposure above 40% of capital funds.

20. 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. Since the country exposure (net) of the Bank in respect of any country does not exceed 1% of the total funded assets, no provision is required to be maintained on country exposures as on March 31, 2007.

Rupees in million

Risk category	Exposure (net) as on March 31, 2007	Provision held as at March 31, 2007	Exposure (net) as on March 31, 2006	Provision held as at March 31, 2006
Insignificant	277,784.2	..	118,755.5	63.6
Low	126,883.7	..	44,689.4	..
Moderate	20,616.3	..	24,372.9	..
High	1,565.1	..	3,357.7	..
Very High	404.3	..	..	..
Restricted	..	..	447.1	..
Off-Credit	..	..	223.1	..
Total	427,253.6	..	191,845.7	63.6
- of which funded	308,348.8		138,915.0	

21. Advances

The details of movement of gross NPAs, net NPAs and provisions during the year ended March 31, 2007 and year ended March 31, 2006 are given in the table below.

Rupees in million

Particulars	Year ended March 31, 2007	Year ended March 31, 2006
(i) Net NPAs (funded) to Net Advances (%)	1.02%	0.72%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	22,225.9	27,704.3
(b) Additions during the year ¹	21,610.0	10,202.3
(c) Reductions during the year ¹	(2,575.3)	(15,680.7)
(d) Closing balance²	41,260.6	22,225.9

Particulars	Year ended March 31, 2007	Year ended March 31, 2006
(iii) Movement of Net NPAs		
(a) Opening balance	10,526.8	15,052.7
(b) Additions during the year ¹	11,835.8	7,035.0
(c) Reductions during the year ¹	(2,442.2)	(11,560.9)
(d) Closing balance	19,920.4	10,526.8
(iv) Movement of provisions for NPAs		
(a) Opening balance ³	11,427.5	12,368.5
(b) Provisions made during the year	11,179.5	5,601.2
(c) Write-off/ write-back of excess provisions	(1,771.1)	(6,542.2)
(d) Closing balance³	20,835.9	11,427.5

1. Excludes cases added to and deleted from NPAs in the same year with such gross loans amounting to Rs. 7,841.8 million (March 31, 2006: Rs. 1,714.7 million) and such net loans amounting to Rs. 6,770.8 million (March 31, 2006: Rs. 1,463.2 million).
2. Includes suspended interest and claims received from ECGC/DICGC of Rs. 504.3 million (March 31, 2006: Rs. 271.6 million) on working capital loan.
3. Excludes technical write-off amounting to Rs. 6,230.5 million (March 31, 2006: Rs. 6,586.7 million) and suspended interest and claims received from ECGC/DICGC of Rs. 504.3 million (March 31, 2006: Rs. 271.6 million).

The movement of floating provision during the year ended March 31, 2007 is given below.

Rupees in million

(v) Movement of floating provision	Year ended March 31, 2007
(a) Opening balance	2,841.7
(b) Provisions made during the year	..
(c) Utilisation during the year	..
(d) Closing balance	2,841.7

The Bank has not created any additional floating provision during the year ended March 31, 2007.

22. 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 underlying trust managed by ARCIL, the security receipts are valued at their respective NAVs as advised by the ARCIL. The details of the assets transferred during the year ended March 31, 2007 and the year ended March 31, 2006 are given in the table below.

Rupees in million

		Year ended March 31, 2007	Year ended March 31, 2006
A	No. of accounts	19	15
B	Aggregate value (net of provisions) of accounts sold to SC/RC	8,169.6	4,794.0
C	Aggregate consideration	8,024.7	4,066.3
D	Additional consideration realised in respect of accounts transferred in earlier years ¹	..	..
E	Aggregate gain / (loss) over net book value	(144.9)	(727.7)

1. During the year ended March 31, 2007, ARCIL fully redeemed security receipts of 26 trusts. The Bank realised Rs. 849.0 million over the gross book value in respect of these trusts (March 31, 2006: Rs. 95.7 million). The Bank also realised an additional amount of Rs. 50.7 million over the gross book value in respect of security receipts already redeemed during the year ended March 31, 2006. Further, the Bank has realised an additional amount of Rs. 43.5 million (March 31, 2006: Rs. Nil) over the gross book value in respect of security receipts not fully redeemed as on March 31, 2007.

23. Provisions on standard assets

During the year ended March 31, 2007, RBI increased the requirement of general provisioning to 2% on standard loans relating to personal loans, loans and advances qualifying as capital market exposure, credit card receivables, advances to non-deposit taking systemically important non-banking financial companies (NBFCs) and commercial real estate loans. On standard loans for residential housing beyond Rs. 2.0 million, the provisioning requirement has been increased to 1% from the earlier level of 0.4%. In accordance with the revised RBI guidelines, a general provision of Rs. 7,310.0 million has been made during the year ended March 31, 2007. The provision on standard assets held by the Bank in accordance with RBI guidelines was Rs. 12,948.3 million at March 31, 2007 (March 31, 2006: Rs. 5,638.3 million).

24. Provisions and contingencies

The break-up of 'Provisions and contingencies' included in Profit and Loss Account is given below.

Rupees in million

	Year ended March 31, 2007
Provisions for depreciation of investments	419.4
Provision towards non-performing assets	14,283.0
Provision towards standard assets	7,310.0
Provision towards income tax ¹	5,348.2
Provision towards wealth tax	30.0
Other provision and contingencies	251.3

1. Includes fringe benefit tax amounting to Rs. 369.3 million and creation of net deferred tax asset amounting to Rs. 4,464.3 million.

25. Information in respect of restructured assets

Details of loan assets subjected to restructuring are given below.

Rupees in million

	Particulars	Year ended March 31, 2007			Year ended March 31, 2006		
		No	Amount	Interest Sacrifice	No	Amount	Interest Sacrifice
(i)	Total amount of loan assets subjected to restructuring, rescheduling, renegotiation:	5	527.2	..	5	4,139.4	50.7
	of which under CDR	3	273.8	..	4	4,077.0	50.7
(ii)	The amount of standard assets subjected to restructuring, rescheduling, renegotiation:	4	405.3	..	2	4,055.5	50.7
	of which under CDR	3	273.8	..	2	4,055.5	50.7
(iii)	The amount of sub-standard assets subjected to restructuring, rescheduling, renegotiation:	1	121.9	..	1	62.4	..
	of which under CDR	..	..	..	..	..	..
(iv)	The amount of doubtful assets subjected to restructuring, rescheduling, renegotiation:	..	..	..	2	21.5	..
	of which under CDR	..	..	..	2	21.5	..

Above details exclude cases that were approved by CDR Forum and disclosed in earlier years by the Bank and in which certain terms and conditions have been modified by CDR Forum during the current year.

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

The Bank has sold 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, 2007	Year ended March 31, 2006
No. of borrower accounts sold	..	366
Aggregate outstanding (Gross)	..	14,384.1
Aggregate consideration received	..	2,223.2

27. Fixed Assets

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

Particulars	Rupees in million	
	Year ended March 31, 2007	Year ended March 31, 2006
At cost as on March 31 of preceding year	2,852.7	2,422.6
Additions during the year	455.9	430.1
Deductions during the year	(92.2)	..
Depreciation to date	(2,385.9)	(2,026.3)
Net block	830.5	826.4

28. Assets given on lease

28.1 Assets under operating lease

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

Period	Rupees in million	
	As on March 31, 2007	As on March 31, 2006
Not later than one year	..	126.7
Later than one year and not later than five years	..	605.9
Later than five years	..	2.0
Total	..	734.6

28.2 Assets under finance lease

The details of finance leases are given below.

Period	Rupees in million	
	As on March 31, 2007	As on March 31, 2006
Total of future minimum lease receipts	617.3	817.1
Present value of lease receipts	548.8	695.1
Unmatured finance charges	68.5	122.0
Maturity profile of future minimum lease receipts		
- Not later than one year	323.4	232.4
- Later than one year and not later than five years	293.9	584.7
- Later than five years	..	..
Total	617.3	817.1

28.3 Maturity profile of present value of lease rentals

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

Rupees in million

Period	As on March 31, 2007	As on March 31, 2006
Not later than one year	282.6	176.7
Later than one year and not later than five years	266.2	518.4
Later than five years	..	..
Total	548.8	695.1

29. 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, 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, 2006: Rs. 384.0 million) has been charged to revenue being the proportionate amount amortised for the year ended March 31, 2007.

30. Provisions for income tax

The provision for income tax (including deferred tax and fringe benefit tax) for the year ended March 31, 2007 amounted to Rs. 5,348.2 million (March 31, 2006: Rs. 5,535.3 million).

31. Deferred tax

As on March 31, 2007, the Bank has recorded net deferred tax asset of Rs. 6,099.6 million (March 31, 2006: Rs. 1,642.8 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, 2007	As on March 31, 2006
Deferred Tax Asset		
Provision for bad and doubtful debts	11,758.5	6,501.5
Capital loss	..	950.0
Others	884.0	880.7
Total Deferred Tax Assets	12,642.5	8,332.2
Less : Deferred Tax Liability		
Depreciation on fixed assets	6,543.3	6,697.2
Others	..	..
Total Deferred Tax Liabilities	6,543.3	6,697.2
Add : Deferred tax asset pertaining to foreign branches	0.4	7.8
Total net deferred tax asset /	6,099.6	1,642.8

Particulars (liability)	As on March 31, 2007	As on March 31, 2006
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32. Subvention Income

The Bank had aligned its accounting policy for subvention income with its accounting policy for direct marketing agency / associate expenses in the year ended March 31, 2006. 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 for the year ended March 31, 2006 was not significant.

33. 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 the purpose of the 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 other than credit derivatives is done on a daily basis. Risk monitoring of the credit derivatives portfolio is done on a monthly 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 other than credit derivatives is reported on a daily basis. The marked to market position and VAR on the credit derivatives portfolio is reported on a monthly 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 ended March 31, 2006, 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. The premium on option contracts is accounted for as per Foreign Exchange Dealers' Association of India guidelines. The Bank makes provisions on the outstanding positions in trading derivatives for possible adverse movements in the 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

Sr No.	Particulars	As on March 31, 2007	
		Currency derivatives ¹	Interest rate derivatives ²
1	Derivatives (Notional principal amount)		
	a) For hedging	1,441.0	145,066.4
	b) For trading	730,931.6	2,794,743.1
2	Marked to market positions ³		
	a) Asset (+)	5,044.8	1,828.6
	b) Liability (-)	..	..
3	Credit exposure	40,376.0	42,433.4
4	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives ⁴	(12.5)	(5,031.7)
	b) on trading derivatives	(683.7)	684.8
5	Maximum and minimum of 100*PV01 observed during the year		
	a) on hedging ⁴		
	Maximum	..	(1,098.1)
	Minimum	(14.5)	(5,031.9)
	b) on trading		
	Maximum	1,934.0	1,965.5
	Minimum	(847.8)	(369.5)

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

Rupees in million

Sr No.	Particulars	As on March 31, 2006	
		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 positions³		
	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)

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

The notional principal amount of credit derivatives outstanding at March 31, 2007 was Rs. 59,096.9 million (March 31, 2006: Rs. 23,514.4 million). Of the above, notional principal amount Rs. 434.7 million represents protection bought by the Bank through its overseas branches as on March 31, 2007.

The notional principal amount of forex contracts classified as hedging at March 31, 2007 amounted to Rs. 288,639.6 million (March 31, 2006: Rs. 165,041.4 million).

The notional principal amount of forex contracts classified as trading at March 31, 2007 amounted to Rs. 1,042,920.8 million (March 31, 2006: Rs. 753,273.6 million).

The net overnight open position at March 31, 2007 was Rs. 1,279.7 million (March 31, 2006: Rs. 457.8 million).

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

The notional principal amount of Rupee IRS contracts at March 31, 2007 was Rs. Nil for hedging contracts (March 31, 2006: Rs. Nil) and Rs. 2,389,261.3 million for trading contracts

(March 31, 2006: Rs. 1,870,025.6 million).

The fair value represents the estimated replacement cost of swap contracts at balance sheet date. At March 31, 2007 the fair value of trading rupee interest rate swap contracts was Rs. 1,111.4 million (March 31, 2006: Rs. 922.4 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, 2007, the associated credit risk on trading rupee interest rate swap contracts was Rs. 37,605.4 million (March 31, 2006: Rs. 16,754.4 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, 2007 the market risk on trading rupee interest rate swap contracts amounted to Rs. 844.4 million (March 31, 2006: Rs. 1,192.3 million).

Credit risk concentration is measured as the highest net receivable under swap contracts from a particular counter-party. At March 31, 2007, there was a credit risk concentration of Rs. 657.9 million with ICICI Securities Primary Dealership Limited (formerly known as ICICI Securities Limited) (March 31, 2006: Rs. 476.4 million with ICICI Securities Primary Dealership Limited) under rupee interest rate swap contracts. 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	Rupees in million	
	As on March 31, 2007	As on March 31, 2006
i) The notional principal of rupee swap agreements ¹	2,389,261.3	1,870,025.6
ii) Losses which would be incurred if all counter-parties failed to fulfil their obligations under the agreement	37,605.4	16,754.4
iii) Collateral required by the Bank upon entering into swaps	..	..
iv) Concentration on of credit risk arising from the rupee swaps	657.9	476.4
v) The fair value of rupee trading swap book	1,111.4	922.4

1. Notional principal of swap agreements includes both hedge and trading portfolio.

35. Exchange traded interest rate derivatives

The details of exchange traded interest rate derivatives are given below.

Sr. No.	Particulars	Rupees in million	
		As on March 31, 2007	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 year	22,476.0	13,496.0
	c) Treasury note futures – 5 year	3,399.0	3,319.4

Sr. No.	Particulars	As on March 31, 2007	As on March 31, 2006
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)		
	a) Euro dollar futures	..	..
	b) Treasury note futures – 10 year	652.1	1,516.9
	c) Treasury note futures – 5 year	130.4	..
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	N. A.	N. A.
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	N. A.	N. A.

Note: All the transactions in exchange traded derivatives form part of the foreign branches' trading portfolios.

36. Penalties / fines imposed by RBI and other regulatory bodies

There were no penalties imposed by RBI during the year ended March 31, 2007. A penalty of Rs. 0.5 million was imposed under Section 47A(1)(b) of the Banking Regulation Act, 1949 by RBI during the year ended March 31, 2006 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.

Securities and Futures Commission (SFC), Hong Kong charged the Bank with carrying on the business of dealing in securities in Hong Kong without having a license to do so. Pursuant to the charges preferred vide issue of summons on March 30, 2007 and the submissions of SFC and the Bank, the Eastern Magistrate's Court, Hong Kong, on April 10, 2007 fined the Bank a sum of HKD 40,000 (Rs. 0.2 million) and required the Bank to reimburse investigation costs to SFC.

37. Commission paid to marketing agents

Commission paid to direct marketing agents/dealers for origination of retail automobile loans, which was being netted from "Interest Income" up to the year ended March 31, 2006 has been reclassified to "Operating Expenses".

38. Premium amortisation

As per Reserve Bank of India circular DBOD.BP.BC.87/21.04.141/ 2006-07 dated April 20, 2007, the Bank has deducted the amortisation of premium on government securities from "Profit/(Loss) on revaluation of investments (net)" in Schedule 14, which was earlier included in "Provisions for investments (including credit substitutes) (net)" in Schedule 17.

39. 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

Kalpana Morparia
Joint Managing Director

Chanda D. Kochhar
Deputy Managing Director

Nachiket Mor
Deputy Managing Director

V. Vaidyanathan
Executive Director

Vishakha Mulye
Group Chief Financial Officer

Jyotin Mehta
General Manager &
Company Secretary

Rakesh Jha
General Manager

Place: Mumbai
Date : April 28, 2007