ICICI BANK LTD
Form 20-F
September 29, 2008

As filed with the Securities and Exchange Commission on September 29, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

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

OR

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the fiscal year ended March 31, 2008

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-15002

ICICI BANK LIMITED
(Exact name of registrant as specified in its charter)
Vadodara, Gujarat, India
(Jurisdiction of incorporation or organization)
ICICI Bank Towers
Bandra-Kurla Complex
Mumbai 400051, India
(Address of principal executive offices)

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

Title of Each Class	Name of Each Exchange on Which Registered
Equity Shares of ICICI Bank Limited(1)	New York Stock Exchange
American Depositary Shares, each representing two Equity Shares of ICICI Bank Limited, par value Rs. 10 per share	New York Stock Exchange

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

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

The number of outstanding Equity Shares of ICICI Bank Limited as of March 31, 2008 was 1,112,687,495.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes x No o
If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
Yes o No x
Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.
Large accelerated filer x Accelerated filer o Non-accelerated filer o
Indicate by check mark which financial statement item the registrant has elected to follow.
Item 17 o Item 18 x
If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

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CERTAIN DEFINITIONS

ICICI Limited, ICICI Personal Financial Services Limited and ICICI Capital Services Limited amalgamated with and into ICICI Bank Limited, effective March 30, 2002 for accounting purposes under generally accepted accounting principles in India ("Indian GAAP"). In this annual report, all references to "we", "our" and "us" are to ICICI Bank Limited and its consolidated subsidiaries and other consolidated entities under Indian GAAP subsequent to the amalgamation. References to specific data applicable to particular subsidiaries or other consolidated entities are made by reference to the name of that particular entity. References to "ICICI Bank" and "the Bank" are, as the context requires, to ICICI Bank Limited on an unconsolidated basis subsequent to the amalgamation, to ICICI Bank Limited on an unconsolidated basis prior to the amalgamation, or to both. References to "ICICI" are to ICICI Limited and its consolidated subsidiaries and other consolidated entities under Indian GAAP prior to the amalgamation. References to "ICICI Personal Financial Services" are to ICICI Personal Financial Services Limited. References to "ICICI Capital Services" are to ICICI Capital Services Limited. References to the "amalgamation" are to the amalgamation of ICICI, ICICI Personal Financial Services and ICICI Capital Services with and into ICICI Bank. References to "the Scheme of Amalgamation" are to the Scheme of Amalgamation of ICICI, ICICI Personal Financial Services and ICICI Capital Services with ICICI Bank sanctioned by the High Court of Gujarat at Ahmedabad on March 7, 2002 and by the High Court of Judicature at Bombay on April 11, 2002 and approved by the Reserve Bank of India on April 26, 2002.

In the financial statements contained in this annual report and the notes thereto, all references to "the Company" are to ICICI Bank Limited and its consolidated subsidiaries and other consolidated entities under Indian GAAP.

All references to the "Companies Act" and the "Banking Regulation Act" are to the Companies Act, 1956 and the Banking Regulation Act, 1949 as passed by the Indian Parliament and as amended from time to time.

Pursuant to the issuance and listing of our securities in the United States under registration statements filed with the United States Securities Exchange Commission, we file annual reports on Form 20-F which must include financial statements prepared under generally accepted accounting principles in the United States (US GAAP) or financial statements prepared according to a comprehensive body of accounting principles with a reconciliation of net income and stockholders' equity to US GAAP. When we first listed our securities in the United States, Indian GAAP was not considered a comprehensive body of accounting principles under the United States securities laws and regulations. Accordingly, our annual reports on Form 20-F for fiscal years 2000 through 2005 included US GAAP financial statements. However, pursuant to a significant expansion of Indian accounting standards, Indian GAAP constitutes a comprehensive body of accounting principles. Accordingly, we have included in this annual report, as in the annual reports for fiscal 2006 and fiscal 2007, consolidated financial statements prepared according to Indian GAAP, with a reconciliation of net income and stockholders' equity to US GAAP and a description of significant differences between Indian GAAP and US GAAP.

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

FORWARD-LOOKING STATEMENTS

We have included statements in this annual report which contain words or phrases such as 'will', ‘expected to’, etc., and similar expressions or variations of such expressions, may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the actual growth in demand for banking and other financial products and services in the countries that we operate or where a material number of our customers reside, our ability to successfully implement our strategy, including our use of the Internet and other technology, our rural expansion, our exploration of merger and acquisition opportunities both in and outside of India, our ability to integrate recent or future mergers or acquisitions into our operations and manage the risks associated with such acquisitions to achieve our strategic and financial objectives, our ability to manage the increased complexity of the risks we face following our rapid international growth, future levels of impaired loans, our growth and expansion in domestic and overseas markets, the adequacy of our allowance for credit and investment losses, technological changes, investment income, our ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to implement our dividend policy, the impact of changes in banking regulations and other regulatory changes in India and other jurisdictions on us, including on the assets and liabilities of ICICI, a former financial institution not subject to Indian banking regulations, the state of the global financial system and other systemic risks, the bond and loan market conditions and availability of liquidity amongst the investor community in these markets, the nature of credit spreads, interest spreads from time to time, including the possibility of increasing credit spreads or interest rates, our ability to roll over our short-term funding sources and our exposure to credit, market and liquidity risks as well as other risks that are detailed in this form. ICICI Bank undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

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

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EXCHANGE RATES

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

In early July 1991, the government adjusted the Indian rupee downward by an aggregate of approximately 20.0% against the US dollar. The adjustment was effected as part of an economic package designed to overcome economic and foreign exchange problems. After the Indian rupee was made convertible on the current account in March 1993, it depreciated on an average annual basis at a rate of approximately 5-6%. The rupee depreciated against the US dollar by 0.5% during fiscal 2005 and by 2.0% during fiscal 2006. During fiscal 2007, the rupee appreciated against the US dollar by 3.1%, moving from Rs. 44.48 per US$ 1.00 at March 31, 2006 to Rs. 43.10 per US$ 1.00 at March 30, 2007. During fiscal 2008 the rupee appreciated against the US dollar by 7.1%, moving from Rs. 43.10 per US$ 1.00 at March 30, 2007 to Rs. 40.02 per US$ 1.00 at March 31, 2008. During fiscal 2009 (through September 19, 2008), the rupee depreciated against the US dollar by 14.2% moving from Rs. 40.02 per US$ 1.00 at March 31, 2008 to Rs. 45.71 at September 19, 2008. The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Indian rupees and US dollars based on the noon buying rate.

Fiscal Year	Period End(1)	Average(1) (2)
2004	43.40	45.78
2005	43.62	44.87
2006	44.48	44.20
2007	43.10	45.06
2008	40.02	40.13
2009 (through September 19, 2008)	45.71	42.48

Month	High	Low
November 2007	39.68	39.11
December 2007	39.55	39.29
January 2008	39.55	39.13
February 2008	40.11	39.12
March 2008	40.46	39.76
April 2008	40.45	39.73
May 2008	42.15	42.00
June 2008	42.93	42.76
July 2008	42.47	42.70
August 2008	43.74	42.01
September 2008 (through September 19, 2008)	46.81	43.95

(1) The noon buying rate at each period end and the average rate for each period differed from the exchange rates used in the preparation of our financial statements.

(2) Represents the average of the noon buying rate on the last day of each month during the period.

Although certain rupee amounts in this annual report have been translated into US dollars for convenience, this does not mean that the rupee amounts referred to could have been, or could be, converted into US dollars at any particular rate, the rates stated below, or at all. Except in the section on "Market Price Information", all translations from rupees to US dollars are based on the noon buying rate in the City of New York for cable transfers in rupees at March 31, 2008. The Federal Reserve Bank of New York certifies this rate for customs purposes on each date the rate is given. The noon buying rate at March 31, 2008 was Rs. 40.02 per US$ 1.00 and at September 19, 2008 was Rs. 45.71 per US$ 1.00.

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RISK FACTORS

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

Risks Relating to India

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

Any slowdown in the Indian economy could adversely affect our borrowers and contractual counterparties. Further, in light of the increasing linkage of the Indian economy to other developed and emerging economies, the Indian economy is increasingly influenced by economic and market conditions in other countries and, as a result, a slowdown in the economic growth of the United States and other important countries in the developed and emerging global economy, especially those where we have established our international operations, could have an adverse impact on economic growth in India. The growth rate of India's GDP, which was 9.0% or higher in each of fiscal years 2006, 2007 and 2008, moderated to 7.9% in the first quarter of fiscal 2009. Since fiscal 2007, we have experienced a slowdown in disbursements of housing, automobile and other retail loans. The current uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption, adversely impacting our business. A further slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults among corporate, retail and rural borrowers, which could adversely impact our business, our financial performance, our stockholders' equity, our ability to implement our strategy and the price of our equity shares and ADSs.

Inflation and government efforts to combat inflation may contribute significantly to economic uncertainty in India and could adversely affect us and the market price of our ADSs.

India has recently experienced higher than normal rates of inflation. India's annual inflation rate, measured by the wholesale price index, reached 12.63% in August of 2008, its highest rate in 13 years. Since 2005, interest rates in the Indian economy have increased significantly in response to monetary policy measures to contain rising inflation and there is a risk of a sustained period of high interest rates. Most recently, prompted by concerns about inflation, the Reserve Bank of India raised its key interest rate, the repo rate, three times in June and July of 2008. As of September 2008, the repo rate stood at a seven-year high of 9.0%. The next scheduled rate review is on October 24, 2008. The Reserve Bank of India also raised bank reserve requirements in order to combat inflation. See "Supervision and Regulation — Legal Reserve Requirements". Future government actions taken to combat inflation could have adverse effects on the Indian economy. Such actions could include a further tightening of monetary policy by raising interest rates, thereby restricting the availability of credit and reducing economic growth. Increases in the basic interest rate could adversely affect us by reducing demand for our credit, increasing our cost of funds and increasing the risk of customer default to the extent these effects are not offset by increased margins. For the impact of interest rate increases on our business, see also "— A slowdown in economic growth or rise in interest rates in India could cause our business to suffer" and "Business — Risk Management — Quantitative and Qualitative Disclosures About Market Risk — Interest Rate Risk".

Actions taken to curb inflation, coupled with public speculation about possible future governmental actions, have contributed to economic uncertainty in India and heightened volatility in the Indian securities market. If India experiences fluctuations in rates of inflation in the future, our business could be affected and, if investor confidence lags, the price of our securities may fall. Inflationary pressures may also affect our ability to access foreign financial markets and may lead to counter-inflationary policies that may harm our business or adversely affect the market price of our shares and ADSs.

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

India imports over 75.0% of its requirements of crude oil, which were over 30% of total imports in fiscal 2008. Since 2004, there has been a sharp increase in global crude oil prices due to both increased demand and pressure on production and refinery capacity, and political and military tensions in key oil-producing regions. The full burden of the oil price increase has not been passed to Indian consumers and has been substantially absorbed by the government and government-owned oil marketing companies. Sustained high levels of oil prices, further increases or volatility of oil prices and the pass-through of increases to Indian consumers could have a material negative impact on the Indian economy and the Indian banking and financial system in particular, including through a rise in inflation and market interest rates and a higher trade deficit. This could adversely affect our business including our liquidity, our ability to grow, the quality of our assets, our financial performance, our stockholders' equity, our ability to implement our strategy and the price of our equity shares and ADSs.

Like all financial institutions, we are vulnerable to episodes of financial instability in India and in other countries which could adversely affect our business and the price of our equity shares and ADSs.

Since August 2007, the global financial system has experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency on interbank lending rates. In September 2008, global financial markets deteriorated sharply following the bankruptcy filing by Lehman Brothers. In the days that followed, it became apparent that a number of other major financial institutions, including some of the biggest commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies in the United States were experiencing difficulties. The United States government has intervened on an unprecedented scale to prevent the failure of some of these institutions and to provide support to the multi-trillion dollar money market mutual fund industry, which suffered an erosion in investor confidence following the discovery that a number of large money market mutual funds have recently "broken the buck", meaning that the net asset values of the funds have fallen below amounts customers have invested. The impact of this financial crisis has not been limited to the United States. Governments in Europe and the United Kingdom have recently nationalized a number of financial institutions, there has been a deposit run and numerous institutions have sought additional capital. Central banks all over the world have agreed to act in concert to increase liquidity in the financial markets by taking measures such as increasing temporary reciprocal currency arrangement (or "swap lines") by many billions of dollars. Despite these measures, investor confidence remains very low. In a further effort to bolster the financial markets and provide relief to financial institutions, members of the executive and legislative branches of the United States government negotiated an emergency spending bill which would have given the Secretary of the Treasury the power to use public funds to purchase non-performing or illiquid assets from distressed financial institutions. This so-called "bailout plan" was intended to increase liquidity in the credit markets and prevent further collapses of major financial institutions. However, when put to a vote in the House of Representatives, the bill was voted down. At this stage it is impossible to predict whether another similar measure will be put to a vote, or whether it would actually be enacted. It is also impossible to predict what form a future bailout proposal might take, or how the financial markets would react to such a plan and there can be no assurances that, if a bailout plan is enacted, it would ameliorate the condition of the US economy or the global credit markets.

Although the proximate cause of this particular financial crisis, which is deeper than other recent financial crises, was the United States residential mortgage market, investors should be aware that there is a recent history of financial crises and boom-bust cycles in multiple markets in both the emerging and developed economies which lead to risks for all financial institutions, including us. For example, a loss of investor confidence in the financial systems of India or other markets and countries or any financial instability in India or any other market may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector, our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs. The most recent financial crisis has not had as direct an impact on us as it has other major financial institutions in the US and Europe and we have not experienced the same degree of write-downs as banks that were more exposed to, or invested in, the United States residential mortgage market. However, the volatility caused by concerns over sub-prime debt in the United States has resulted in mark-to-market and realized losses on our investment and derivative portfolios, constrained our international debt capital market borrowings and increased our cost of funding.

The realized and mark-to-market losses on the investment portfolio would adversely impact our net income in fiscal 2009. We remain subject, moreover, to the risks posed by the indirect impact of the credit crisis on the global financial system and the economies in which we operate, some of which are unknowable and the vast majority of which are not in our control. We also remain subject to counterparty risk to financial institutions that fail or are otherwise unable to meet their obligations to us. See "Risk Management — Quantitative and Qualitative Disclosures About Market Risk — Credit Spread Risk" for disclosure on our exposure to Lehman. See "— Risks Relating to Our Business — If depositors do not roll over deposited funds upon maturity or we are unable to raise financing through wholesale borrowings or bond issues, our liquidity risk could increase and our business could be adversely affected", "— Risks Relating to Our Business — We have experienced rapid international growth in the last three years which has increased the complexity of the risks that we face", "Business — Overview of Our Products and Services — Commercial Banking for International Customers" and "Business — Risk Management — Qualitative and Quantitative Disclosures about Market Risk".

Trade deficits could adversely affect our business and the price of our equity shares and ADSs.

India's trade relationships with other countries and its trade deficit, driven to a major extent by global crude oil prices, may adversely affect Indian economic conditions. If trade deficits increase or are no longer manageable because of the rise in global crude oil prices or otherwise, the Indian economy, and therefore our business, our financial performance, our stockholders' equity and the price of our equity shares and ADSs could be adversely affected.

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A decline in India’s foreign exchange reserves may affect liquidity and interest rates in the Indian economy which could adversely impact us.

A decline in India’s foreign exchange reserves could result in reduced liquidity and higher interest rates in the Indian economy, which could adversely affect our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs. See also “— Risks Relating to Our Business”.

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

Any adverse revisions to India’s credit ratings for domestic and international debt by international rating agencies may adversely affect our business and limit our access to capital markets and decrease our liquidity.

Natural calamities and climatic and weather conditions could adversely affect the Indian economy, or the economy of other countries where we operate, our business and the price of our equity shares and ADSs.

India has experienced natural calamities like earthquakes, floods and drought in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy. In particular, climatic and weather conditions impact the agricultural sector which constitutes approximately 17% of India’s GDP. For example, in fiscal 2003, many parts of India received significantly less than normal rainfall. As a result, the agricultural sector recorded a negative growth of 7.2%. While the growth rate of the agricultural sector was 10.0% in fiscal 2004, it was negligible in fiscal 2005 due to the erratic progress of the monsoon which adversely affected sowing operations for certain crops. The agricultural sector grew by 6.0% in fiscal 2006, 3.8% in fiscal 2007 and 4.5% in fiscal 2008. Prolonged spells of below or above normal rainfall or other natural calamities, or global or regional climate change, could adversely affect the Indian economy and our business, especially in view of our strategy of increasing our exposure to rural India. Similarly global or regional climate change or natural calamities in other countries where we operate could affect the economies of those countries and our operations in those countries.

Financial difficulty and other problems in certain financial institutions in India could adversely affect our business and the price of our equity shares and ADSs.

As an Indian bank, we are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as “systemic risk”, may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect our business. See also “Overview of the Indian Financial Sector”. As the Indian financial system operates within an emerging market, it faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme. For example, in April 2003, unsubstantiated rumors, believed to have originated in Gujarat, a state in India, alleged that we were facing liquidity problems. Although our liquidity position was sound, we witnessed higher than normal deposit withdrawals on account of these unsubstantiated rumors for several days in April 2003. We successfully controlled the situation in this instance, but any failure to control such situations in the future could result in high volumes of deposit withdrawals which would adversely impact our liquidity position.

A significant change in the Indian government's economic liberalization and deregulation policies could adversely affect our business and the price of our equity shares and ADSs.

Our business and customers are predominantly located in India or are related to and influenced by the Indian economy. The Indian government has traditionally exercised, and continues to exercise, a dominant influence over many aspects of the economy. Government policies could adversely affect business and economic conditions in India, our ability to implement our strategy, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs. Since 1991, successive Indian governments have pursued policies of economic

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liberalization, including significantly relaxing restrictions on the private sector and encouraging the development of the Indian financial sector. For the past several years, India has been governed by coalition governments. The leadership of India and the composition of the coalition in power is subject to change, and election results are sometimes not along expected lines. The next national election is scheduled to take place before May 2009. It is difficult to predict the economic policies that will pursued by the next government. The rate of economic liberalization could change, and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. Any significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular. Even if the new government does not make significant changes to India's economic policies, the uncertainty surrounding the upcoming elections could lead to increased volatility in the Indian securities market, which could adversely impact the price of our equity shares and ADSs.

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

India has from time to time experienced social and civil unrest and hostilities both internally and with neighboring countries. In the past, there have been military confrontations between India and Pakistan. India has also experienced terrorist attacks in some parts of the country. These hostilities and tensions could lead to political or economic instability in India and adversely affect our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

Risks Relating to Our Business

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

We are vulnerable to interest rate risk which could adversely affect our ability to grow, our net interest margin, our net interest income, our income from treasury operations and the value of our fixed income securities portfolio. For example, if the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or if our cost of funds does not decline at the same time or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin may be adversely impacted. Since fiscal 2006, we have experienced a sharp increase in our funding costs, which has adversely impacted our net interest income, net interest margin and financial performance. As a result of certain reserve requirements of the Reserve Bank of India, we are more structurally exposed to interest rate risk than banks in many other countries and, as part of the Reserve Bank of India's anti-inflation policies, these reserve requirements have recently been increased. See "Supervision and Regulation — Legal Reserve Requirements." These requirements result in our maintaining a large portfolio of fixed income government of India securities, and we could be materially adversely impacted by a rise in interest rates, especially if the rise were sudden or sharp. These requirements also have a negative impact on our net interest income and net interest margin because we earn interest on a portion of our assets at rates that are generally less favorable than those typically received on our other interest-earning assets. Since fiscal 2007, there have been several increases in the rates of interest charged on floating rate home loans, which are a material proportion of our loan portfolio, resulting in extension of loan maturities and higher monthly installments due from borrowers, which could result in higher rates of default in this portfolio.

Our subsidiaries in the United Kingdom and Canada are also exposed to similar risks. We are also exposed to interest rate risk through our treasury operations and our subsidiary, ICICI Securities Primary Dealership Limited, which is a primary dealer in government of India securities.

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

We have experienced rapid growth in our retail loan portfolio, including non-collateralized retail loans such as unsecured personal loans and credit card receivables. See “Business — Overview of ICICI Bank’s Products and Services — Commercial Banking for Retail Customers”. Various factors, including a rise in unemployment,

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prolonged recessionary conditions, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates and global competition could cause an increase in the level of non-performing assets, both retail and corporate, and have a material adverse impact on the quality of our loan portfolio. In addition, under the directed lending norms of the Reserve Bank of India, we are required to extend 50.0% of our residual adjusted net bank credit to certain eligible sectors, which are categorized as "priority sectors". See "Business — Loan Portfolio — Directed Lending". We may experience a significant increase in non-performing loans in our directed lending portfolio, particularly loans to the agricultural sector and small-scale industries, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. The government in its budget for fiscal 2009 has announced a debt waiver for small and marginal farmers. In respect of other farmers, the scheme proposes a one-time settlement of all overdue loans at 75% of the loan amount. While the government has stated that it will bear the cost of the scheme, such schemes may have an adverse impact on future debt servicing on farm loans and may lead to an increase in non-performing loans in the agricultural sector. Any change by the Reserve Bank of India in the directed lending norms may result in our inability to meet the priority sector lending requirements as well as require us to increase our lending to relatively riskier segments and may result in an increase in non-performing assets in the directed lending portfolio. See also "—We have experienced rapid international growth in the last three years which has increased the complexity of the risks that we face" and "— Our rapid retail expansion in India and our rural initiative expose us to increased risks that may adversely affect our business." The Reserve Bank of India has issued guidelines relating to the use of recovery agents by banks. Any limitation on our ability to recover outstanding receivables from customers as a result of these guidelines or otherwise may affect our collections and ability to foreclose on existing non-performing assets. We may not be able to control or reduce the level of non-performing assets in our project and corporate finance portfolio. The loan portfolio of our international branches and subsidiaries includes foreign currency loans to Indian companies for their Indian operations (as permitted by regulation) as well as for their overseas ventures, including cross-border acquisitions. This exposes us to specific additional risks including the failure of the acquired entities to perform as expected, and our inexperience in various aspects of the economic and legal framework in overseas markets. We also have investments in security receipts arising out of the sale of non-performing assets by us to Asset Reconstruction Company (India) Limited, a reconstruction company registered with the Reserve Bank of India. See "Business — Classification of Loans". There can be no assurance that Asset Reconstruction Company (India) Limited will be able to recover these assets and redeem our investments in security receipts and that there will be no reduction in the value of these investments.

If we are not able to control or reduce the level of non-performing assets, the overall quality of our loan portfolio may deteriorate and our business may be adversely affected.

If depositors do not roll over deposited funds upon maturity or we are unable to raise financing through wholesale borrowings and bond issues, our liquidity risk would increase and our business could be adversely affected.

Most of our incremental rupee funding requirements are met through short-term funding sources, primarily in the form of deposits including deposits from corporate customers and inter-bank deposits. Our customer deposits generally have a maturity of less than one year. However, a large portion of our rupee assets, primarily our rupee project finance and corporate term loan portfolio and our home loan portfolio, have medium or long-term maturities, creating the potential for funding mismatches. Our ability to raise fresh deposits and grow our deposit base depends in part on our ability to expand our network of branches, which requires the approval of the Reserve Bank of India. In September 2005, the Reserve Bank of India replaced the existing system of granting authorizations for opening individual branches with a system of giving aggregated approvals covering both branches and existing non-branch channels like ATMs, on an annual basis. While we have recently significantly expanded our branch network pursuant to authorizations received from the Reserve Bank of India in fiscal 2008, there can be no assurance that we will be able to grow our deposit base or that future authorizations granted by the Reserve Bank of India will meet our requirements for branch expansion. High volumes of deposit withdrawals or failure of a substantial number of our depositors to roll over deposited funds upon maturity or to replace deposited funds with fresh deposits as well as our inability to grow our deposit base, could have an adverse effect on our liquidity position, our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs. A part of our loan and investment portfolio, comprising primarily the loan and investment portfolios of our international branches and subsidiaries, is denominated in foreign currencies, including the US dollar. Our international branches are primarily funded by debt capital market issuances, syndicated loans, bilateral loans and bank lines, while our international subsidiaries raise deposits in their local markets. Volatility in international debt markets following the concerns over sub-prime debt in the United States have constrained our international market borrowings. There can be no assurance that our deposit bases in international subsidiaries will continue to grow at the current rates. This may adversely impact our ability to replace maturing borrowings and fund new assets, significantly increase our cost of funds and adversely impact our profitability. See also "Risks Relating to India and Other Economic and Market Risks — Financial instability in other countries, particularly emerging market countries and countries where we have established operations, could adversely affect our business and the price of our equity shares and ADSs", "Risks Relating to India and Other Economic and Market Risks — Financial difficulty and other problems in certain financial institutions in India could adversely affect our business and the price of our equity shares and ADSs" and "We have experienced rapid international growth in the last three years which has increased the complexity of the risks that ICICI Bank faces".

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

Beginning in fiscal 2004, we began a rapid international expansion opening banking subsidiaries in the United Kingdom, Canada and Russia and branches and representative offices in several countries. We offer retail banking products and services including remittance services across these markets primarily to non-resident Indians. We deliver products and services, including foreign currency financing and cross-border acquisition financing, to our corporate clients through our international subsidiaries and branches. We have also invested in fixed income securities and derivative products with underlying Indian and international credit exposures. In Canada and the United Kingdom, we have also launched direct banking offerings using the Internet as the access channel. At March 31, 2008, the assets of these banking subsidiaries and branches constituted approximately 23% of the consolidated assets of ICICI Bank and its banking subsidiaries.

This rapid international expansion into banking in multiple jurisdictions exposes us to a new variety of regulatory and business challenges and risks, including cross-cultural risk and has increased the complexity of our risks in a number of areas including price risks, currency risks, interest rate risks, compliance risk, regulatory and reputational risk and operational risk. The loan portfolio of our international branches and subsidiaries includes foreign currency loans to Indian companies for their Indian operations (as permitted by regulation) as well as for their overseas ventures, including cross-border acquisitions. This exposes us to specific additional risks including the failure of the acquired entities to perform as expected, and our inexperience in various aspects of the economic and legal framework in overseas markets. Volatility in international markets, such as the current volatility following the concerns over sub-prime debt in the United States, has resulted in mark-to-market and realized losses on our investment and derivative portfolios, constrained our international debt capital market borrowings and increased our cost of funding. This may adversely impact our ability to syndicate debt exposures, and our growth and profitability. See also "— We are subject to legal and regulatory risk which may adversely affect our business and the price of our equity shares and ADSs". The skills required for this business could be different from those required for our Indian business and we may not be able to attract the required talented professionals. If we are unable to manage these risks, our business could be adversely affected.

Our rapid retail expansion in India and our rural initiative expose us to increased risks that may adversely affect our business.

We experienced rapid growth in our retail loan portfolio between fiscal 2002 and fiscal 2007. See "Business —Loan Portfolio". In addition, we have begun a rural initiative designed to bring our products and services into many rural areas. This rapid growth of the retail loan business and the rural initiative expose us to increased risks within India including the risk that our impaired loans may grow faster than anticipated, increased operational risk, increased fraud risk and increased regulatory and legal risk. For example, during fiscal 2007, we made a provision of Rs. 0.9 billion (US$ 22 million) for losses from frauds pertaining to the warehouse receipt-based financing product for agricultural credit. See also "— We are subject to legal and regulatory risk which may adversely affect our business and the price of our equity shares and ADSs".

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The significant additional capital required by our insurance subsidiaries may adversely impact our business and the price of our equity shares and ADSs.

Given the expected losses and growth in our life insurance and general insurance businesses, we expect that significant additional capital will be needed to support these businesses. Our Board had approved the transfer of our equity shareholding in insurance and asset management subsidiaries to a proposed new subsidiary. We had proposed to raise equity capital in this proposed new subsidiary to meet the future capital requirements of the insurance subsidiaries. The incorporation of the subsidiary is subject to regulatory approvals which have so far not been received. See "Business — Insurance" and "Supervision and Regulation — Reserve Bank of India Regulations — Holding Companies". The capital requirements of our insurance subsidiaries and restrictions on our ability to capitalize them could adversely impact, their growth, our future capital adequacy, our financial performance and the price of our equity shares and ADSs.

While our insurance businesses are becoming an increasingly important part of our business, there can be no assurance that they will experience high rates of growth in the future.

Our life insurance and general insurance joint ventures are becoming an increasingly important part of our business. See "Business   Insurance". There can be no assurance that these businesses will experience high rates of growth in the future. Our life insurance business primarily comprises unit-linked life insurance and pension products. Reduction in capital market valuations and volatility in capital markets may have an adverse impact on the demand for these products. The growth of our general insurance business has been adversely impacted by the deregulation of pricing on certain products, which has resulted in a reduction in premiums from those products. A slowdown in the Indian economy could adversely impact the future growth of these businesses. Any slowdown in these businesses and in particular in the life insurance business could have an adverse impact on the price of our equity shares and ADSs.

Our life insurance business is in a loss position and is expected to continue to generate losses for some years.

We and our joint venture partner have made significant investments in our life insurance joint venture, ICICI Prudential Life Insurance Company Limited. See "Business   Insurance". As is normal during the phase of rapid growth in new business, we are currently incurring losses in this business. We expect these losses to continue for some years. There can be no assurance that the ultimate actual profitability of the life insurance business will be in line with current assumptions and expectations.

Regulatory changes in India or other jurisdictions in which we operate could adversely affect our business.

The laws and regulations or the regulatory or enforcement environment in any of the jurisdictions in which we operate may change at any time and may have an adverse effect on the products or services we offer, the value of our assets or of the collateral available for our loans or our business in general. Since 2005, the Reserve Bank of India has instituted several changes in regulations applicable to banking companies, including increase in risk-weights on certain categories of loans for computation of capital adequacy, increase in general provisioning requirements for various categories of assets, change in capital requirements and accounting norms for securitization, increases in regulated interest rates, increases in the cash reserve ratio, cessation of payment of interest on cash reserve balances, changes in limits on investments in financial sector enterprises and venture capital funds and changes in directed lending requirements. In April 2007, the Reserve Bank of India issued final guidelines on implementation of the new capital adequacy framework pursuant to Basel II, which, while requiring maintenance of capital for operational risk and undrawn commitments and higher capital for unrated exposures, stipulates continuance of higher risk weights for retail loans and increase in minimum Tier-1 capital adequacy ratio from 4.5% to 6.0%. Regulations and laws governing our insurance, asset management, private equity and broking subsidiaries as well as our international banking subsidiaries may also change. Such changes could have an adverse impact on our growth, capital adequacy and profitability. Any change by the Reserve Bank of India in the directed lending norms may result in our inability to meet the priority sector lending requirements as well as require us to increase our lending to relatively riskier segments and may result in an increase in non-performing assets in the directed lending portfolio.

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

Within the Indian market, we face intense competition from Indian and foreign commercial banks, investment banks, insurance companies and non-bank finance companies. Further liberalization of the Indian financial sector could lead to a greater presence or new entries of Indian and foreign institutions offering a wider range of products and services, which could adversely impact our competitive environment. In addition, the Indian financial sector may experience further consolidation, resulting in fewer banks and financial institutions, some of which may have greater resources than us. The government of India has indicated its support for consolidation among government-owned banks. The Reserve Bank of India has announced a road map for the presence of foreign banks in India that would, after a review in 2009, allow foreign banks to acquire up to a 74.0% shareholding in an Indian private sector bank. See "Business — Competition" and "Overview of the Indian Financial Sector — Foreign Banks". Due to competitive pressures, we may be unable to successfully execute our growth strategy and offer products and services at reasonable returns and this may adversely impact our business.

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

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

In India, we may seek opportunities for growth through acquisitions or be required to undertake mergers mandated by the Reserve Bank of India under its statutory powers. In the past, the Reserve Bank of India has ordered mergers of weak banks with other banks primarily in the interest of depositors of the weak banks. In light of our growing international operations, we may also examine and seek opportunities for growth, both in terms of scale and scope, through acquisitions in countries where we currently operate and in other countries.

Any future acquisitions or mergers, both Indian or international, may involve a number of risks, including deterioration of asset quality, diversion of our management's attention required to integrate the acquired business and the failure to retain key acquired personnel and clients, leverage synergies or rationalize operations, or develop the skills required for new businesses and markets, or unknown and known liabilities, some or all of which could have an adverse effect on our business.

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

As a financial intermediary, we are exposed to exchange rate risk. See "Business — Risk Management — Quantitative and Qualitative Disclosures About Market Risk — Exchange Rate Risk". Several of our clients enter into derivative contracts to manage their foreign exchange risk exposures. Some of our clients have incurred marked to market or crystallized losses on their foreign exchange contracts. Further, in some cases, clients have initiated legal proceedings challenging the validity of these contracts and their obligations to us. Any increase in such instances and any decision against us in these proceedings may have an adverse impact on our profitability and business. The failure of our clients to manage their exposures to foreign exchange and derivative risk and adverse movements and volatility in foreign exchange rates may adversely affect our clients and the quality of our exposure to our clients and our business volumes and profitability.

Further deterioration of our non-performing asset portfolio and an inability to improve our provisioning coverage as a percentage of gross non-performing assets could adversely affect the price of our equity shares and ADSs.

Although we believe that our total provisions will be adequate to cover all known losses in our asset portfolio, there can be no assurance that there will be no deterioration in the provisioning coverage as a percentage of gross non-performing assets or otherwise or that the percentage of non-performing assets that we will be able to recover will be similar to our and ICICI's past experience of recoveries of non-performing assets. Our retail loan portfolio has experienced rapid growth since fiscal 2002 and there is limited data on historical loss ratios in retail loans. In the event of any further deterioration in our non-performing asset portfolio, there could be an adverse impact on our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

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

A substantial portion of our loans to corporate and retail customers are secured by collateral. See “Business — Classification of Loans — Non-Performing Asset Strategy”. Changes in asset prices may cause the value of our collateral to decline and we may not be able to realize the full value of our collateral as a result of delays in bankruptcy and foreclosure proceedings, defects or deficiencies in the perfection of collateral (including due to inability to obtain approvals that may be required from various persons, agencies or authorities), fraudulent transfers by borrowers and other factors, including current legislative provisions or changes thereto and past or future judicial pronouncements. Failure to recover the expected value of collateral could expose us to potential losses, which could adversely affect our business.

We face greater credit risks than banks in developed economies.

Our credit risk is higher because most of our borrowers are based in India. Unlike several developed economies, a nationwide credit bureau has become operational in India only recently. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. In addition, the credit risk of our borrowers, particularly small and middle market companies, is higher than borrowers in more developed economies due to the greater uncertainty in the Indian regulatory, political, economic and industrial environment and the difficulties of many of our corporate borrowers to adapt to global technological advances. The directed lending norms of the Reserve Bank of India require us to lend a certain proportion of our loans to “priority sectors,” including agriculture and small enterprises, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. Any shortfall may be required to be allocated to investments yielding sub-market returns. See “Business — Loan Portfolio — Directed Lending.” Also, several of our corporate borrowers in the past suffered from low profitability because of increased competition from economic liberalization, a sharp decline in commodity prices, a high debt burden and high interest rates in the Indian economy at the time of their financing, and other factors. This may lead to an increase in the level of our non-performing assets and there could be an adverse impact on our business, our future financial performance, our stockholders’ equity and the price of our equity shares and ADSs.

A large proportion of ICICI’s loans consisted of project finance assistance, which continues to be a part of our loan portfolio and is particularly vulnerable to completion and other risks.

Long-term project finance assistance was a significant proportion of ICICI’s asset portfolio and continues to be a part of our loan portfolio. The viability of these projects and other projects that we may finance in future depends upon a number of factors, including market demand, government policies and the overall economic environment in India and the international markets. These projects are particularly vulnerable to a variety of risks, including completion risk and counterparty risk, which could adversely impact their ability to generate revenues. We cannot be sure that these projects will perform as anticipated. In the past, we experienced a high level of default and restructuring in our project finance loan portfolio as a result of the downturn in certain global commodity markets and increased competition in India. Future project finance losses or high levels of loan restructuring could have a materially adverse effect on our profitability and the quality of our loan portfolio.

The failure of our restructured loans to perform as expected or a significant increase in the level of restructured loans in our portfolio could affect our business.

Our standard assets include restructured standard loans. See "Business — Classification of Loans — Restructured Loans". Our borrowers' requirements to restructure their loans arose due to several factors, including increased competition arising from economic liberalization in India, variable industrial growth, a sharp decline in commodity prices, the high level of debt in the financing of projects and capital structures of companies in India and the high interest rates in the Indian economy during the period in which a large number of projects contracted their borrowings. These factors reduced profitability for certain of our borrowers and also resulted in the restructuring of certain Indian companies in sectors including petroleum, refining and petrochemicals, iron and steel, textiles and cement. The failure of these borrowers to perform as expected or a significant increase in the level of restructured assets in our portfolio could adversely affect our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

We have a high concentration of loans to certain customers and sectors and if a substantial portion of these loans become non performing, the overall quality of our loan portfolio, our business and the price of our equity shares and ADSs could be adversely affected.

Our loan portfolio and non-performing asset portfolio have a high concentration in certain customers. See "Business — Loan Portfolio — Loan Concentration". In the past, certain of our borrowers have been adversely affected by economic conditions in varying degrees. Credit losses due to financial difficulties of these borrowers/ borrower groups in the future could adversely affect our business, our financial performance, our stockholders' equity and the price of our equity shares and ADSs.

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

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. Our financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or other information that is materially misleading.

Our inability to manage credit, market and liquidity risk may have an adverse effect on our financial performance, our credit ratings and our cost of funds.

To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Our balance sheet growth will be dependent upon economic conditions, as well as upon our ability to securitize, sell, purchase or syndicate particular loans or loan portfolios.

Our trading revenues and interest rate risk are dependent upon our ability to properly identify, and mark to market, changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of migrations in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. See also "—Further deterioration of our non-performing asset portfolio and an inability to improve our provisioning coverage as a percentage of gross non-performing assets could adversely affect the price of our equity shares and ADSs". The successful management of credit, market and operational risk is an important consideration in managing our liquidity risk because it affects the evaluation of our credit ratings by rating agencies. Rating agencies may reduce or indicate their intention to reduce the ratings at any time. See also "—Any downgrading of India's debt rating by an international rating agency could adversely affect our business, our liquidity and the price of our equity shares and ADSs". The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in our ratings. Any reduction in our ratings (or withdrawal of ratings) may increase our borrowing costs, limit our access to capital markets and adversely affect our ability to sell or market our products, engage in business transactions, particularly longer-term and derivatives transactions, or retain our customers.

Conditions in the international and Indian debt markets may adversely impact our access to financing and liquidity. This, in turn, could reduce our liquidity and negatively impact our operating results and financial condition. For more information relating to our ratings, see "Business — Risk Management — Quantitative and Qualitative Disclosures About Market Risk — Liquidity Risk".

We are subject to legal and regulatory risk which may adversely affect our business and the price of our equity shares and ADSs.

We are subject to a wide variety of banking, insurance and financial services laws and regulations and a large number of regulatory and enforcement authorities in each of the jurisdictions in which we operate. The laws and regulations governing the banking and financial services industry have become increasingly complex governing a wide variety of issues, including interest rates, liquidity, capital adequacy, securitization, investments, ethical issues, money laundering, privacy, record keeping, and marketing and selling practices, with sometimes overlapping jurisdictional or enforcement authorities. Our insurance businesses are also subject to extensive regulation and supervisions and the Insurance Regulatory and Development Authority has the ability to impact and alter laws and regulations regarding the insurance industry, including regulations governing products, selling commissions, solvency margins and reserving, which can also lead to additional costs or restrictions on our activities.

Failure to comply with applicable regulations in various jurisdictions, including unauthorized actions by employees, representatives, agents and third parties, suspected or perceived failures and media reports, and ensuing inquiries or investigations by regulatory and enforcement authorities, has resulted, and may result in regulatory action including financial penalties and restrictions on or suspension of the related business operations.

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

In fiscal 2006, the Reserve Bank India imposed a penalty of Rs. 0.5 million (US$ 12,494) on us in connection with our role as collecting bankers in certain public offerings of equity by companies in India. The Securities and Futures Commission, Hong Kong charged us with carrying on the business of dealing in securities in Hong Kong between June 15, 2004 and March 8, 2006, without having the requisite license. The Eastern Magistrate’s Court, Hong Kong, on April 10, 2007 fined us a sum of HKD 40,000 and further ordered us to reimburse investigation costs to the Securities and Futures Commission. We have paid these amounts.

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

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

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

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

The assumptions we make in assessing our life insurance reserves may differ from what we experience in the future. We derive our life insurance reserves using "best estimate" actuarial policies and assumptions. These assumptions include the assessment of the long-term development of interest rates, investment returns, the allocation of investments between equity, fixed income and other categories, mortality and morbidity rates, policyholder lapses and future expense levels. We monitor our actual experience of these assumptions and to the extent that we consider that this experience will continue in the longer term, we refine our long-term assumptions. Changes in any such assumptions may lead to changes in the estimates of life and health insurance reserves.

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

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

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

Established loss reserves estimates are periodically adjusted in the ordinary course of settlement, using the most current information available to management, and any adjustments resulting from changes in reserve estimates are reflected in current results of operations. We also conduct reviews of various lines of business to consider the adequacy of reserve levels. Based on current information available to us and on the basis of our internal procedures, our management considers that these reserves are adequate at year-end fiscal 2008. However, because the establishment of reserves for loss and loss adjustment expenses is an inherently uncertain process, there can be no assurance that ultimate losses will not materially exceed the established reserves for loss and loss adjustment expenses and have a material adverse effect on our results of operations.

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

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

Although we monitor our overall exposure to catastrophes and other unpredictable events in each geographic region and determine our underwriting limits related to insurance coverage for losses from catastrophic events, we generally seek to reduce our exposure through the purchase of reinsurance, selective underwriting practices and by monitoring risk accumulation. Claims relating to catastrophes may result in unusually high levels of losses and could have a material adverse effect on our financial position or results of operations.

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

We, like all financial institutions, are exposed to many types of operational risk, including the risk of fraud or other misconduct by employees or outsiders, e.g. unauthorized transactions by employees and third parties (including violation of regulations for prevention of corrupt practices and other regulations governing our business activities), the marketing to customers of products that are inappropriate and either expose the customer to risks that are inappropriate for the customer or create the expectation of returns that are not assured and do not materialize (so-called mis-selling or unsuitability), misreporting or non-reporting with respect to statutory, legal or regulatory reporting and disclosure obligations, or operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. Our rapid growth, particularly in the rural initiative, international arena and insurance businesses exposes us to additional operational and control risks. The increasing size of our treasury operations, which use automated control and recording systems as well as manual checks and record keeping, exposes us to the risk of errors in control and record keeping. We use direct marketing associates for marketing our retail credit products. We also outsource some functions, like collections, to other agencies. Given our high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. In addition, our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect. We may also be subject to disruptions of our operating systems, arising from events that are wholly or partially beyond our control (including, for example, computer viruses or electrical or telecommunication outages), which may give rise to a deterioration in customer service and to loss or liability to us. We are further exposed to the risk that external vendors may be unable to fulfill their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees as are we), and to the risk that its (or its vendors') business continuity and data security systems prove not to be sufficiently adequate. We also face the risk that the design of our controls and procedures prove inadequate, or are circumvented, thereby causing delays in detection or errors in information. Although we maintain a system of controls designed to keep operational risk at appropriate levels, like all banks and insurance companies we have suffered losses from operational risk and there can be no assurance that we will not suffer losses from operational risks in the future that may be material in amount, and our reputation could be adversely affected by the occurrence of any such events involving our employees, customers or third parties. For a discussion of how operational risk is managed, see "Business — Risk Management — Operational Risk".

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

Our business operations are based on a high volume of transactions. Although we take adequate measures to safeguard against system-related and other fraud, there can be no assurance that we would be able to prevent fraud. Our reputation could be adversely affected by fraud committed by employees, customers or outsiders. Our rural initiative, our rapid international growth and our expansion to new product lines such as insurance may create additional challenges with respect to managing the risk of frauds due to the increased geographical dispersion and use of intermediaries. See "Operating and Financial Review and Prospects Provisions for Non-performing Assets and Restructured Loans" and "Business Risk Management Operational Risk". Physical or electronic break-ins, security breaches, other disruptive problems caused by our increased use of the Internet or power disruptions could also affect the security of information stored in and transmitted through our computer systems and network infrastructure. Although we have implemented technology security and operational procedures to prevent such occurrences, there can be no assurance that these security measures will be successful. A significant failure in

security measures could have a material adverse effect on our business, our future financial performance, our stockholders' equity and the price of our equity shares and ADSs.

System failures could adversely impact our business.

Given the increasing share of retail products and services and transaction banking services in our total business, the importance of systems technology to our business has increased significantly. Our principal delivery channels include ATMs, call centers and the Internet. We have recently launched delivery of banking services through mobile telephones. Any failure in our systems, particularly for retail products and services, transaction banking and treasury operations, could significantly affect our operations and the quality of our customer service and could result in business and financial losses and adversely affect the price of our equity shares and ADSs.

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

We have been assessed a significant amount in additional taxes by the government of India’s tax authorities in excess of our provisions. See “Business — Legal and Regulatory Proceedings”. We have appealed all of these demands. While we expect that no additional liability will arise out of these disputed demands, there can be no assurance that these matters will be settled in our favor or that no further liability will arise out of these demands. Any additional tax liability may adversely impact our financial performance and the price of our equity shares and ADSs.

We are involved in various litigations. Any final judgment awarding material damages against us could have a material adverse impact on our future financial performance, our stockholders’ equity and the price of our equity shares and ADSs.

We and our group companies, and our and their directors and officers, are often involved in litigations (both civil and criminal) for a variety of reasons, which generally arise because we seek to recover our dues from borrowers or because customers seek claims against us. The majority of these cases arise in the normal course and we believe, based on the facts of the cases and consultation with counsel, that these cases generally do not involve the risk of a material adverse impact on our financial performance or stockholders’ equity. Where we assess that there is a probable risk of loss, it is our policy to make provisions for the loss. However, we do not make provisions or disclosures in our financial statements where our assessment is that the risk is insignificant. See “Business —Legal and Regulatory Proceedings”. We cannot guarantee that the judgments in any of the litigation in which we are involved would be favorable to us and if our assessment of the risk changes, our view on provisions will also change.

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

Our business is growing more complex with both product line expansion into the insurance area and geographic expansion internationally and via the rural initiatives. This complexity is happening at the same time as a developing shortage of skilled management talent both at the highest levels and among middle management and young professionals in India due to the rapid growth and globalization of the Indian economy. Our continued success depends in part on the continued service of key members of our management team and our ability to continue to attract, train, motivate and retain highly qualified professionals is a key element of our strategy and we believe it to be a significant source of competitive advantage. The successful implementation of our growth strategy depends on the availability of skilled management, both at our head office and at each of our business units and international locations and on our ability to attract and train young professionals. If we or one of our business units or other functions fail to staff their operations appropriately, or lose one or more of our key senior executives or qualified young professionals and fail to replace them in a satisfactory and timely manner, our business, financial condition and results of operations, including our control and operational risks, may be adversely affected. Likewise, if we fail to attract and appropriately train, motivate and retain young professionals or other talent, our business may likewise be affected. See “Business — Employees”.

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If we are required to change our accounting policies with respect to the expensing of stock options, our earnings could be adversely affected.

Under Indian GAAP, we currently deduct the expense for employee stock option grants from our income based on the intrinsic value method and not on the fair value method. Had compensation costs for our employee stock options been determined in a manner consistent with the fair value approach, our profit after tax for fiscal 2008 as reported would have been reduced to the pro forma amount of Rs. 40.3 billion (US$ 1,007 million) from Rs. 41.6 billion (US$ 1,039 million) and for fiscal 2007 to Rs. 30.3 billion (US$ 757 million) from Rs. 31.1 billion (US$ 777 million).

Risks Relating to the ADSs and Equity Shares

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

Our ADS holders have no voting rights unlike holders of our equity shares who have voting rights. For certain information regarding the voting rights of the equity shares underlying our ADSs, see “Business — Shareholding Structure and Relationship with the government of India”. If you wish, you may withdraw the equity shares underlying your ADSs and seek to exercise your voting rights under the equity shares you obtain from the withdrawal. However, for foreign investors, this withdrawal process may be subject to delays and is subject to a cap of 49% on the total shareholding of foreign institutional investors and non-resident Indians in us. For a discussion of the legal restrictions triggered by a withdrawal of the equity shares from the depositary facility upon surrender of ADSs, see “Restriction on Foreign Ownership of Indian Securities”.

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

In fiscal 2008, we concluded a capital raising exercise comprising a public offering in India and an ADS offering aggregating Rs. 199.7 billion (US$ 5.0 billion). We may conduct additional equity offerings to fund the growth of our business, including our international operations, our insurance business or our other subsidiaries. In addition, up to 5.0% of our issued equity shares from time to time, may be granted in accordance with our Employee Stock Option Scheme. Any future issuance of equity shares or ADSs or exercise of employee stock options would dilute the positions of investors in equity shares and ADSs and could adversely affect the market price of our equity shares and ADSs.

You may be unable to exercise preemptive rights available to other shareholders.

A company incorporated in India must offer its holders of equity shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless these rights have been waived by at least 75.0% of the company’s shareholders present and voting at a shareholders’ general meeting. United States investors in ADSs may be unable to exercise these preemptive rights for equity shares underlying ADSs unless a registration statement under the Securities Act of 1933, as amended (the “Securities Act”) is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. Our decision to file a registration statement will depend on the costs and potential liabilities associated with any such registration as well as the perceived benefits of enabling investors in ADSs to exercise their preemptive rights and any other factors we consider appropriate at such time. To the extent that investors in ADSs are unable to exercise preemptive rights, their proportional ownership interests in us would be reduced.

Your ability to sell in India any equity shares withdrawn from the depositary facility, the conversion of rupee proceeds from such sale into a foreign currency and the repatriation of such foreign currency may be subject to delays if specific approval of the Reserve Bank of India is required.

ADS holders seeking to sell in India any equity shares withdrawn upon surrender of ADSs, convert the rupee proceeds from such sale into a foreign currency or repatriate such foreign currency may need the Reserve Bank of India's approval for each such transaction. See "Restriction on Foreign Ownership of Indian Securities". We cannot guarantee that any such approval will be obtained in a timely manner or at terms favorable to the investor. Because of possible delays in obtaining the requisite approvals, investors in equity shares may be prevented from realizing gains during periods of price increases or limiting losses during periods of price declines.

Restrictions on deposit of equity shares in the depositary facility could adversely affect the price of our ADSs.

Under current Indian regulations, an ADS holder who surrenders ADSs and withdraws equity shares may deposit those equity shares again in the depositary facility in exchange for ADSs. An investor who has purchased equity shares in the Indian market may also deposit those equity shares in the ADS program. However, the deposit of equity shares may be subject to securities law restrictions and the restriction that the cumulative aggregate number of equity shares that can be deposited as of any time cannot exceed the cumulative aggregate number represented by ADSs converted into underlying equity shares as of such time. These restrictions increase the risk that the market price of our ADSs will be below that of the equity shares.

Certain shareholders own a large percentage of our equity shares and their actions could adversely affect the price of our equity shares and ADSs.

Life Insurance Corporation of India, General Insurance Corporation of India and public sector general insurance companies, each of which is directly controlled by the Indian government, are among our principal shareholders. See "Business — Shareholding Structure and Relationship with the government of India". Our other large shareholders include Allamanda Investments Pte. Limited, a subsidiary of Temasek Holdings Pte. Limited and Bajaj Auto Limited, an Indian private sector company. Any substantial sale of our equity shares by these or other large shareholders could adversely affect the price of our equity shares and ADSs.

Conditions in the Indian securities market may adversely affect the price or liquidity of our equity shares and ADSs.

The Indian securities markets are smaller and more volatile than securities markets in developed economies. In the past, the Indian stock exchanges have experienced high volatility and other problems that have affected the market price and liquidity of the listed securities, including temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In April 2003, the decline in the price of the equity shares of a leading Indian software company created volatility in the Indian stock markets and created temporary concerns regarding our exposure to the equity markets. On May 17, 2004, the Bombay Stock Exchange Sensex fell by 565 points from 5,070 to 4,505, creating temporary concerns regarding our exposure to the equity markets. Both the BSE and the National Stock Exchange (the "NSE") halted trading on the exchanges on May 17, 2004 in view of the sharp fall in prices of securities. The Indian securities markets experienced rapid appreciation during fiscal 2006 but underwent a sharp correction in May 2006. The markets experienced a recovery thereafter and the BSE Sensex reached an all time high of 20,873 on January 8, 2008 but have subsequently experienced a sharp correction since January 2008, with the BSE Sensex at 13,570 on September 23, 2008. In recent years, there have been changes in laws and regulations for the taxation of dividend income, which have impacted the Indian equity capital markets. See "Dividends". Similar problems or changes in the future could adversely affect the market price and liquidity of our equity shares and ADSs.

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

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

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

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

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

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

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

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

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

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

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BUSINESS

Overview

We offer products and services in the areas of commercial banking to retail and corporate customers (both domestic and international), treasury and investment banking and other products like insurance and asset management. In fiscal 2008, we made a net profit of Rs. 34.0 billion (US$ 850 million) compared to a net profit of Rs. 27.6 billion (US$ 690 million) in fiscal 2007. At year-end fiscal 2008, we had assets of Rs. 4,856.0 billion (US$ 121.3 billion) and a net worth of Rs. 447.2 billion (US$ 11.2 billion). At year-end fiscal 2008, ICICI Bank was the second-largest bank in India and the largest bank in the private sector in terms of total assets and net worth.

Our commercial banking operations for retail customers consist of retail lending and deposits, distribution of third party investment products and other fee-based products and services, as well as issuance of unsecured redeemable bonds. We provide a range of commercial banking and project finance products and services, including loan products, fee and commission-based products and services, deposits and foreign exchange and derivatives products to India's leading corporations, growth-oriented middle market companies and small and medium enterprises. In addition to foreign exchange and derivatives products for our customers, our treasury operations include maintenance and management of regulatory reserves and proprietary trading in equity and fixed income. We also offer agricultural and rural banking products.

We believe that the international markets present a growth opportunity and have, therefore, expanded the range of our commercial and retail banking products internationally, with a focus on persons of Indian origin and Indian businesses. We currently have subsidiaries in Canada, Russia and the United Kingdom, branches in Bahrain, Dubai, Hong Kong, Qatar, Singapore, Sri Lanka and the United States and representative offices in Bangladesh, China, Indonesia, Malaysia, South Africa, Thailand and the United Arab Emirates. Our subsidiary in the United Kingdom has established branches in Belgium and Germany. Our international branches and subsidiaries offer debt financing and other products to our corporate customers, raise retail and wholesale funding and offer select retail banking products and services, focusing on non-resident Indians and local communities. The products and services offered in various countries differ depending on applicable local regulations.

We deliver our products and services through a variety of channels, ranging from bank branches and ATMs to call centers and the Internet. At year-end fiscal 2008, we had a network of 1,255 bank branches, 7 bank extension counters and 3,881 ATMs across several Indian states. The Sangli Bank Limited, an unlisted private sector bank with over 190 branches and extension counters merged with us effective April 19, 2007.

ICICI Securities and ICICI Securities Primary Dealership are engaged in equity underwriting and brokerage and primary dealership in government securities, respectively. ICICI Securities owns ICICIDirect.com, an online brokerage platform. Our venture capital and private equity fund management subsidiary, ICICI Venture Funds Management Company manages private equity funds that invest in a range of companies across sectors. We provide a wide range of life and general insurance and asset management products and services through our subsidiaries ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited and ICICI Prudential Asset Management Company Limited, respectively. According to data published by the Insurance Regulatory and Development Authority of India, ICICI Prudential Life Insurance Company had a retail market share of about 25.2% in new business written (on weighted received premium basis) by private sector life insurance companies and about 12.7% in new business written (on weighted received premium basis) by all life insurance companies in India during fiscal 2008. According to data published by the Insurance Regulatory and Development Authority of India, ICICI Lombard General Insurance Company Limited had a market share of about 29.8% in gross written premium among the private sector general insurance companies and 11.9% among all general insurance companies in India during fiscal 2008. ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company were the market leaders among private sector life and general insurance companies respectively in fiscal 2008. According to data published by the Association of Mutual Funds in India, ICICI Prudential Asset Management Company Limited was among the top two mutual funds in India in terms of average funds under management for March 2008 with a market share of 10.2%. We cross-sell the products of our insurance and asset management subsidiaries to our customers.

ICICI Bank's legal name is ICICI Bank Limited but we are known commercially as ICICI Bank. ICICI Bank was incorporated on January 5, 1994 under the laws of India as a limited liability corporation. The duration of ICICI Bank is unlimited. Our principal corporate office is located at ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400051, India, our telephone number is +91 22 2653 1414 and our website address is www.icicibank.com. The contents of our website are not incorporated in this annual report. Our agent for service of process in the United States is Mr. G.V.S Ramesh, Joint General Manager, ICICI Bank Limited, New York Branch, 500 Fifth Avenue, Suite 2830, New York, New York 10110.

History

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

ICICI Bank was incorporated in 1994 as a part of the ICICI group. ICICI Bank's initial equity capital was contributed 75.0% by ICICI and 25.0% by SCICI Limited, a diversified finance and shipping finance lender of which ICICI owned 19.9% at December 1996. Pursuant to the merger of SCICI into ICICI, ICICI Bank became a wholly-owned subsidiary of ICICI. ICICI's holding in ICICI Bank reduced due to additional capital raising by ICICI Bank and sale of shares by ICICI, pursuant to the requirement stipulated by the Reserve Bank of India that ICICI dilute its ownership of ICICI Bank. Effective March 10, 2001, ICICI Bank acquired Bank of Madura, an old private sector bank, in an all-stock merger.

The issue of universal banking, which in the Indian context means the conversion of long-term lending institutions such as ICICI into commercial banks, had been discussed at length over the past several years. Conversion into a bank offered ICICI the ability to accept low-cost demand deposits and offer a wider range of products and services, and greater opportunities for earning non-fund based income in the form of banking fees and commissions. ICICI Bank also considered various strategic alternatives in the context of the emerging competitive scenario in the Indian banking industry. ICICI Bank identified a large capital base and size and scale of operations as key success factors in the Indian banking industry. In view of the benefits of transformation into a bank and the Reserve Bank of India's pronouncements on universal banking, ICICI and ICICI Bank decided to merge.

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

The Sangli Bank Limited, an unlisted private sector bank merged with ICICI Bank with effect from April 19, 2007. On the date of acquisition, Sangli Bank had over 190 branches and extension counters, total assets of Rs. 17.6 billion (US$ 440 million), total deposits of Rs. 13.2 billion (US$ 330 million), total loans of Rs. 2.0 billion (US$ 50 million).

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Shareholding Structure and Relationship with the government of India

The following table sets forth, at September 5, 2008, certain information regarding the ownership of our equity shares.

	Percentage of total equity shares outstanding	Number of equity shares held
Government-controlled shareholders:		
Life Insurance Corporation of India	8.36	93,097,160
General Insurance Corporation of India and government-owned general insurance companies	3.06	33,993,701
Other government-controlled institutions, corporations and banks	0.68	7,615,412
Total government-controlled shareholders	12.10	134,706,273
Other Indian investors:		
Individual domestic investors (1) (2)	7.41	82,499,562
Indian corporate and others (1) (2)	6.61	73,533,643
Mutual funds and banks (other than government-controlled banks)	6.83	76,068,189
Total other Indian investors	20.85	232,101,394
Total Indian investors	32.95	366,807,667
Foreign investors:		
Deutsche Bank Trust Company Americas, as depositary	28.21	314,000,134
Allamanda Investments Pte Limited	7.61	84,754,268
Other foreign institutional investors, foreign banks, overseas corporate bodies and non-resident Indians (excluding Allamanda Investments Pte Limited)(1)(2)	31.23	347,618,071
Total foreign investors	67.05	746,372,473
Total	100.00	1,113,180,140

(1) Executive officers and directors as a group held about 0.4% of the equity shares as of this date.

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

In fiscal 2006, we concluded a capital raising exercise issuing 148,204,556 equity shares, raising a total of Rs. 80.0 billion (US$ 2.0 billion) through the first simultaneous public issue in India and ADS issue in the United States, with a Public Offering Without Listing of ADSs in Japan. The issue was priced at Rs. 498.75 (US$ 12.46) per share for retail investors in India, Rs. 525 (US$ 13.12) per share for other investors in the Indian offering and US$ 26.75 per ADS for ADS issue in the United States. In fiscal 2008, we concluded a capital raising exercise by issuing 208,497,102 equity shares raising a total of Rs. 199.7 billion (US$ 5.0 billion) through a simultaneous public offering in India and ADS offering in the United States. The offering was priced at Rs. 890 (US$ 22.24) per share for retail investors in India, Rs. 940 (US$ 23.49) per share for other investors in the Indian offering and US$ 49.25 per ADS.

The holding of government-controlled shareholders was 12.10% at September 5, 2008 as against 11.32% at September 7, 2007 and 12.91% at September 8, 2006. The holding of Life Insurance Corporation of India was 8.36% at September 5, 2008 against 7.14% at September 7, 2007 and 8.05% at September 8, 2006.

We operate as an autonomous and commercial enterprise, making decisions and pursuing strategies that are designed to maximize shareholder value, and the Indian government has never directly held any of our shares. We are not aware of or a party to any shareholders' agreement or voting trust relating to the ownership of the shares held by the government-controlled shareholders. We do not have any agreement with our government-controlled shareholders regarding management control, voting rights, anti-dilution or any other matter. Our Articles of Association provide that the government of India is entitled to appoint a representative to our board. The government of India has appointed one representative to our board. We invite a representative of Life Insurance Corporation of India and General Insurance Corporation of India, which are our principal domestic institutional

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shareholders, to join our board. Mr. T. S. Vijayan, Chairman of Life Insurance Corporation of India was appointed as a director effective April 30, 2005. Currently, there is no representative of General Insurance Corporation of India on our board.

The holding of other Indian investors was 20.85% at September 5, 2008 against 18.90% at September 7, 2007 and 14.06% at September 8, 2006. The total holding of Indian investors was 32.95% at September 5, 2008 against 30.21% at September 7, 2007 and 26.97% at September 8, 2006. The holding of foreign investors was 67.05% at September 5, 2008 against 69.79% at September 7, 2007 and 73.03% at September 8, 2006. See "Supervision and Regulation — Reserve Bank of India Regulations — Ownership Restrictions".

Deutsche Bank Trust Company Americas holds the equity shares represented by 158.92 million ADSs outstanding, as depositary on behalf of the holders of the ADSs. The ADSs are listed on the New York Stock Exchange. The depository has the right to vote on the equity shares represented by the ADSs, as directed by our board of directors. Under the Indian Banking Regulation Act, no person holding shares in a banking company can exercise more than 10.0% of the total voting power. This means that Deutsche Bank Trust Company Americas (as depositary), which held of record approximately 28.21% of our equity shares as of September 5, 2008 against 24.95% as of June 8, 2007 and 26.76% at June 9, 2006, could only vote 10.0% of our equity shares, in accordance with the directions of our board of directors. See "Overview of the Indian Financial Sector — Recent Structural Reforms — Proposed Amendments to the Banking Regulation Act". Except as stated above, no shareholder has differential voting rights.

Strategy

Our objective is to enhance our position as a premier provider of banking and other financial services in India and to leverage our competencies in financial services and technology to develop an international business franchise.

The key elements of our business strategy are to:

- focus on quality growth opportunities by:
  - maintaining and enhancing our strong retail and corporate franchise, including by strengthening our deposit franchise in India and overseas;
  - building an international presence;
  - building a rural banking franchise; and
  - strengthening our insurance and asset management businesses.
- emphasize appropriate risk management practices and enhance asset quality;
- use technology for competitive advantage; and
- attract and retain talented professionals.

Overview of Our Products and Services

We offer a variety of financial products and services in the areas of commercial banking, investment banking and insurance.

Commercial Banking for Retail Customers

With upward migration of household income levels, affordability and availability of retail finance and acceptance of the use of credit to finance purchases, retail credit in India is a major opportunity for banks that have the necessary skills and infrastructure to succeed in this business. While recent increases in interest rates and asset prices as well as a larger base of retail credit have resulted in moderation in growth rates, we believe that the Indian

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retail financial services market has the potential for sustained growth. The key dimensions of our retail strategy are a wide range of products, customer convenience, wide distribution, strong processes and prudent risk management. Cross-selling of the entire range of credit and investment products and banking services to our customers is a critical aspect of our retail strategy.

Our commercial banking operations for retail customers consist of retail lending and deposits, credit cards, depositary share accounts in India, distribution of third-party investment and insurance products, other fee-based products and services and issuance of unsecured redeemable bonds.

Retail Lending Activities

We offer a range of retail asset products, including home loans, automobile loans, commercial business loans (including primarily commercial vehicle loans), personal loans, credit cards, loans against time deposits and loans against securities. We also fund dealers who sell automobiles, consumer durables and commercial vehicles. We have an outstanding retail finance portfolio of Rs. 1,457.6 billion (US$ 36.4 billion) at year-end fiscal 2008. Our retail asset products are generally fixed rate products repayable in equal monthly installments with the exception of our floating rate home loan portfolio, where any change in the benchmark rate to which the rate of interest on the loan is referenced is passed on to the borrower on the first day of the succeeding quarter or month, as applicable. Any decrease in the rate of interest payable on floating rate home loans is affected by an acceleration of the repayment schedule, keeping the monthly installment amount unchanged. Any increase in the rate of interest payable on floating rate home loans is effected first by an increase of the repayment schedule, keeping the monthly installment amount unchanged, and then based on certain criteria, by increasing the monthly installment amount. During the current fiscal year, we commenced offering floating rate automobile loans in India. See also “Risk Factors —Risks Relating to Our Business — Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance”.

The following table sets forth, at the dates indicated, the composition of ICICI Bank's gross (net of write-offs) retail finance portfolio.

	At year-end fiscal 2007		At year-end fiscal 2008	
	Rs. (in billions)	US$ (in millions)	Rs. (in billions)	US$ (in millions)
Home loans (1)	Rs. 703.5	US$ 17,579	Rs. 773.7	US$ 19,333
Automobile loans	191.9	4,795	174.8	4,368
Commercial business	202.2	5,052	203.9	5,095
Personal loans	125.3	3,131	144.3	3,606
Credit card receivables	60.8	1,519	96.5	2,411
Two wheeler loans	23.3	582	29.8	745
Others(2)	57.5	1,437	34.6	865
Total	Rs. 1,364.5	US$ 34,095	Rs. 1,457.6	US$ 36,423

(1) Includes developer financing (Rs. 27.8 billion (US$ 695 million) at year-end fiscal 2008).
(2) Includes dealer funding (Rs. 24.1 billion (US$ 602 million) at year-end fiscal 2008).

The proportion of unsecured personal loans and credit card receivables in the total retail portfolio increased from 13.6% at year-end fiscal 2007 to 16.5% at year-end fiscal 2008. At year-end fiscal 2008 our retail finance portfolio included Rs. 17.5 billion (US$ 437 million) in micro banking loans. These loans are in the nature of small ticket advances primarily to low income urban customers. We discontinued this product during fiscal 2008, following higher than anticipated credit losses and difficulties in collection of dues experienced in this segment.

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We offer retail lending products primarily in India through ICICI Bank and its wholly owned subsidiary, ICICI Home Finance Company Limited. We also undertake retail lending activities to a limited extent in certain of our international branches and subsidiaries.

Lending to Small Enterprises

We are seeking to extend our reach to the growing small enterprises sector through segmented offerings. We provide supply chain financing, including financing of selected customers of our corporate clients. We also provide financing on a cluster-based approach that is financing of small enterprises that have a homogeneous profile such as apparel manufacturers, auto ancillaries, pharmaceuticals and gems & jewellery. We have launched smart business loans in India to meet the working capital needs of small businesses. The funding under this facility is unsecured and the loan amount varies from Rs. 0.2 million (US$ 4,998) to Rs. 2.5 million (US$ 62,469) per customer. We also provide term loans to small businesses generally for a period of up to 60 months.

Retail Deposits

Our retail deposit products include time deposits and savings accounts. We also offer targeted products to specific customer segments such as high net worth individuals, defense personnel, trusts and businessmen, and have corporate salary account products. We offer current account (i.e. checking accounts for businesses) products to our small enterprise clients, who maintain balances with us. Further, we offer an international debit card in association with VISA International. At year-end fiscal 2008, we had a debit card base of about 13.3 million cards. We offer current account products to our small and medium enterprise customers.

We are currently placing enhanced emphasis on increasing our current and savings account deposit base and improving the proportion of current and savings accounts in our total deposits. Expansion of our branch network in India is a critical element of this strategy. During fiscal 2008, we added 358 branches (excluding 190 branches added pursuant to the acquisition of Sangli Bank). While our overall deposit growth has moderated significantly in fiscal 2008 as we reduced our wholesale deposits, our current and savings account deposits have increased.

For a description of the Reserve Bank of India's regulations applicable to deposits in India and required deposit insurance, see "Regulations and Policies — Regulations Relating to Deposits" and "Regulations and Policies — Deposit Insurance". For more information on the type, cost and maturity profile of our deposits, see "—Funding".

Bond Issues

We offer retail liability products in the form of a variety of unsecured redeemable bonds. The Reserve Bank of India has prescribed limits for issuance of bonds by banks. During fiscal 2008, we raised Rs. 10.0 billion (US$ 250 million) through public issue of bonds. While we expect that deposits will continue to be our primary source of funding, we may conduct bond issues in the future.

Other Fee-Based Products and Services

Through our distribution network, we distribute government of India savings bonds, insurance policies from ICICI Prudential Life Insurance Company and ICICI Lombard General Insurance Company and public offerings of equity shares by Indian companies. We also distribute a variety of mutual fund products from ICICI Prudential Asset Management Company and other select mutual funds in India. We also levy services charges on deposit accounts. We offer fee-based products and services including foreign exchange products, documentary credits and guarantees to small and medium enterprises.

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

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Commercial Banking for Corporate Customers

We provide a range of commercial banking products and services to India's leading corporations and growth-oriented middle market companies, including loan products, fee and commission-based products and services, deposits and foreign exchange and derivatives products. We serve our corporate clients through relationship teams structured on a geographical basis, which are supported by dedicated teams for credit and transaction banking. The Global Investment Banking Group and the Global Project Finance Group focus on origination and execution of investment banking and project finance mandates. The Trade and Cash Management Group focuses on transaction banking, product development and sales. The Global Markets Group provides foreign exchange and other treasury products to corporate as well as small enterprise clients.

Corporate Loan Portfolio

Our corporate loan portfolio consists of project and corporate finance (including structured finance and cross border acquisition financing) and working capital financing. This includes loans advanced by our international branches and subsidiaries, which are primarily to Indian companies or their overseas operations. For further details on our loan portfolio, see "—Loan Portfolio — Loan Concentration". For a description of our credit rating and approval system, see "— Ri Management — Credit Risk — Credit Risk Assessment Procedures for Corporate Loans".

Our project finance business consists principally of extending medium-term and long-term rupee and foreign currency loans to the manufacturing and infrastructure sectors. We also provide financing by way of investment in marketable instruments such as fixed rate and floating rate debentures. We generally have a security interest and first charge on the fixed assets of the borrower. We also focus on the application of securitization techniques to credit enhance our traditional lending products.

Our working capital financing consists mainly of cash credit facilities and bill discounting. For more details on our credit risk procedures, see "— Risk Management — Credit Risk".

Fee and Commission-Based Activities

We generate fee income from our syndication, securitization and project financing activities. We seek to leverage our project financing and structuring and our relationships with companies and financial institutions and banks to earn fee incomes from structuring and syndication. We also seek to leverage our international presence to earn fee income from structuring and financing of overseas acquisitions by Indian companies.

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

We also offer cash management services (such as collection, payment and remittance services), escrow, trust and retention account facilities, online payment facilities, custodial services and tax collection services on behalf of the government of India and the governments of Indian states. We also offer custodial services to clients. At year-end fiscal 2008, total assets held in custody on behalf of our clients (mainly foreign institutional investors, offshore funds, overseas corporate bodies and depositary banks for GDR investors) were Rs. 1,176.0 billion (US$ 29.4 billion). As a registered depositary participant of National Securities Depository Limited and Central Depository Services (India) Limited, the two securities depositaries operating in India, we also provide electronic depositary facilities to investors.

Corporate Deposits

We offer a variety of deposit products to our corporate customers including current accounts, time deposits and certificates of deposits. For more information on the type, cost and maturity profile of our deposits, see “—Funding”.

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Foreign Exchange and Derivatives

We provide customer specific products and services which cater to risk hedging needs of corporates at domestic and international locations, arising out of currency and interest rate fluctuations. Our Global Markets Group designs these products and generally covers the risk in the inter-bank market.

The products and services offered include:

Foreign exchange products

These products include spot, cash and forward transactions which enable customers to hedge the risks arising out of currency rate fluctuation based on their underlying exposure in a particular currency. These products are offered without any value restrictions. We provide remittance facility to retail customers.

Foreign exchange and interest rate derivatives

These include products like options and swaps, which are derived from the foreign exchange market or the interest rate market. They are tailor made products designed to meet specific risk hedging requirements of the customer.

Bullion and commodities

We deal in precious metals and offer various products to customers such as on spot sales or consignment basis, gold forwards for price risk hedging, gold loans and import of coins for sale through retail branches in India.

Our risk management products are offered to clients according to internal guidelines as set by the management. We also hedge our own exchange rate and commodity risk related to these products from banking counterparties. We earn fee income on these products and services from our customers.

Our international branches and banking subsidiaries invest in credit derivatives, including credit default swaps (CDS), credit linked notes (CLN) and collateralized debt obligations (CDO). At year-end fiscal 2008, the outstanding investment in credit derivatives comprised Rs. 27,068 million (US$ 676 million) in funded instruments and Rs. 58,598 million (US$ 1,464 million) of notional principal amount in unfunded instruments. About two-thirds of this portfolio represents underlying exposure to Indian corporates and the remaining to international corporates and banks. The exposures through these derivatives are governed by investment policies which lay down the position limits and other risk limits.

Commercial Banking for Rural and Agricultural Customers

We believe that rural India offers a major growth opportunity for financial services and have identified this as a key focus area. The Reserve Bank of India’s directed lending norms require us to lend a portion of our advances to the rural and agricultural sector. See “— Loan Portfolio — Directed Lending”. Rural banking presents significant challenges in terms of geographical coverage and high unit transaction costs. See also “Risk Factors — Risks Relating to our Business— our rapid retail expansion in India and our rural initiative expose us to increase risks that may adversely affect our business.” Our rural banking strategy seeks to adopt a holistic approach to the financial needs of various segments of the rural population, by delivering a comprehensive product suite encompassing credit, transaction banking, deposit, investment and insurance. We provide corporate banking products and services to corporate clients engaged in agriculture-linked businesses. We are seeking to grow our rural individual and household lending portfolio by developing and scaling up credit products to various segments of the rural population, whether engaged in agriculture or other economic activity. Our rural credit products for individuals and households include loans to farmers for cultivation, post-harvest financing against warehouse receipts, loans for purchase of tractors, working capital for trading and small enterprises, loans against jewellery and micro-finance loans for various purposes. We are seeking to rollout our rural strategy and reach out to rural customers through partnerships with micro-finance institutions and companies active in rural areas. Our rural delivery channels also include branches, third-party kiosks and franchisees.

Commercial Banking for International Customers

We believe that the international markets present a major growth opportunity and have, therefore, expanded the range of our commercial banking products internationally, focusing on customers of Indian origin. Our strategy for growth in international markets is based on leveraging home country links, technology and infrastructure for international expansion by capturing market share in select international markets. We have identified North America, the United Kingdom and Western Europe, Russia, the Middle-East and South-East Asia as the key regions for establishing our international presence. The initial focus areas are supporting Indian companies in raising corporate and project finance for their investments abroad as well as foreign currency financing for their investments in India, trade finance, personal financial services for non-resident Indians and development of a retail deposit franchise using the internet, branch and broker channels. We have over the last few years built a large network of correspondent relationships with international banks across all major countries. Most of these countries have significant trade and other relationships with India.

Our organization structure for international operations comprises the International Retail Banking Group, the International Financial Institutions Group and the geographic regions of Africa and Asia, Europe, North America, the Middle-East and Russia. The International Retail Banking Group is jointly responsible with the regions for retail banking products and services across markets. It currently focuses primarily on products and services for non-resident Indians and direct banking clients. In Canada, the United Kingdom and Germany, we have launched direct banking offerings using the internet as the access channel. Through our branches and subsidiaries, we also deliver products and services to our corporate clients. We leverage our international presence to offer debt financing and other services to our corporate customers.

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

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

- Money2India remittance services: According to data published by the Reserve Bank of India, the aggregate private transfers to India during fiscal 2008 were US$ 42.6 billion. To facilitate easy transfer of funds to India, we offer a suite of online as well as offline money transfer products, including through our website www.money2India.com. These innovative, cost effective and convenient products enable non-resident Indians to send money to any receiver in India with a wide choice of delivery channels such as electronic transfers into accounts with over 43,000 bank branches.

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

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

- Offshore banking deposits: multi-currency deposit products in US dollar, pound sterling and euro.
- Foreign currency non-resident deposits: deposits offered in four main currencies—US dollar, pound sterling, euro and yen.
- Non-resident external fixed deposits: deposits maintained in Indian rupees.

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- Non-resident external savings account: savings accounts maintained in Indian rupees.
- Non-resident ordinary savings accounts and non-resident ordinary fixed deposits.

Since August 2007, the global financial system has experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency on interbank lending rates. In the United States (where this particular crisis originated), the government has been forced to bail out leading financial institutions and others have sought additional capital. The volatility caused by concerns over sub-prime debt in the United States has resulted in mark-to-market and realized losses on our investment and derivative portfolios, constrained our international debt capital market borrowings and increased our cost of funding. In September 2008, global financial markets deteriorated sharply following the bankruptcy filing by Lehman Brothers, the developments with respect to other large United States institutions that have required federal government support, heightened concerns regarding the liquidity and solvency of other institutions in the United States and elsewhere, and credit rating downgrades of certain institutions. This has resulted in widening and extreme volatility in credit spreads of financial institutions. The financial sector and global financial markets are undergoing rapid change, whose ultimate consequences and impact on our business are currently unclear. See "Risk Factors Risks Relating to India and Other Economic and Market Risks —Like all financial institutions, we are vulnerable to episodes of financial instability in India and in other countries which could adversely affect our business and the price of our equity shares and ADS" and "Risk Factors — Risks Relating to our Business — We have experienced rapid international growth in the last three years which has increased the complexity of the risks that we face."

Delivery Channels

We deliver our products and services through a variety of channels, ranging from traditional bank branches to ATMs, call centers and the Internet. We also have direct marketing agents or associates, who deliver our retail credit products. These agents help us achieve deeper penetration by offering doorstep service to the customer.

At year-end fiscal 2008, we had a network of 1,255 branches and 7 extension counters across several Indian states. Extension counters are small offices primarily within office buildings or on factory premises that provide commercial banking services. At August 31, 2008 we had a network of 1396 branches across several Indian states.

As a part of its branch licensing conditions, the Reserve Bank of India has stipulated that at least 25.0% of our branches must be located in semi-urban and rural areas. The following table sets forth the number of branches broken down by area at year-end fiscal 2008.

	At March 31, 2008	
	Number of branches and extension counters	% of total
Metropolitan/urban	732	58%
Semi-urban/rural	530	42%
Total branches and extension counters	1,262	100.0%

At year-end fiscal 2008, we had 3,881 ATMs, of which 1,433 were located at our branches and extension counters. Through our website www.icicibank.com, we offer our customers online access to account information, payment and fund transfer facilities and internet banking business for our corporate clients. We provide telephone banking services through our call center. At year-end fiscal 2008, our call centers in India had over 6,375 workstations. We offer mobile phone banking services to our customers using any cellular telephone service operator in India.

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Investment Banking

Our investment banking operations principally consist of ICICI Bank's treasury operations and the operations of ICICI Securities Primary Dealership Limited and ICICI Securities Limited.

Treasury

Through our treasury operations at domestic and foreign locations, we seek to manage our balance sheet, including the maintenance of required regulatory reserves, and to optimize profits from our trading portfolio by taking advantage of market opportunities. Our domestic trading and securities portfolio includes our regulatory reserve portfolio, as there is no restriction on active management of our regulatory reserve portfolio. Our treasury operations include a range of products and services for corporate customers, such as forward contracts and interest rate and currency swaps, and foreign exchange products and services. See "— Commercial Banking for Corporate Customers — Foreign Exchange and Derivatives".

Our domestic treasury undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the cash reserve ratio requirement. The objective is to ensure the smooth functioning of all our branches and at the same time avoid holding excessive cash. We maintain a balance between interest-earning liquid assets and cash to optimize earnings and undertake reserve management by maintaining statutory reserves, including the cash reserve ratio and the statutory liquidity ratio. Under the Reserve Bank of India's statutory liquidity ratio requirement, ICICI Bank is required to maintain a minimum of 25.0% of its net demand and time liabilities by way of approved securities, such as government of India securities and state government securities. See "Supervision and Regulation — Legal Reserve Requirements — Statutory Liquidity Ratio." ICICI Bank maintains the statutory liquidity ratio through a portfolio of government of India securities that it actively manages to optimize the yield and benefit from price movements.

Further, we engage in domestic and foreign exchange operations. As part of our treasury activities, we also maintain proprietary trading portfolios in domestic debt and equity securities and in foreign currency assets. Our treasury manages our foreign currency exposures and the foreign exchange and risk hedging derivative products offered to our customers and engages in proprietary trading of currencies. Our investment and market risk policies are approved by the Risk Committee and the Asset Liability Management Committee.

ICICI Bank's domestic investment portfolio is classified into three categories - held to maturity, available for sale and held for trading. Investments acquired with the intention to hold them up to maturity are classified as held to maturity subject to the extant regulation issued by the Reserve Bank of India. Investments acquired by us with the intention to trade by taking advantage of the short-term price/interest rate movements are classified as held for trading. The investments which do not fall in the above two categories are classified as available for sale. Investments under the held for trading category should be sold within 90 days; in the event of inability to sell due to adverse factors including tight liquidity, extreme volatility or a unidirectional movement in the market, the unsold securities should be shifted to the available for sale category. Under each category the investments are classified under (a) government securities (b) other approved securities (c) shares (d) bonds and debentures (e) subsidiaries and joint ventures and (f) others. Investments classified under the held to maturity category are not marked to market and are carried at acquisition cost, unless the acquisition cost is more than the face value, in which case the premium is amortized over the period till maturities of such securities. At year-end fiscal 2008, 77.3% of ICICI Bank's government securities portfolio was in the held to maturity category. The individual securities in the available for sale category are marked to market. Investments under this category are valued security-wise and depreciation / appreciation is aggregated for each classification. Net depreciation, if any, is provided for. Net appreciation, if any, is ignored. The individual securities in the held for trading category are marked to market as in the case of those in the available for sale category.

The following table sets forth, for the periods indicated, the composition of our total trading portfolio.

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	At March 31(1)			
	2006	2007	2008	2008
	(in millions)			
Government securities	Rs. 16,806	Rs. 30,070	Rs. 77,382	US$ 1,934
Securities purchased under agreement to resell	40,000	1,057	-	-
Bonds and debentures(2)	18,247	60,149	76,095	1,901
Equity shares	6,232	5,688	6,541	163
Mutual funds	35,624	34,447	29,067	726
Total	Rs. 116,909	Rs. 131,411	Rs. 189,085	US$ 4,724

(1) Excludes assets held to cover linked liabilities of our life insurance business amounting to Rs. 250.2 billion (US$ 6.3 billion) for fiscal 2008, Rs. 130.1 billion (US$ 3.3 billion) for fiscal 2007 and Rs. 70.8 billion (US$ 1.8 billion) for fiscal 2006.
(2) Includes mortgage backed securities.

The following table sets forth, for the periods indicated, certain information related to interest and dividends on our trading portfolio, net gain from the sale of trading investments and gross unrealized gain/(loss) on the trading portfolio.

	Year ended March 31,			
	2006	2007	2008	2008
	(in millions)			
Interest and dividends on trading portfolio	Rs. 3,137	Rs. 7,402	Rs. 12,115	US$ 303
Gain on sale of trading portfolio	1,979	676	2,522	63
Unrealized gain/(loss) on trading portfolio	(162)	(86)	(5,357)	(134)
Total	Rs. 4,954	Rs. 7,992	Rs. 9,280	US$ 232

In addition to our trading portfolio, we also hold available for sale investments. The following tables set forth, at the dates indicated, certain information related to our available for sale investments portfolio.

	At March 31, 2006			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
	(in millions)			
Corporate debt securities	Rs. 34,424	Rs. 238	Rs. (502)	Rs. 34,160
Government securities	116,024	-	-	116,024
Other securities(1)	12,947	22	(19)	12,950
Total debt securities	163,395	260	(521)	163,134
Equity shares	23,056	7,024	(1,191)	28,889
Other investments(2)	63,460	3,833	(1,090)	66,203
Total	Rs. 249,911	Rs. 11,117	Rs. (2,802)	Rs. 258,226

(1) Includes credit linked notes.
(2) Includes preference shares, mutual fund units, venture fund units, security receipts and pass through certificates.

	At March 31, 2007
	Fair value

	Amortized cost	Gross unrealized gain	Gross unrealized loss	
		(in millions)		
Corporate debt securities	Rs. 87,166	Rs. 305	Rs. (1,012)	Rs. 86,459
Government securities	167,670	4	(48)	167,626
Other securities(1)	77,650	596	(463)	77,783
Total debt securities	332,486	905	(1,523)	331,868
Equity shares	24,604	12,659	(2,147)	35,116
Other investments(2)	42,346	2,854	(945)	44,255
Total	Rs. 399,436	Rs. 16,418	Rs. (4,615)	Rs. 411,239

(1) Includes credit linked notes.

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

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	At March 31, 2008			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
	(in millions)			
Corporate debt securities	Rs. 148,950	Rs. 100	Rs. (6,280)	Rs. 142,771
Government securities	111,590	262	(315)	111,537
Other securities(1)	93,278	1,102	(898)	93,481
Total debt investments	353,818	1,464	(7,493)	347,789
Equity shares	32,511	7,767	(6,219)	34,059
Other investments(2)	104,700	1,957	(3,414)	103,243
Total	Rs. 491,029	Rs. 11,188	Rs. (17,126)	Rs. 485,091

(1) Includes credit linked notes.
(2) Includes preference shares, mutual fund units, venture fund units, security receipts and pass through certificates.

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

	Year ended March 31,			
	2006	2007	2008	2008
	(in millions)			
Interest	Rs. 6,970	Rs. 14,976	Rs. 14,073	US$ 352
Dividend	1,746	2,749	4,500	112
Total	Rs. 8,716	Rs. 17,725	Rs. 18,573	US$ 464
Gross realized gain	Rs. 9,509	Rs. 14,045	Rs. 27,816	695
Gross realized loss	(1,258)	(4,634)	(1,773)	(44)
Total	Rs. 8,251	Rs. 9,411	Rs. 26,043	US$ 651

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

	At March 31, 2008							
	Up to one year		One to five years		Five to ten years		More than ten years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(in millions, except percentages)							
Corporate debt securities	Rs. 7,398	7.0%	Rs. 87,894	5.3%	Rs. 26,483	5.6%	Rs. 27,175	6.0%
Government of India securities	49,154	7.9%	52,793	8.8%	5,297	7.8%	4,347	8.2%
Other securities	40,555	11.2%	43,464	9.7%	2,505	8.8%	6,754	8.0%
Total amortized cost of interest-earning securities(1)	Rs. 97,107	9.2%	Rs. 184,151	7.3%	Rs. 34,285	6.1%	Rs. 38,276	6.6%
Total fair value	Rs. 97,044		Rs. 183,007		Rs. 32,231		Rs. 35,506	

(1) Includes securities denominated in different currencies.

The amortized cost of our held to maturity portfolio amounted to Rs. 679.0 billion (US$ 17.0 billion) at year-end fiscal 2008 (Rs. 544.3 billion (US$ 13.6 billion) at year-end fiscal 2007 and Rs. 417.5 billion (US$ 10.4 billion) at year-end fiscal 2006. The gross unrealized gain on this portfolio was Rs. 4.2 billion (US$ 105 million) at year-end fiscal 2008 Rs. 6.8 billion (US$ 170 million) at year-end fiscal 2007 and Rs. 7.9 billion (US$ 197 million) at year-end fiscal 2006. The gross unrealized loss on this portfolio was Rs. 10.6 billion (US$ 265 million) at year-end fiscal 2008, Rs. 12.8 billion (US$ 320 million) at year-end fiscal 2007 and Rs. 8.0 billion (US$ 200 million) at year-end fiscal 2006.

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We have a limited equity portfolio because the Reserve Bank of India restricts investments by a bank in equity securities. See also "Supervision and Regulation — Reserve Bank of India Regulations — Regulations relating to Investments and Capital Market Exposure Limits".

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

We deal in several major foreign currencies and take deposits from non-resident Indians in four major foreign currencies. We also manage onshore accounts in foreign currencies. The foreign exchange treasury manages its portfolio through money market and foreign exchange instruments to optimize yield and liquidity.

We provide a variety of risk management products to our corporate and small and medium enterprise clients, including foreign currency forward contracts and currency and interest rate swaps. We control market risk and credit risk on our foreign exchange trading portfolio through an internal model which sets counterparty limits, stop-loss limits and limits on the loss of the entire foreign exchange trading operations and exception reporting. See also "Risk Management — Quantitative and Qualitative Disclosures About Market Risk — Exchange Rate Risk".

ICICI Securities Limited and ICICI Securities Primary Dealership

ICICI Securities Limited and ICICI Securities Primary Dealership Limited are engaged in equity underwriting and brokerage and primary dealership in government securities respectively. ICICI Securities Limited has an online share trading portal called icicidirect.com. The primary objective of icicidirect.com is to enable individuals to make investments and offer a wide range of investment options by providing a seamless structure that integrates a customer's bank account, demat account and trading account. The portal offers seamless access to the United States markets by tying up with a leading United States based broker. During fiscal 2009, ICICI Securities Holdings Inc., an indirect subsidiary of ICICI Bank and a direct subsidiary of ICICI Securities Limited, has completed the purchase of assets (by way of merger) of Global Investment Management, Inc, a registered investment adviser and a New Jersey corporation with offices in Princeton, New Jersey, engaged in investment advisory activities.

Venture capital and private equity

Our subsidiary ICICI Venture Funds Management Company Limited manages funds that provide venture capital funding to start-up companies and private equity to a range of companies. At year-end fiscal 2008, ICICI Venture managed or advised funds of approximately Rs. 95.5 billion (US$ 2.4 billion).

Insurance

We provide a wide range of insurance products and services through our subsidiaries ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited. ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited are joint ventures with Prudential PLC of the United Kingdom and Fairfax Financial Holdings Limited of Canada respectively. We have approximately 74.0% interest in both these entities. Subject to the amendment of foreign ownership regulations, Prudential PLC has the right to increase its shareholding in ICICI Prudential Life Insurance Company Limited to 49.0% at the market value of the shares to be determined as mutually agreed. Laws and regulations governing insurance companies currently provide that each promoter should eventually reduce its stake to 26.0% following the completion of 10 years from the commencement of business by the concerned insurance company. We and Prudential have agreed that if a higher level of promoter shareholding is permitted, then this would be in the proportion of 51.0% being held by us and 49.0% being held by Prudential subject to the foreign ownership regulations. See “Supervision and Regulation — Regulations Governing Insurance Companies”. Further, we and each of the joint venture partners have a right of first refusal in case the other partner proposes to sell its shareholding in the joint venture (other than transfers to a permitted affiliate of the transferor).

ICICI Prudential Life Insurance Company Limited incurred a net loss of Rs. 14.0 billion (US$ 350 million) in fiscal 2008. As would be typical for life insurance companies during periods of high growth, the loss was due to business set-up and customer acquisition costs as well as reserving for actuarial liability. ICICI Prudential Life Insurance Company Limited recorded a total new business premium of Rs. 80.4 billion (US$ 2.0 billion) during fiscal 2008 as compared to Rs. 51.6 billion (US$ 1.3 billion) during fiscal 2007, a growth of 55.8%. According to data published by the Insurance Regulatory and Development Authority of India, ICICI Prudential Life Insurance was the largest player in the retail segment of the private sector life insurance market with a market share of 25.2% during fiscal 2008 (on weighted received premium basis). ICICI Lombard General Insurance Company Limited made a net profit of Rs. 1.0 billion (US$ 25 million) in fiscal 2008. ICICI Lombard General Insurance recorded a total gross written premium of Rs. 36.0 billion (US$ 900 million) during fiscal 2008 as compared to Rs. 30.0 billion (US$ 750 million) during fiscal 2007, a growth of 20.0%. According to data published by the Insurance Regulatory and Development Authority of India, ICICI Lombard General Insurance was the largest private general insurer with a market share of 29.8% in gross written premium amongst the private sector general insurance companies during the year ended fiscal 2008. We earn commissions and fees from these subsidiaries as their exclusive distributor for sales of life and general insurance products.

Our board of directors had approved subject to the receipt of all regulatory approvals, the transfer of our equity shareholding in ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Prudential Asset Management Company Limited and ICICI Prudential Trust Limited to a proposed new subsidiary. The proposed new subsidiary intended to raise equity capital through private placements or an initial public offering to meet the future capital requirements of the insurance subsidiaries. We had received definitive offers from investors for the subscription of equity shares in the proposed new subsidiary and for entering into definitive agreements for this purpose. The arrangement was subject to the obtaining of regulatory and other approvals including those of the Reserve Bank of India, the Insurance Regulatory and Development Authority of India and the Foreign Investment Promotion Board. The arrangement was to terminate failing receipt of all such approvals by a mutually agreed date. The agreed date has elapsed and approval of the Reserve Bank of India has not been received, following which the arrangement with respect to the offers has been terminated. See “Supervision and Regulation — Holding Companies”. See also “Risk factors — Risks Relating to Our Business”. We have proposed a reorganization of our holdings in our insurance and asset management subsidiaries and our inability to implement this reorganization as well as the significant additional capital required by these businesses may adversely impact our business and the price of our equity shares and ADSs.”

Funding

Our funding operations are designed to ensure stability of funding, minimize funding costs and effectively manage liquidity. Since the amalgamation of ICICI with ICICI Bank, the primary source of domestic funding has been deposits raised from both retail and corporate customers. We also raise funds through short-term rupee borrowings and domestic or overseas bond offerings pursuant to specific regulatory approvals. Because ICICI was not allowed to raise banking deposits as a financial institution, its primary sources of funding prior to the amalgamation were retail bonds and rupee borrowings from a wide range of institutional investors. ICICI also raised funds through foreign currency borrowings from commercial banks and other multilateral institutions like the Asian Development Bank and the World Bank, which were guaranteed by the government of India. With regard to these guarantees by the government of India for purposes of obtaining foreign currency borrowings, the government of India has, in its letter dated May 31, 2007, instructed us to take steps to either repay or prepay such foreign currency borrowings for which a guarantee has been provided by the government of India or to substitute the guarantees provided by the government of

India with other acceptable guarantees. At year-end fiscal 2008, the total outstanding loans/ bonds of ICICI Bank that are guaranteed by the government of India were Rs. 33,218 million (US$ 830 million), constituting approximately 3.9% of the total borrowings (including subordinated debt) of ICICI Bank at that date. We are in dialogue with the government of India in connection with this matter.

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Our international branches fund themselves primarily from wholesale funding sources including bonds, syndicated loans, bilateral loans and inter-bank borrowings. Our subsidiaries in the United Kingdom and Canada take retail deposits.

Our deposits were 57.0% of our total liabilities at year-end fiscal 2008 compared to 63.0% of our total liabilities at year-end fiscal 2007. Our borrowings were 17.4% of our total liabilities at year-end fiscal 2008 compared to 15.6% of our total liabilities at year-end fiscal 2007. Our deposits increased 11.4% to Rs. 2,769.8 billion (US$ 69.2 billion) at year-end fiscal 2008 compared to Rs. 2,486.1 billion (US$ 62.1 billion) at year-end fiscal 2007. This growth in deposits was achieved primarily through increased focus on retail and corporate customers by offering a wide range of products designed to meet varied individual and corporate needs and leveraging on our network of branches, extension counters and ATMs. Our borrowings increased to Rs. 845.7 billion (US$ 21.1 billion) at year-end fiscal 2008 compared to Rs. 616.6 billion (US$ 15.4 billion) at year-end fiscal 2007, primarily due to the increase in foreign currency borrowings.

The following table sets forth, for the periods indicated, the break-up of deposits by type of deposit.

	Year ended March 31,					
	2006		2007		2008	
	Amount	% to total	Amount	% to total	Amount	% to total
	(in billions, except percentages)					
Current account deposits	Rs. 163.9	9.5%	Rs. 214.5	8.6%	Rs. 249.8	9.0%
Savings deposits	242.6	14.1	375.3	15.1	537.6	19.4
Time deposits	1,318.0	76.4	1,896.3	76.3	1,982.5	71.6
Total deposits	Rs. 1,724.5	100.0%	Rs. 2,486.1	100.0%	Rs. 2,769.9	100.0%

The following table sets forth, for the periods indicated, the average volume and average cost of deposits by type of deposit.

	Year ended March 31, (1)						
	2006		2007		2008		
	Amount	Cost(2)	Amount	Cost(2)	Amount	Amount	Cost(2)
	(in billions, except percentages)						
Interest-bearing deposits:							
Savings deposits	Rs. 171.6	2.6%	Rs. 327.7	3.1%	Rs. 462.7	US$ 11.6	3.4%
Time deposits	940.0	5.9	1,512.9	7.6	1,846.0	46.1	9.3
Non-interest-bearing deposits:							
Other demand deposits	142.8	-	174.4	-	229.0	5.7	-
Total deposits	Rs. 1,254.4	4.8%	Rs. 2,015.0	6.2%	Rs. 2,537.7	US$ 63.4	7.4%

(1) Average of quarterly balances at the end of March of the previous fiscal year and June, September, December and March of that fiscal year.

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

Our average deposits in fiscal 2008 were Rs. 2,538.2 billion (US$ 63.4 billion) at an average cost of 7.4% compared to average deposits of Rs. 2,015.0 billion (US$ 50.3 billion) at an average cost of 6.2% in fiscal 2007. Our average time deposits in fiscal 2008 were Rs. 1,846.3 billion (US$ 46.1 billion) at an average cost of 9.3% compared to average time deposits of Rs. 1,512.9 billion (US$ 37.8 billion) in fiscal 2007 at an average cost of 7.6%.

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

	At March 31, 2008			
	Up to one year	After one year and within three years	After three years	Total
	(in millions)			
Interest-bearing deposits:				
Savings deposits	Rs. 537,563	Rs. -	Rs. -	Rs. 537,563
Time deposits	1,757,325	151,248	73,899	1,982,472
Non-interest-bearing deposits:				
Other demand deposits	249,796	-	-	249,796
Total deposits	Rs. 2,544,684	Rs. 151,248	Rs. 73,899	Rs. 2,769,831

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

	Year ended March 31,(1)						
	2006		2007		2008		
	Amount	% to total	Amount	% to total	Amount	Amount	% to total
	(in millions, except percentages)						
SLR bonds(2)	Rs. 14,815	4.2%	Rs. 14,815	4.1%	Rs. 14,815	US$ 370	4.0%
Borrowings from Indian government(3)	3,581	1.0	2,568	0.7	1,889	47	0.5%
Other borrowings(4)(5)	331,511	94.8	345,203	95.2	357,420	8,931	95.5%
Total	Rs. 349,907	100.0%	Rs. 362,586	100.0%	Rs. 374,124	US$ 9,348	100.0%

(1) Average of quarterly balances at the end of March of the previous fiscal year and June, September, December and March of the concerned fiscal year for each of fiscal years 2006, 2007 and 2008.
(2) With an average cost of 11.6% in fiscal 2006, 11.6% in fiscal 2007 and 11.6% in fiscal 2008.
(3) With an average cost of 10.8% in fiscal 2006, 11.8% in fiscal 2007 and 12.2% in fiscal 2008.
(4) With an average cost of 9.3% in fiscal 2006, 9.4% in fiscal 2007 and 9.9% in fiscal 2008.
(5) Includes publicly and privately placed bonds, borrowings from institutions and wholesale deposits such as inter-corporate deposits and call borrowings.

The following table sets forth, at the date indicated, the maturity profile of our rupee term deposits of Rs. 10 million (US$ 249,875) or more.

	At March 31,		
	2008		% of total deposits
	(in millions, except percentages)		
Less than three months	Rs. 547,091	US$ 13,670	19.8%

Above three months and less than six months	331,368	8,280	12.0
Above six months and less than 12 months	593,751	14,836	21.4
More than 12 months	97,143	2,427	3.5
Total deposits of Rs. 10 million and more	Rs. 1,569,353	US$ 39,213	56.7%

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The following table sets forth, at the dates indicated, certain information related to short-term rupee borrowings, which consist of borrowings from government-owned companies and inter-bank borrowings.

	At March 31,(1)		
	2006	2007	2008
	(in millions, except percentages)		
Year-end balance	Rs. 106,542	Rs. 121,567	Rs. 123,614
Average balance during the year (2)	84,910	101,652	142,270
Maximum quarter-end balance	106,542	123,495	195,366
Average interest rate during the year (3)	7.8%	7.8%	10.5%
Average interest rate at year-end (4)	7.3%	8.8%	9.3%

(1) Short-term borrowings include borrowings in the call market and repurchase agreements.

(2) Average of quarterly balances at the end of March of the previous fiscal year, June, September, December and March of that fiscal year for each of fiscal 2006, 2007 and 2008.

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

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

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

	At March 31, (1)						
	2006		2007		2008		
	Amount	% to total	Amount	% to total	Amount	Amount	% to total
	(in millions, except percentages)						
Commercial borrowings (2)	Rs. 166,524	87.4%	Rs. 306,136	92.8%	Rs. 569,624	US$ 14,233	96.4%
Multilateral borrowings (3)	24,034	12.6	23,740	7.2	21,110	527	3.6
Total	Rs. 190,558	100.0%	Rs. 329,876	100.0%	Rs. 590,734	US$ 14,760	100.0%

(1) Average of quarterly balances at the end of March of the previous fiscal year, June, September, December and March of that fiscal year for each of fiscal 2006, 2007 and 2008.

(2) With an average cost of 4.6% in fiscal 2006, 5.4% in fiscal 2007 and 5.7% in fiscal 2008.

(3) With an average cost of 4.0% in fiscal 2006, 5.1% in fiscal 2007 and 5.2% in fiscal 2008.

At year-end fiscal 2008, our outstanding subordinated debt was Rs. 224.1 billion (US$ 5.6 billion). This debt is classified as Tier 1 or Tier 2 capital in calculating the capital adequacy ratio in accordance with the Reserve Bank of India's regulations on capital adequacy. See "Supervision and Regulation — Reserve Bank of India Regulations".

Risk Management

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

ICICI Bank is primarily exposed to credit risk, market risk, liquidity risk and operational risk. ICICI Bank has four centralized groups, the Global Risk Management Group, the Compliance Group, the Corporate Legal Group and the Internal Audit Group with a mandate to identify, assess and monitor all of ICICI Bank's principal risks in accordance with well-defined policies and procedures.

The Global Risk Management Group is further organized into the Global Credit Risk Management Group and the Global Market and Operational Risk Management Group. The Compliance Group is responsible for the regulatory and anti-money laundering compliance. In addition, the Credit and Treasury Middle Office Groups and the Global Operations Group monitor operational adherence to regulations, policies and the terms internal approvals for various transactions. The Global Risk Management Group reports to the Joint Managing Director and Chief Financial Officer and the Middle Office Groups and Global Operations Group report to an Executive Director.

The Compliance Group reports to the Audit Committee of the board of directors and the Managing Director and CEO. The Internal Audit Group reports to the Audit Committee of the board of directors. These groups are independent of the business units and coordinate with representatives of the business units to implement ICICI Bank's risk management methodologies.

Committees of the board of directors have been constituted to oversee the various risk management activities. The Audit Committee provides direction to and also monitors the quality of the internal audit function. The Risk Committee reviews risk management policies in relation to various risks including portfolio, liquidity, interest rate, investment policies and strategy, and regulatory and compliance issues in relation thereto. The Credit Committee reviews developments in key industrial sectors and ICICI Bank's exposure to these sectors as well as to large borrower accounts. The Asset Liability Management Committee is responsible for managing the balance sheet and reviewing the asset-liability position to manage ICICI Bank's liquidity and market risk exposure. For a discussion of these and other committees, see "Management".

Credit Risk

ICICI Bank's credit policy is approved by its board of directors. In its lending operations, ICICI Bank is principally exposed to credit risk. Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any financial contract with ICICI Bank, principally the failure to make required payments on loans and interest due to ICICI Bank. ICICI Bank measures, monitors and manages credit risk for each borrower and at the portfolio level. ICICI Bank has a structured and standardized credit approval process, which includes a well established procedure of comprehensive credit appraisal.

Credit Risk Assessment Procedures for Corporate Loans

In order to assess the credit risk associated with any financing proposal, ICICI Bank assesses a variety of risks relating to the borrower and the relevant industry. Borrower risk is evaluated by considering:

- the financial position of the borrower by analyzing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy;
- the borrower's relative market position and operating efficiency; and
- the quality of management by analyzing their track record, payment record and financial conservatism.

Industry risk is evaluated by considering:

- certain industry characteristics, such as the importance of the industry to the economy, its growth outlook, cyclicality and government policies relating to the industry;
- the competitiveness of the industry; and
- certain industry financials, including return on capital employed, operating margins and earnings stability.

After conducting an analysis of a specific borrower's risk, the Global Credit Risk Management Group assigns a credit rating to the borrower. ICICI Bank has a scale of 10 ratings ranging from AAA to B, an additional default rating of D and short-term ratings from S1 to S8. Credit rating is a critical input for the credit approval process. ICICI Bank determines the desired credit risk spread over its cost of funds by considering the borrower's credit rating and the default pattern corresponding to the credit rating. Every proposal for a financing facility is prepared by the relevant business unit and reviewed by the appropriate industry specialists in the Global Credit Risk Management Group before being submitted for approval to the appropriate approval authority. The approval process for non-fund facilities is similar to that for fund-based facilities. The credit rating for every borrower is reviewed at least annually. ICICI Bank also reviews the ratings of all borrowers in a particular industry upon the occurrence of any significant event impacting that industry.

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Working capital loans are generally approved for a period of 12 months. At the end of the 12 month validity period (18 months in case of borrowers rated AA- and above), ICICI Bank reviews the loan arrangement and the credit rating of the borrower and takes a decision on continuation of the arrangement and changes in the loan covenants as may be necessary.

Project Finance Procedures

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

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

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

ICICI Bank's project finance credits are generally fully secured and have full recourse to the borrower. In most cases, ICICI Bank has a security interest and first lien on all the fixed assets and a second lien on all the current assets of the borrower. Security interests typically include property, plant and equipment as well as other tangible assets of the borrower, both present and future. ICICI Bank's borrowers are required to maintain comprehensive insurance on their assets where ICICI Bank is recognized as payee in the event of loss. In some cases, ICICI Bank also takes additional collateral in the form of corporate or personal guarantees from one or more sponsors of the project and a pledge of the sponsors' equity holding in the project company. In certain industry segments, ICICI Bank also takes security interest in relevant project contracts such as concession agreements, off-take agreements and construction contracts as part of the security package. In limited cases, loans are also guaranteed by commercial banks and, in the past, have also been guaranteed by Indian state governments or the government of India.

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

Corporate Finance Procedures

As part of the corporate loan approval procedures, ICICI Bank carries out a detailed analysis of funding requirements, including normal capital expenses, long-term working capital requirements and temporary imbalances in liquidity. ICICI Bank's funding of long-term core working capital requirements is assessed on the basis, among other things, of the borrower's present and proposed level of inventory and receivables. In case of corporate loans for other funding requirements, ICICI Bank undertakes a detailed review of those requirements and an analysis of cash

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flows. A substantial portion of our corporate finance loans are secured by a lien over appropriate assets of the borrower.

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

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

ICICI Bank's analysis enables it to identify risks in these transactions. To mitigate risks, ICICI Bank uses various credit enhancement techniques, such as over-collateralization, cash collateralization, creation of escrow accounts and debt service reserves and performance guarantees. The residual risk is typically managed by complete or partial recourse to the borrowing company whose credit risk is evaluated as described above. ICICI Bank also has a monitoring framework to enable continuous review of the performance of such transactions.

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

- assessment of the industry structure in the target's host country and the complexity of the business operations of the target;
- financial, legal, tax, technical due diligence (as applicable) of the target;
- appraisal of potential synergies and likelihood of their being achieved;
- assessment of the target company's valuation by comparison with its peer group and other transactions in the industry;
- analysis of regulatory and legal framework of the overseas geographies with regard to security creation, enforcement and other aspects;
- assessment of country risk aspects and the need for political insurance; and
- the proposed management structure of the target post takeover and the ability and past experience of the acquirer in completing post merger integration.

Working Capital Finance Procedures

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

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

Credit Monitoring Procedures for Corporate Loans

The Credit Middle Office Group monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and insurance policies for assets financed. All borrower accounts are reviewed at least once a year.

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Retail Loan Procedures

Our customers for retail loans are typically middle and high-income, salaried or self-employed individuals, and, in some cases, partnerships and corporations. Except for personal loans and credit cards, we require a contribution from the borrower and our loans are secured by the asset financed. Our portfolio of personal loans includes micro-banking loans, which are relatively small value loans to lower income customers in urban areas. We have discontinued this product during fiscal 2008, following higher than anticipated credit losses and difficulties in collection of dues experienced in this segment.

Our retail credit product operations are sub-divided into various product lines. Each product line is further sub-divided into separate sales and credit groups. The Global Credit Risk Management Group, which is independent of the business groups, approves all new retail products and product policies and credit approval authorizations. All products and policies require the approval of the Retail Credit Forum comprised of senior managers. All credit approval authorizations require the approval of our board of directors.

ICICI Bank uses direct marketing associates as well as its own branch network and employees for marketing retail credit products. However, credit approval authority lies only with ICICI Bank's credit officers who are distinct from the business teams. The delegation of credit approval authority is linked, among other factors, to the size of the credit and the authority delegated to credit officers varies across different products.

ICICI Bank's credit officers evaluate credit proposals on the basis of the product policy approved by the Retail Credit Forum and the risk assessment criteria defined by the Global Credit Risk Management Group. These criteria vary across product segments but typically include factors such as the borrower’s income, the loan-to-value ratio, demographic parameters and certain stability factors. In case of credit cards, in order to limit the scope of individual discretion, ICICI Bank has implemented a credit-scoring program that is an automated credit approval system that assigns a credit score to each applicant based on certain demographic attributes like income, educational background and age. The credit score then forms the basis of loan evaluation. External agencies such as field investigation agencies and credit processing agencies are used to facilitate a comprehensive due diligence process including visits to offices and homes in the case of loans to individual borrowers. Before disbursements are made, the credit officer checks a centralized delinquent database and reviews the borrower’s profile. In making its credit decisions, it draws upon reports from the Credit Information Bureau (India) Limited (CIBIL). However, CIBIL has become operational recently and does not yet provide a credit score. ICICI Bank also avails the services of certain private agencies operating in India to check applications before disbursement. A centralized retail credit team undertakes review and audit of credit quality and processes across different products.

We established centralized operations to manage operating risk in the various back office processes of our retail loan business except for a few operations which are decentralized to improve turnaround time for customers.

ICICI Bank has a collections unit structured along various product lines and geographical locations, to manage delinquency levels. The collections unit operates under the guidelines of a standardized recovery process. We also make use of external collection agencies to aid us in collection efforts, including collateral repossession in accounts that are overdue for more than 90 days. External agencies for collections are governed by standardized process guidelines.

A fraud prevention and control department has been set up to manage levels of fraud, primarily through fraud prevention in the form of forensic audits and also through recovery of fraud losses. The fraud control department is aided by specialized agencies involved in verification of income documents. The fraud control department also evaluates the various external agencies involved in the retail finance operations, including direct marketing associates, external verification associates and collection agencies.

Small Enterprises Loan Procedures

The Small Enterprises Group finances small enterprises, which are defined generally as enterprises with tangible net worth less than Rs. 500 million. The products offered to this segment range from traditional banking products such as term loans, working capital, overdrafts, letter of credits and bank guarantees to customized products suited for each business segment.

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Customers for traditional banking products are segmented on the basis of industry clusters. Credit risk management for smaller exposures of this nature is undertaken on a portfolio basis, through setting up and review of appropriate target market and portfolio norms, exit and review triggers and periodical portfolio monitoring. Larger exposures are evaluated individually and appropriately structured for credit enhancement where required. The customized products primarily involve lending to small enterprises based on linkages with larger companies. Smaller exposures in this category may be unsecured. Credit risk management is undertaken on a portfolio basis, through setting up and review of appropriate target market and portfolio norms, exit and review triggers and periodical portfolio monitoring.

Rural and Agricultural Loan Procedures

The rural and agricultural loan portfolio comprises companies and small and medium enterprises in the rural and agricultural sector, dealers and vendors linked to these entities and farmers and rural households. ICICI Bank seeks to design appropriate risk assessment methodologies for each of the segments. For companies, borrower risk is evaluated by analyzing the industry risk, the borrower’s market position, financial performance, cash flow adequacy and the quality of management. The credit risk of dealers, vendors and farmers is evaluated by analyzing the base credit quality of the borrowers or the pool and also the linkages between the borrowers and the companies to which the vendors or farmers supply their produce or whose products are sold by dealers. ICICI Bank attempts to enhance the credit quality of the pool of dealers, vendors and farmers by strengthening the structure of the transaction.

For some segments, ICICI Bank uses a cluster-based approach where a lending program is implemented for a homogeneous group of individuals or business entities that comply with certain parameterized norms. To be eligible for funding under these programs, the borrowers need to meet the stipulated credit norms and obtain a minimum score on the scoring model. ICICI Bank has incorporated control norms, borrower approval norms and review triggers in all the programs. ICICI Bank has recently undertaken a comprehensive review of its credit disbursal, monitoring and collection processes and is seeking to institute appropriate process changes.

ICICI Bank’s rural initiative may create additional challenges with respect to managing the risk of frauds due to the increased geographical dispersion and use of intermediaries. For example, during fiscal 2007, ICICI Bank made a provision of Rs. 0.9 billion (US$ 22 million) for losses from frauds pertaining to the warehouse receipt-based financing product for agricultural credit. In this product, financing is provided to farmers and traders on the basis of receipts for stored goods issued by warehouse owners/managers. ICICI Bank appoints third party management and collection agents to market the product. It appoints collateral management agencies to monitor the goods in the warehouses. During the course of review, irregularities were observed including absence of the required quantities of commodities in warehouses. This was due to specific fraudulent collusion between certain third party management and collection agents and collateral management agency staff. ICICI Bank has undertaken a comprehensive review of the product and has set up dedicated groups for pre- and post-disbursement commodity audits. See “Risk Factors — Risks Relating to Our Business — Our rapid retail expansion in India and our rural initiative expose us to increased risks that may adversely affect our business.”

Credit Approval Authorities

ICICI Bank's credit approval authorization framework is laid down by our board of directors. ICICI Bank has established several levels of credit approval authorities for our corporate banking activities - the Credit Committee of the board of directors, the Committee of Directors, the Committee of Executives (Credit) and the Regional Committee (Credit). Retail Credit Forums, Small Enterprise Group Forums and Agri Credit Forums have been created for approval of retail loans and credit facilities to small enterprises and agri-based enterprises respectively.

ICICI Bank's board of directors have delegated the authority to the Credit Committee, consisting of a majority of independent directors, the Committee of Directors, consisting of our whole time directors, to the Committee of

Executives (Credit), to the Regional Committee (Credit), Retail Credit Forums, Small Enterprise Group Forums and Agri Credit Forums, all consisting of our designated executives, and to individual executives in the case of program / policy based products, to approve financial assistance within certain individual and group exposure limits set by the board of directors.

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Quantitative and Qualitative Disclosures About Market Risk

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices. The prime source of market risk for us is the interest rate risk we are exposed to as a financial intermediary. In addition to interest rate risk, we are exposed to other elements of market risk such as liquidity or funding risk, price risk on trading portfolios, and exchange rate risk on foreign currency positions.

Market Risk Management Procedures

Our board of directors reviews and approves the policies for the management of market risk. The Risk Committee of the board periodically reviews our risk positions and risk management strategies. The board has delegated the responsibility for market risk management on the banking book to the Asset Liability Management Committee and for the trading book to the Committee of Directors, within the broad parameters laid down by policies approved by the board. The Asset Liability Management Committee is responsible for managing interest rate risk on the banking book and liquidity risks reflected in the balance sheet. The Committee of Directors is responsible for formulating policies and risk controls for the trading book.

The Asset Liability Management Committee comprises whole time directors and senior executives. The committee generally meets on a monthly basis and reviews the interest rate and liquidity gap positions on the banking book, formulates a view on interest rates, sets benchmark lending rates, reviews the business profile and its impact on asset liability management and determines the asset liability management strategy in light of the current and expected business environment. The Structural Rate Risk Management Group and Global Asset Liability Management Group are responsible for managing interest rate risk and liquidity risk, under the supervision of the Asset Liability Management Committee, on a day to day basis.

The Global Market Risk Management Group recommends changes in risk policies and controls and the processes and methodologies for quantifying and assessing market risks. Risk limits including position limits and stop loss limits for the trading book are monitored on a daily basis by the Treasury Middle Office Group and reviewed periodically.

Interest Rate Risk

Our core business is deposit taking and lending in both rupees and foreign currencies, as permitted by the Reserve Bank of India. These activities expose us to interest rate risk. As the rupee market is significantly different from the international currency markets, gap positions in these markets differ significantly.

Since our balance sheet consists predominantly of rupee assets and liabilities, movements in domestic interest rates constitute the main source of interest rate risk. Exposure to fluctuations in interest rates is measured primarily by way of gap analysis, providing a static view of the maturity and re-pricing characteristics of balance sheet positions. An interest rate gap report is prepared by classifying all assets and liabilities into various time period categories according to contracted maturities or anticipated re-pricing date. The difference in the amount of assets and liabilities maturing or being re-priced in any time period category would then give an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. ICICI Bank prepares interest rate risk reports on a fortnightly basis. These reports are submitted to the Reserve Bank of India on a monthly basis. Interest rate risk is further monitored through interest rate risk limits approved by the Asset Liability Management Committee.

Our primary source of funding is deposits and, to a smaller extent, borrowings. In the rupee market, most of our deposit taking is at fixed rates of interest for fixed periods, except for savings account deposits and current account deposits, which do not have any specified maturity and can be withdrawn on demand. We usually borrow for a fixed period with a one-time repayment on maturity, with some borrowings having European call/put options, exercisable only on specified dates, attached to them. Our loans generally are repaid more gradually, with principal repayments being made over the life of the loan. Our housing loans at year-end fiscal 2008 were primarily floating rate loans where any change in the benchmark rate with reference to which these loans are priced, is generally passed on to the

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borrower on the first day of the succeeding quarter or succeeding month, as applicable. We follow a single benchmark prime rate structure for all loans other than specific categories of loans advised by the Indian Banks' Association (which include, among others, loans to individuals for acquiring residential properties, loans for purchase of consumer durables, non-priority sector personal loans and loans to individuals against shares, debentures, bonds and other securities), with lending rates comprising the benchmark prime rate, term premia and transaction-specific credit and other charges. Interest rates on loans outstanding at December 31, 2003 continue to be based on the four-tier prime rate structure. We generally seek to eliminate interest rate risk on undisbursed commitments by fixing interest rates on rupee loans at the time of loan disbursement. Pursuant to regulatory reserve requirements, we maintain a large part of our assets in government of India securities and interest-free balances with the Reserve Bank of India, which are funded mainly by wholesale deposits and borrowings. This exposes us to the risk of differential movement in the yield earned on statutory reserves and the related funding cost.

In contrast to our rupee loans, a large proportion of our foreign currency loans are floating rate loans. These loans are generally funded with floating rate foreign currency funds. Our fixed rate foreign currency loans are generally funded with fixed rate foreign currency funds. We generally convert all our foreign currency borrowings and deposits into floating rate dollar liabilities through the use of interest rate and currency swaps with leading international banks. The foreign currency gaps are generally lower than rupee gaps, representing a considerably lower exposure to fluctuations in foreign currency interest rates.

We use the duration of our government securities portfolio as a key variable for interest rate risk management. We increase or decrease the duration of our government securities portfolio to increase or decrease our interest rate risk exposure. In addition, we also use interest rate derivatives to manage asset and liability positions. We are an active participant in the interest rate swap market and are one of the largest counterparties in India.

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

	At March 31, 2008(1)			
	Less than or equal to one year	Greater than one year and up to five years	Greater than five years	Total
	(in millions)			
Loans, net	Rs. 2,018,619	Rs. 433,409	Rs. 61,989	Rs. 2,514,017
Investments	551,831	423,444	625,192	1,600,467
Fixed assets	2,202	6,763	37,819	46,784
Other assets(2)	160,078	13,076	521,744	694,898
Total assets	2,732,730	876,692	1,246,744	4,856,166
Stockholders' equity and preference share capital	-	-	450,722	450,722
Borrowings	577,353	258,682	9,626	845,661
Deposits	2,220,652	193,567	355,613	2,769,832
Other liabilities(2)	95,388	64,994	629,569	789,951
Total liabilities	2,893,393	517,243	1,445,530	4,856,166
Total gap before risk management positions	(238,146)	359,449	(198,786)	0
Risk management positions(3)	(160,663)	155,258	38,647	34,646
Total gap after risk management positions	Rs. (319,922)	Rs. 514,707	Rs. (160,139)	Rs. 34,646

(1) Assets and liabilities are classified into the applicable categories based on residual maturity or re-pricing whichever is earlier. Classification methodologies are generally based on Asset Liability Management Guidelines issued by the Reserve Bank of India, effective April 1, 1999 and as revised time to time and pre-payment

assumptions applied, based on behavioral studies done. Items that neither mature nor re-price are included in the "greater than five years" category. This includes equity share capital and a substantial part of fixed assets. Impaired loans of residual maturity less than three years are classified in the "greater than one year and up to five years" category and impaired loans of residual maturity between three to five years are classified in the "greater than five years" category.

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

(3) The risk management positions comprise foreign currency and rupee swaps.

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

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	At March 31, 2008		
	Fixed rate loans	Variable rate loans	Total
		(in millions)	
Loans	Rs. 845,025	Rs. 1,086,299	Rs. 1,931,324

The following table sets forth, using the balance sheet at year-end fiscal 2008 as the base, one possible prediction of the impact of adverse changes in interest rates on net interest income for fiscal 2009, assuming a parallel shift in the yield curve at year-end fiscal 2008.

	At March 31, 2008 Change in interest rates (in basis points)			
	(100)	(50)	50	100
		(in millions, except percentages)		
Rupee portfolio	Rs. (1,370)	Rs. (685)	Rs. 685	Rs. 1,370
Foreign currency portfolio	(257)	(129)	129	257
Total	Rs. (1,627)	Rs. (814)	Rs. 814	Rs. 1,627

Based on our asset and liability position at year-end fiscal 2008, the sensitivity model shows that net interest income from the banking book for fiscal 2009 would rise by Rs. 1,627 million (US$ 41 million) if interest rates increased by 100 basis points during fiscal 2009. Conversely, the sensitivity model shows that if interest rates decreased by 100 basis points during fiscal 2009, net interest income for fiscal 2009 would fall by an equivalent amount of Rs. 1,627 million (US$ 41 million). Based on our asset and liability position at year-end fiscal 2007, the sensitivity model showed that net interest income from the banking book for fiscal 2008 would have risen by Rs. 1.1 billion (US$ 27 million) if interest rates increased by 100 basis points during fiscal 2008. Conversely, the sensitivity model showed that if interest rates decreased by 100 basis points during fiscal 2008, net interest income for fiscal 2008 would have fallen by an equivalent amount of Rs. 1.1 billion (US$ 27 million).

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

Price Risk (Trading book)

We undertake trading activities to enhance earnings through profitable trading for our own account. ICICI Securities Primary Dealership Limited is a primary dealer in government of India securities, and a significant proportion of its portfolio consists of government of India securities.

The following table sets forth, using the fixed income portfolio at year-end fiscal 2008 as the base, one possible prediction of the impact of changes in interest rates on the value of our rupee fixed income trading portfolio for fiscal 2009, assuming a parallel shift in yield curve.

	At March 31, 2008 Change in interest rates (in basis points)				
	Portfolio Size	(100)	(50)	50	100
			(in millions)		

Government of India securities	Rs. 30,836	Rs. 2,940	Rs. 1,470	Rs. (1,470)	Rs. (2,940)
Corporate debt securities	13,050	552	276	(276)	(552)
Total	Rs. 43,886	Rs. 3,492	Rs. 1,746	Rs. (1,746)	Rs. (3,492)

At year-end fiscal 2008, the total value of our rupee fixed income trading portfolio was Rs. 43.9 billion (US$ 1.1 billion). The Sensitivity model shows that if interest rates increase by 100 basis points during fiscal 2009, the value of this portfolio would fall by Rs. 3.5 billion (US$ 87 million). Conversely, if interest rates fell by 100 basis points during fiscal 2009, the value of this portfolio would rise by Rs. 3.5 billion (US$ 87 million). At year-end fiscal 2007, the total value of our rupee fixed income trading portfolio was Rs. 11.4 billion (US$ 285 million). If interest rates had increased by 100 basis points during fiscal 2008, the value of this portfolio would have fallen by Rs. 290 million (US$ 7 million). Conversely, if interest rates had fallen by 100 basis points during fiscal 2008, the value of this portfolio would have risen by Rs. 290 million (US$ 7 million).

At year-end fiscal 2008, the total outstanding notional principal amount of our trading interest rate derivatives portfolio was Rs. 6,442.8 billion (US$ 161.0 billion) (Rs. 3,436.9 billion (US$ 85.9 billion) at year-end fiscal 2007). The sensitivity model shows that if interest rates increase by 100 basis points, the value of this portfolio would rise by Rs. 2.3 billion (US$ 57 million). At year-end fiscal 2008, the total outstanding notional principal amount of our trading currency derivatives (options and cross currency interest rate swaps) portfolio was Rs. 1,051.9 billion (US$ 26.3 billion) (Rs. 732.1 billion (US$ 18.3 billion) at year-end fiscal 2007). The sensitivity model shows that if interest rates increase by 100 basis points, the value of this cross currency interest rate swaps portfolio would fall by Rs. 1.8 billion (US$ 45 million).

Equity Risk

We assume equity risk both as part of our investment book and our trading book. Investments in equity shares and preference shares are essentially long-term in nature. A part of our investment in equity securities have been driven by our project and corporate financing activities. The decision to invest in equity shares during project financing activities has been a conscious decision to participate in the equity of the company with the intention of realizing capital gains arising from the expected increases in market prices, and is separate from the lending decision. For further information on our trading and available for sale investments, see "— Overview of ICICI Bank's Products and Services —Investment Banking — Treasury."

We also invest in the corpus of equity capital/venture funds, primarily those managed by our subsidiary ICICI Venture Funds Management Company Limited. These funds invest in equity/equity linked instruments. Our investments through these funds are thus similar in nature to other equity investments and are subject to the same risks. In addition, they are also subject to risks in the form of changes in regulation and taxation policies applicable to such equity funds.

Exchange Rate Risk

We offer foreign currency hedge instruments like swaps, forwards, and currency options to clients. We actively use cross currency swaps, forwards, and options to economically hedge against exchange risks arising out of these transactions. Trading activities in the foreign currency markets expose us to exchange rate risks. This risk is mitigated by setting counterparty limits, stipulating daily and cumulative stop-loss limits, and engaging in exception reporting.

The Reserve Bank of India has authorized the dealing of foreign currency-rupee options by banks for hedging foreign currency exposures including hedging of balance sheet exposures. We have been offering such products to corporate clients and other inter-bank counterparties and are one of the largest participants in the currency options market accounting for a significant share of daily trading volume. All the options are maintained within the specified limits.

In addition, foreign currency loans are made on terms that are similar to foreign currency borrowings, thereby transferring the foreign exchange risk to the borrower. In addition, there is an open foreign exchange position limit to minimize exchange rate risk.

Credit Spread Risk

Credit spread risk arises out of our investments in fixed income securities and credit derivatives. Volatility in the level of credit spreads would impact the value of these portfolios. The Bank monitors its fixed income and credit derivative portfolio closely and risk is managed by setting limits such as issuer wise exposure limits based on credit rating, counterparty limits and stop-loss limits. There have been several negative developments in the financial

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markets since 2007 which have resulted in high levels of volatility and significant widening in credit spreads. In fiscal 2008, we made provisions in our income statement, aggregating Rs. 11,285 million (US$ 282 million), for mark-to-market losses on the trading portfolios of credit derivatives and fixed income investments in our international branches and subsidiaries. A mark-to-market impact of Rs. 5,584 million (US$ 140 million) on the available for sale portfolio of fixed income investments of our international subsidiaries was reduced from our stock holders' equity. We also realized losses of Rs. 1,139 million (US$ 28 million) on these portfolios.

In September 2008, global financial markets deteriorated sharply following the bankruptcy filing by Lehman Brothers, the developments with respect to other large United States institutions that have required federal government support, heightened concerns regarding the liquidity and solvency of other institutions in the United States and elsewhere, and credit rating downgrades of certain institutions. This has resulted in widening and extreme volatility in credit spreads of financial institutions. We have an investment of approximately €57 million in senior bonds of Lehman Brothers. Our aggregate portfolio of investments in international corporate and financial sector debt and mortgage- and asset-backed securities was Rs. 193.7 billion (US$ 4.8 billion) at year-end fiscal 2008. The realized and mark-to-market losses on these investments would adversely impact our net income in fiscal 2009.

Liquidity Risk

Liquidity risk arises in the funding of lending, trading and investment activities and in the management of trading positions. It includes both the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price. The goal of liquidity management is to be able, even under adverse conditions, to meet all liability repayments on time and fund all investment opportunities.

We maintain diverse sources of liquidity to facilitate flexibility in meeting funding requirements. Incremental domestic operations are principally funded by accepting deposits from retail and corporate depositors. The deposits are augmented by borrowings in the short-term inter-bank market and through the issuance of bonds. Loan maturities and sale of investments also provide liquidity. Most of the funds raised are used to extend loans or purchase securities. Generally, deposits have a shorter average maturity than loans or investments.

Our international branches are primarily funded by debt capital market issuances, syndicated loans, bilateral loans and bank lines, while our international subsidiaries raise deposits in their local markets. Volatility in international debt markets following the concerns over sub-prime debt in the United States have constrained our international market borrowings. Continued volatility and liquidity constraints in the international markets may adversely impact our liquidity position.

Our subsidiary in the United Kingdom offers an internet based online savings deposit product to depositors. The total amount of such deposits as at year-end fiscal 2008 was Rs. 141.3 billion (US$ 3.5 billion). These deposits are payable on demand. At present, these deposits are classified as outflow in the less than eight days liquidity bucket as required by the Financial Services Authority of the United Kingdom. We deploy these funds in a portfolio of short-term deposits and marketable securities. We may face liquidity risk in case of high volumes of deposit withdrawals, failure of a substantial number of depositors to roll over deposited funds upon maturity or to replace deposited funds with fresh deposits.

We closely monitor our domestic and international liquidity position, taking into account maturing assets and liabilities, the expected level of rollover of maturing liabilities and new financing commitments. We seek to maintain a portfolio of liquid assets in addition to our regulatory reserves. We also have access to refinancing facilities extended by regulators.

For further information on liquidity risk, see “Operating and Financial Review and Prospects — Liquidity Risk.”

Operational Risk

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

The management of operational risk in the organization is governed by the Operational Risk Management Policy approved by the board of directors. The policy is applicable across the organization including overseas / offshore, branches, ensuring that there is clear accountability and responsibility for management and mitigation of operational risk, developing a common understanding of operational risk, helping the business and operation groups units to improve internal controls, thereby reducing the probability and potential impact of losses from operational risks while meeting regulatory requirements. Operational risk can result from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. Operational risk is sought to be mitigated by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back–up procedures and undertaking regular contingency planning.

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

Operational Controls and Procedures in Branches

We have operating manuals detailing the procedures for the processing of various banking transactions and the operation of the application software. Amendments to these manuals are implemented through circulars, which are available on the company intranet.

We have a scheme of delegation of financial powers that set out the monetary limit for employees. Withdrawals from customer accounts are processed based on in-built system checks and authorization procedures. Cash transactions over a specified limit are subject to special scrutiny to avoid money laundering. Our core banking software has multiple security features to protect the integrity of applications and data.

Operational Controls and Procedures for Internet Banking

For internet banking, we have control measures including issuing the customer a unique user ID, a login password for logging onto the internet site and a unique transaction ID for effecting transactions.

Operational Controls and Procedures in Regional Processing Centers & Central Processing Centers

To improve customer service at our branches, we have centralized a number of transaction processing operations. We have centralized operations at regional processing centers located at various cities across the country. These regional processing centers process check clearing and inter-branch transactions, make inter-city check collections, and undertake back-office activities for account opening, standing instructions and auto-renewal of deposits.

In Mumbai, we have centralized transaction processing on a nation-wide basis for transactions like the issue of ATM cards and PIN mailers, reconciliation of ATM transactions, monitoring of ATM functioning, issue of passwords to Internet banking customers, depositing post-dated checks received from retail loan customers and credit card transaction processing. Centralized processing has been extended to the issuance of personalized check books, back-office activities of non-resident Indian accounts, opening of new bank accounts for customers who seek web-based brokering services and recovery of service charges for accounts for holding shares in book-entry form.

Operational Controls and Procedures in Treasury

We use technology to monitor risk limits and exposures. Our front office, back office and accounting and reconciliation functions are fully segregated in both the domestic treasury and foreign treasury.

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Our front office treasury operations for rupee transactions consist of operations in fixed income securities, equity securities and inter-bank money markets. Our dealers analyze the market conditions and take views on price movements. Thereafter, they strike deals in conformity with various limits relating to counterparties, securities and brokers. The deals are then forwarded to the back office for settlement.

Trade strategies are discussed frequently and decisions are taken based on market forecasts, information and liquidity considerations. Trading operations are conducted in conformity with the code of conduct prescribed by internal and regulatory guidelines.

The Treasury Middle Office Group uses various risk monitoring tools such as counterparty limits, position limits, exposure limits and individual dealer limits. Procedures for reporting breaches in limits are also in place. The Treasury Middle Office Group monitors counterparty limits, evaluates the mark-to-market impact on various positions taken by dealers and monitors market risk exposure of the investment portfolio and adherence to various market risk limits.

Our back office undertakes the settlement of funds and securities. The back office has procedures and controls for minimizing operational risks, including procedures with respect to deal confirmations with counterparties, verifying the authenticity of counterparty checks and securities, ensuring receipt of contract notes from brokers, monitoring receipt of interest and principal amounts on due dates, ensuring transfer of title in the case of purchases of securities, reconciling actual security holdings with the holdings pursuant to the records and reports any irregularity or shortcoming observed.

Operational Controls and Procedures in Retail Asset Operations

A majority of our retail asset operations are centralized at Mumbai, Delhi and Chennai. The central operations unit is located in Mumbai and the regional operations units at Delhi and Chennai. These central and regional units support operations relating to retail asset products across the country.

The central operations unit carries out accounting, reconciliation and repayment management activities for all retail asset products. The regional operations units manage disbursement of approved credit facilities. There are no manual issuances of disbursement checks thus reducing any operational risk on account of manual intervention in the process. No single team has the full authority to complete a transaction and carry out financial reconciliation. Each activity is segregated and carried out by an independent team.

All processes are hosted and controlled through a central process site. At the design stage of the process, operational and other risks are identified, mitigants designed and measures of performance specified to ensure adherence. The retail asset operations group has regional audit managers across the country. These audit managers monitor adherence to controls and procedures and record and report deviations to facilitate corrective action.

Operational Controls and Procedures for Corporate Banking

Our operations in respect of corporate banking products and services are centralized in Mumbai. These centralized operations comprise separate operations teams for trade finance, cash management and general banking operations. The centralized operations teams process transactions after verification of credit authorizations, as well as applicable regulations, particularly in respect of international trade finance transactions. This unit also processes transactions for small enterprise customers.

Operational Controls and Procedures in Rural Loan Operations

Operational controls and procedures for corporate customers in rural and agricultural banking are similar to those for our other corporate customers. For other loans, duly approved disbursement requests are submitted to local operations teams where they are checked for completeness and tallied with the terms of approval, before loans are disbursed. Account reconciliation and other monitoring activities are conducted centrally.

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Anti-Money Laundering Controls

Our board of directors approved a Group Anti-Money Laundering policy in January 2004, which established the standards of anti-money laundering compliance. The Group Anti-Money Laundering policy is reviewed from time to time and it is applicable to all our activities including the business units in India or abroad. The unique anti-money laundering regulatory requirements for overseas units are provided separately as an addendum to the group anti-money laundering policy. Our anti-money laundering standards are primarily based on two pillars, namely, Know Your Customer and monitoring/reporting of suspicious transactions. The Group Anti-Money Laundering policy specifies a risk-based approach in implementing the anti-money laundering framework. Keeping in view the specific requirements of the guidelines of the Reserve Bank of India, we have evolved a customer acceptance policy which lays down the criteria for the acceptance of Customers. The customer acceptance policy forms an integral part of the Group Anti-Money Laundering policy. The aspects mentioned in the customer acceptance policy are reckoned while evolving the know your customer/anti money laundering procedures for various customers/products. The know your customer procedures are based on various aspects outlined in the customer acceptance policy and some principles specified in the Group Anti-Money Laundering policy. To ensure effective implementation of the Anti-Money Laundering framework by the business unit, detailed procedure manuals are prepared for each business unit illustrating the know your customer and monitoring/reporting of suspicious transactions requirements for the various products. The business units are required to undertake risk profiling of various customer segments and products, and to classify them into high, medium and low-risk categories. The anti-money laundering framework seeks to institute a process of customer identification and verification depending on the nature or status of the customer and the type of transaction. In respect of unusual or suspicious transactions or when the customer moves from a low-risk to high-risk profile, appropriate enhanced due-diligence measures are required to be adopted. The policy also requires that reports of specified cash transactions and suspicious transactions be submitted to the Financial Intelligence Unit, India constituted under the Prevention of Money Laundering Act, 2002 and the rules notified there under. The Audit Committee of our board of directors supervises the implementation of the anti-money laundering framework. A senior executive has been nominated as the Money Laundering Reporting Officer to monitor the day-to-day implementation of the anti-money laundering policy and procedures. Suitable training programs on awareness of anti-money laundering are organized for the employees on a periodic basis.

Global Risk Management Framework

We have adopted a global risk management framework for our international banking operations, including overseas branches, offshore banking units and subsidiaries. Under this framework, our credit, investment, asset liability management and anti-money laundering policies apply to all our overseas branches and offshore banking units, with modifications to meet local regulatory or business requirements. These modifications may be made only with the approval of our board of directors. All overseas banking subsidiaries are required to adopt risk management policy frameworks to be approved by their board of directors or an appropriate committee of their board of directors, based on applicable laws and regulations as well as our corporate governance and risk management framework. The overseas banking subsidiaries are required to adopt a process for formulation of policies which involves seeking the guidance and recommendations of the related groups in ICICI Bank. Key risk indicators pertaining to our international banking operations are presented to the Risk Committee of our board of directors on a quarterly basis.

The Compliance Group is responsible for regulatory compliance in India, the overseas branches and offshore banking units. Key risk indicators pertaining to our international banking operations are presented to the Risk Committee of our board of directors on a quarterly basis. Management of regulatory compliance risk is considered an integral component of the governance framework along with the internal control and enterprise-wide risk management frameworks. A Company-wide framework for compliance has therefore been adopted by way of a Group Compliance Policy approved by the board of directors which provides for identification and evaluation of the significant compliance risks, on a Company-wide basis, in order to assess how these risks might affect the safety and soundness of the Company.

Audit

The Internal Audit Group undertakes a comprehensive audit of all business groups and other functions, in accordance with a risk-based audit plan. This plan allocates audit resources based on an assessment of the

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operational risks in the various businesses. The audit plan for every fiscal year is approved by the Audit Committee of our board of directors.

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

The Reserve Bank of India requires banks to have a process of concurrent audits at branches handling large volumes, to cover a minimum of 50.0% of business volumes. We have a process of concurrent audits, using external accounting firms. Concurrent audits are also carried out at centralized and regional processing centers operations to ensure existence of and adherence to internal controls.

The Internal Audit Group has formed a separate International Banking Audit Group for audit of international branches, representative offices and subsidiaries.

Legal and Regulatory Risk

The Corporate Legal Group has the oversight role in respect of legal compliance, and in dealing with legal and regulatory risks that may arise in transactions or dealing of ICICI Bank with its customers and counter-parties, and on various aspects described in the sections on Credit Risk above and on Collateral — Completion, Perfection and Enforcement below.

Further ICICI Bank is involved in various litigations and is subject to a wide variety of banking and financial services laws and regulations in each of the jurisdictions in which it operates. ICICI Bank is also within the ambit and realm of a large number of regulatory and enforcement authorities in each of these jurisdictions. The uncertainty of the enforceability of the obligations of our customers and counter-parties, including as to the due foreclosure on collateral, creates legal risk as also any repudiation of the obligations or disputes as to inter-se obligations or of service quality or operational efficiency. Changes in laws and regulations could adversely affect ICICI Bank. Legal risk is higher in new areas of business where the law is often untested by the courts. ICICI Bank seeks to minimize legal risk by using stringent legal documentation, employing procedures designed to ensure that transactions are properly authorized and consulting external legal advisors wherever required or appropriate. See "Legal and Regulatory Proceedings", "Risk Factors—Risks Relating to Our Business— We are subject to legal and regulatory risk which may adversely affect our business and the price of our equity shares and ADSs.", " - We have experienced rapid international growth in the last three years which has increased the complexity of the risks that we face", " - We are subject to legal and regulatory risk which may adversely affect our business and the price of our equity shares and ADSs." and "—Regulatory changes in India or other jurisdictions in which we operate could adversely affect our business".

Derivative Instruments Risk

We enter into interest rate and currency derivative transactions primarily for the purpose of hedging interest rate and foreign exchange mismatches and also engage in trading of derivative instruments on our own account. We provide derivative services to selected major corporate customers and other domestic and international financial institutions, including foreign currency forward transactions and foreign currency and interest rate swaps. We also invest in credit derivatives through our overseas branches and banking subsidiaries. Our derivative transactions are subject to counterparty risk to the extent particular obligors are unable to make payment on contracts when due or the risk of counterparties repudiating the contracts.

Risk Management in Key Subsidiaries

ICICI Securities Primary Dealership is a primary dealer and has government of India securities as a significant proportion of its portfolio. The Corporate Risk Management Group at ICICI Securities Primary Dealership develops the risk management policies for the organization. The main objective of the group is to ensure adherence to risk management practices to mitigate the risks, primarily credit and market risks, involved in the various businesses of the company. The group continuously develops and enhances its risk management and control procedures. Further, the Risk Management Committee is responsible for analyzing and monitoring the risks associated with the different business activities of ICICI Securities Primary Dealership and ensuring adherence to the risk and investment limits approved by the board of directors.

ICICI Prudential Life Insurance is exposed to business risks arising out of the nature of products and underwriting, and market risk arising out of the investments made out of the corpus of premiums collected and the returns guaranteed to policyholders. The Risk Management and Audit Committee of its board of directors are responsible for oversight of the risk management and internal control functions. For managing investment risk, the company has a prudent investment strategy to optimize risk adjusted returns. Its asset-liability management framework is designed to cushion and mitigate the investment related risks of assets. The assets under management for the linked portfolio, in respect of which there is minimal asset-liability mismatch risk, amounts to over 85% of the policyholders' funds. As part of asset-liability management for the non-linked portfolio, ICICI Prudential Life Insurance has hedged the single premium non-participating portfolio by duration matching, re-balanced monthly. On the participating portfolio, the asset allocation strategy, which includes investments in equities, is designed to achieve the twin objectives of managing base guarantees and maximizing returns. The equity portfolio is benchmarked against a market index. In addition, there are exposure limits to companies, groups and industries. For mitigating operational risks, management assesses and rates the various operational risks and prepares a mitigation plan. The internal audit department performs risk-based audit and reports the findings to the Audit Committee.

ICICI Lombard General Insurance is principally exposed to risks arising out of the nature of business underwritten and credit risk on its investment portfolio. In respect of business risk, ICICI Lombard General Insurance seeks to diversify its insurance portfolio across industry sectors and geographical regions. It focuses on corporate product segments that have historically experienced low loss ratios and retail product segments where risks are widely distributed. It also has the ability to reduce the risk retained on its own balance sheet by re-insuring a part of the risks underwritten. Its investments are governed by the investment policy approved by its board of directors within the norms stipulated by the Insurance Regulatory and Development Authority. The Investment Committee oversees the implementation of this policy and reviews it periodically. Exposure to any single entity is normally restricted to 5.0% of the portfolio and to any industry to 10.0% of the portfolio. Investments in debt instruments are generally restricted to instruments with a domestic credit rating of AA or higher.

Controls and Procedures

We carried out an evaluation under the supervision and with the participation of management, including the Managing Director & Chief Executive Officer and the Joint Managing Director and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Exchange Act as of March 31, 2008.

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

However, as a result of our evaluation, we noted certain areas where our processes and controls could be improved. We are committed to continuing to implement and improve internal controls and our risk management processes, and this remains a key priority for us. We also have a process whereby business and financial officers throughout the Company attest to the accuracy of reported financial information as well as the effectiveness of disclosure controls, procedures and processes.

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

We are experiencing significant growth in a fast changing environment, and management is aware that this may pose significant challenges to the control framework. The increasing size of our treasury operations, which use automated control and recording systems as well as manual checks and record keeping, expose us to the risk of

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errors in control and record keeping. See “Risk Factors — Risks Relating to Our Business — There is operational risk associated with our industry which, when realized, may have an adverse impact on our business”.

Management’s Report on Internal Control Over Financial Reporting

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

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

Our internal controls include policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect in reasonable detail the transactions and dispositions of assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Company's receipts and expenditures are made only in accordance with authorizations of management and the Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

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

Management assessed the effectiveness of internal control over financial reporting as of March 31, 2008 based on criteria set for by the Committee of Sponsoring Organizations of Treadway Commission in Internal Control-Integrated Framework. Based on the assessment, management concluded that our internal control over financial reporting was effective as of March 31, 2008. Effectiveness of our internal control over financial reporting as of March 31, 2008 has been audited by KPMG, an independent registered public accounting firm, as stated in their attestation report which is included herein.

Change in Internal Control Over Financial Reporting

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

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Loan Portfolio

Our gross loan portfolio was Rs. 2,555.9 billion (US$ 63.9 billion) at year-end fiscal 2008, an increase of 19.6% over the gross loan portfolio of Rs. 2,137.1 billion (US$ 53.4 billion) at year-end fiscal 2007. At year-end fiscal 2007, the gross loan portfolio increased 35.5% to Rs. 2,137.1 billion (US$ 53.4 billion) as compared to the gross loan portfolio of Rs. 1,577.1 billion (US$ 39.4 billion) at year-end fiscal 2006. At year-end fiscal 2008, approximately 72.1% of our gross loans were rupee loans.

Loan Portfolio by Categories

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

	At March 31,					
	2004	2005	2006	2007	2008	
	(in millions)					
Consumer loans and credit card receivables(1)	Rs. 281,946	Rs. 532,138	Rs. 910,871	Rs. 1,276,977	Rs. 1,408,271	US$ 35,189
Rupee	281,494	526,541	895,116	1,248,484	1,365,595	34,123
Foreign currency	452	5,597	15,755	28,493	42,676	1,066
Commercial, financial, agricultural and others(2)	393,642	447,359	665,549	859,562	1,147,276	28,668
Rupee	300,985	301,800	449,160	495,464	475,796	11,889
Foreign currency	92,657	145,559	216,389	364,098	671,480	16,779
Leasing and related activities(3)	1,401	885	736	569	329	8
Rupee	1,401	885	695	569	329	8
Foreign currency	-	-	41	-	-	-
Gross loans	676,989	980,382	1,577,156	2,137,108	2,555,876	63,865
Rupee	583,880	829,226	1,344,971	1,744,517	1,841,719	46,020
Foreign currency	93,109	151,156	232,185	392,591	714,156	17,845
Total gross loans	676,989	980,382	1,577,156	2,137,108	2,555,876	63,865
Allowance for loan losses	(27,510)	(16,282)	(14,553)	(23,114)	(41,859)	(1,046)
Net loans	Rs. 649,479	Rs. 964,100	Rs. 1,562,603	Rs. 2,113,994	Rs. 2,514,017	US$ 62,819

(1) Includes home loans, automobile loans, commercial business loans, two wheeler loans, personal loans, credit card receivables and farm equipment loans.
(2) Includes builder financing and dealer financing.
(3) Leasing and related activities includes leasing and hire purchase.

Our gross consumer loans and credit card receivables increased to Rs. 1,408.3 billion (US$ 35.2 billion), constituting 55.1% of our gross loans at year-end fiscal 2008 from Rs. 1,277.0 billion (US$ 31.9 billion), constituting 59.8% of our gross loans at year-end fiscal 2007. Our gross foreign currency loans increased from Rs. 392.6 billion (US$ 9.8 billion), constituting 18.4% of our total gross loans at year-end fiscal 2007 to Rs. 714.2 billion (US$ 17.8 billion), constituting 27.9% of our total gross loans at year-end fiscal 2008.

At year-end fiscal 2008, we did not have outstanding cross-border loans (defined as loans made to borrowers outside of India) exceeding 1.0% of our assets in any country except the United Kingdom, Singapore and Canada. We had outstanding cross-border loans to US borrowers amounting to between 0.75% and 1.0% of our assets.

Collateral — Completion, Perfection and Enforcement

Our loan portfolio consists largely of loans to retail customers, including home loans, automobile loans, two wheeler loans, commercial business loans, personal loans and credit card receivables, project and corporate finance and working capital loans to corporate borrowers and agricultural financing. In general, our loans (other than personal loans, credit card receivables and some forms of corporate and agricultural financing, which are unsecured) are over-collateralized. In India, there are no regulations stipulating loan-to-collateral limits.

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There can be delays in completion of security interests by our borrowers or security providers, and we regularly review the status of security to be created, and have follow up mechanisms for ensuring due completion of security. The delays could be due to time taken for acquisition of the asset on which security interest is to be created (or formalities related thereto), obtaining of requisite consents including legal, statutory or contractual obligations to obtain such consents, obtaining of legal opinions as to title, availability of requisite consents and ability of the borrower or security providers to create valid, legal and enforceable security interests in the relevant jurisdictions and negotiation of terms for security interests.

Corporate finance and project finance loans are typically secured by a first lien on fixed assets, which normally consists of property, plant and equipment. These security interests are perfected by the registration of these interests within time limits stipulated under the Indian Companies Act with the Registrar of Companies pursuant to the provisions of the Indian Companies Act when our clients are constituted as companies. Perfection of security interests in immovable property requires a no-objection certificate from the income tax authorities. This registration amounts to a constructive public notice to other business entities of security interests created by such companies. We may also take security of a pledge of financial assets like marketable securities (for which perfection of security interests by registration with the Registrar of Companies is not mandatory for companies under the Indian Companies Act), and obtain corporate guarantees and personal guarantees wherever appropriate. In certain cases, the terms of financing include covenants relating to sponsor shareholding in the borrower and restrictions on the sponsors' ability to sell all or part of their shareholding. Covenants involving equity shares have top-up mechanism based on price triggers.

Working capital loans are typically secured by a first lien on current assets, which normally consist of inventory and receivables. Additionally, in some cases, we may take further security of a first or second lien on fixed assets, a pledge of financial assets like marketable securities, or obtain corporate guarantees and personal guarantees wherever appropriate.

A substantial portion of our loans to retail customers (other than personal loans and credit card receivables, which are unsecured) is also secured by a first and exclusive lien on the assets financed (predominantly property and vehicles).

We are entitled in terms of our security documents to repossess security comprising assets such as plant, equipment and vehicles without reference to the courts or tribunals unless a client makes a reference to such courts or tribunals to stay our actions.

Separately, in India, foreclosure on collateral of property generally requires a written petition to an Indian court or tribunal based on amounts sought to be recovered. An application, when made, may be subject to delays and administrative requirements that may result, or be accompanied by, a decrease in the value of the collateral. These delays can last for several years leading to deterioration in the physical condition and market value of the collateral. In the event a corporate borrower makes an application for relief to a specialized authority called the Board for Industrial and Financial Reconstruction, foreclosure and enforceability of collateral is stayed. In fiscal 2003, the Indian Parliament passed the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended, which strengthened the ability of lenders to resolve non-performing assets by granting them greater rights as to enforcement of security including over immovable property and recovery of dues, without reference to the courts or tribunals including the abatement of references to the Board for Industrial and Financial Reconstruction. See "Overview of the Indian Financial Sector — Recent Structural Reforms — Legislative Framework for Recovery of Debts due to Banks".

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

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

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

Loan Concentration

We follow a policy of portfolio diversification and evaluate our total financing exposure in a particular industry in light of our forecasts of growth and profitability for that industry. ICICI Bank's Global Credit Risk Management Group monitors all major sectors of the economy and specifically follows industries in which ICICI Bank has credit exposures. We seek to respond to any economic weakness in an industrial segment by restricting new credits to that industry segment and any growth in an industrial segment by increasing new credits to that industry segment, resulting in active portfolio management. ICICI Bank's policy is to limit its loan portfolio to any particular industry (other than retail loans) to 15.0% of total exposure. We identified retail finance as an area with potential for growth and sought to increase our financing to retail finance. We believe that retail finance offers significant risk diversification benefits as the credit risk is spread over a large number of relatively small individual loans. The growth of our retail finance portfolio in the past few years has been the principal driver of our portfolio diversification strategy. Our loans and advances to retail finance constituted 57.0% of our gross loans and advances at year-end fiscal 2008 compared to 63.8% at year-end fiscal 2007 and 62.2% at year-end fiscal 2006.

Pursuant to the guidelines of the Reserve Bank of India, our credit exposure to individual borrowers must not exceed 15.0% of our capital funds, comprising Tier 1 and Tier 2 capital calculated pursuant to the guidelines of the Reserve Bank of India. Credit exposure to individual borrowers may exceed the exposure norm of 15.0% of our capital funds by an additional 5.0% (i.e. up to 20.0%) provided the additional credit exposure is on account of infrastructure financing. Our exposure to a group of companies under the same management control must not exceed 40.0% of our capital funds unless the exposure is in respect of an infrastructure project. The exposure to a group of companies under the same management control, including exposure to infrastructure projects, may be up to 50.0% of our capital funds. With effect from June 1, 2004, banks may, in exceptional circumstances, with the approval of their boards, enhance the exposure by 5.0% of capital funds (i.e., 20.0% of capital funds for an individual borrower and 45.0% of capital funds for a group of companies under the same management), making appropriate disclosures in their annual reports. Exposure for funded facilities is calculated as the total committed credit and investment sanctions or the outstanding funded amount, whichever is higher (for term loans, as undisbursed commitments plus the outstanding amount). Exposure for non-funded facilities is calculated as 100.0% of the committed amount or the outstanding non-funded amount whichever is higher. At year-end fiscal 2008, we were in compliance with these guidelines.

At year-end fiscal 2008, our largest non-bank borrower accounted for approximately 12.0% of our capital funds. The largest group of companies under the same management control accounted for approximately 35.3% of our capital funds.

The following table sets forth, at the dates indicated, the composition of our gross advances (net of write-offs).

	As at March 31,										
	2004		2005		2006		2007		2008		
	(Rs. in millions, except percentages)										
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	US$	%
Retail finance(1)	360,228	53.2%	596,027	60.8%	981,550	62.2%	1,364,472	63.8%	1,457,548	36,420	57.0%

Services - non finance	18,099	2.7%	18,648	1.9%	47,289	3.0%	64,342	3.0%	168,139	4,201	6.6%
Iron & steel and products	55,377	8.2%	51,557	5.3%	51,717	3.3%	52,071	2.5%	100,441	2,510	3.9%
Food & beverages	11,914	1.7%	16,956	1.7%	41,491	2.6%	50,863	2.4%	76,802	1,919	3.0%
Services - finance	10,632	1.6%	27,508	2.8%	74,356	4.7%	111,500	5.2%	65,373	1,634	2.6%
Crude petroleum/ refining & petrochemicals	24,761	3.6%	44,422	4.5%	46,185	2.9%	49,656	2.3%	65,136	1,628	2.6%
Power	25,223	3.7%	18,217	1.9%	28,127	1.8%	41,917	2.0%	62,479	1,561	2.4%

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	As at March 31,										
	2004		2005		2006		2007		2008		
	(Rs. in millions, except percentages)										
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	US$	%
Road, port, telecom, urban development & other infrastructure	20,863	3.1%	35,519	3.6%	30,114	1.9%	29,873	1.4%	57,708	1,442	2.3%
Chemicals & fertilizers	21,307	3.1%	18,372	1.9%	32,241	2.1%	53,768	2.5%	43,346	1,083	1.7%
Electronics & engineering	26,852	4.0%	19,742	2.0%	24,129	1.5%	21,863	1.0%	39,294	982	1.5%
Metal & products (excluding iron & steel)	10,373	1.5%	15,552	1.6%	19,335	1.2%	10,672	0.5%	28,925	723	1.1%
Wholesale / retail trade	650	0.1%	9,867	1.0%	14,842	1.0%	28,625	1.3%	26,728	668	1.0%
Others (2)	91,206	13.5%	108,230	11.0%	186,006	11.8%	257,993	12.1%	365,425	9,131	14.3%
Gross loans	677,485	100%	980,617	100%	1,577,382	100%	2,137,615	100%	2,557,344	63,902	100%
Allowance for loan losses and interest suspense	(28,006)		(16,517)		(14,779)		(23,621)		(43,327)	(1,083)	
Net loans	649,479		964,100		1,562,603		2,113,994		2,514,017	62,819	

(1) Includes home loans, automobile loans, commercial business loans, two wheeler loans, personal loans, credit cards receivables, dealer funding, developer financing and overdraft products.

(2) Others primarily include textiles, shipping, construction, manufacturing products excluding metal, cement, automobiles, drugs & pharmaceuticals, gems & jewellery, fast moving consumer goods, mining and mutual funds.

Our gross loan portfolio at year-end fiscal 2008 increased by 19.6% compared to the gross loan portfolio at year-end fiscal 2007. Retail finance was 57.0% of gross loans at year-end fiscal 2008 compared to 63.8% at year-end fiscal 2007 and 62.2% at year-end fiscal 2006. Our gross loans to the services – non finance sector as a percentage of gross loans increased to 6.6% at year-end fiscal 2008 compared to 3.0% at year-end fiscal 2007. Our gross loans to the iron and steel sector as a percentage of gross loans increased to 3.9% at year-end fiscal 2008 compared to 2.5% at year-end fiscal 2007.

At year-end fiscal 2008, our 20 largest borrowers accounted for approximately 12.5% of our gross loan portfolio, with the largest borrower accounting for approximately 2.7% of our gross loan portfolio. The largest group of companies under the same management control accounted for approximately 3.7% of our gross loan portfolio.

Geographic Diversity

Our portfolios are geographically diversified. The state of Maharashtra accounted for the largest proportion of our gross loans outstanding at year-end fiscal 2008.

Directed Lending

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

Priority Sector Lending

Till fiscal 2007, the Reserve Bank of India guidelines required banks to lend 40.0% of their net bank credit (total domestic loans less marketable debt instruments and certain exemptions permitted by the Reserve Bank of India from time to time) to certain specified sectors called priority sectors. Priority sectors included small-scale industries, the agricultural sector, food and agri-based industries, small businesses and housing finance up to certain limits. Out of the 40.0%, banks were required to lend a minimum of 18.0% of their net bank credit to the agriculture sector and the balance to certain specified sectors, including small scale industries (defined as manufacturing, processing and services businesses with a certain limit on investment in plant and machinery), small businesses, including retail merchants, professional and other self employed persons and road and water transport operators, housing loans up to a certain limit and to specified state financial corporations and state industrial development corporations. In its letter dated April 26, 2002 granting its approval for the amalgamation, the Reserve Bank of India stipulated that since ICICI’s loans transferred to us were not subject to the priority sector lending requirement, we are required to maintain priority sector lending of 50.0% of our net bank credit on the residual portion of our advances (i.e. the portion of our total advances excluding advances of ICICI at year-end fiscal, 2002, referred to as “residual net bank credit”). This additional 10.0% priority sector lending requirement will apply until such time as our aggregate priority sector advances reach a level of 40.0% of our total net bank credit. The Reserve Bank of

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India's existing instructions on sub-targets under priority sector lending and eligibility of certain types of investments/ funds for qualification as priority sector advances apply to us.

Any shortfall in the amount required to be lent to the priority sectors may be required to be deposited with government sponsored Indian development banks like the National Bank for Agriculture and Rural Development, Small Industries Development Bank of India and National Housing Bank. These deposits have a maturity of up to seven years and carry interest rates lower than market rates. At year-end fiscal 2008, total investments in such bonds on account of shortfall in priority sector lending of earlier years (to the extent called for net of repayment) were Rs. 14.9 billion (US$ 372 million). For fiscal 2008 the shortfall on account of priority sector lending was Rs. 12.6 billion (US$ 315 million) which will be deposited with the government sponsored Indian development banks as and when called for. See "Supervision and Regulation — Directed Lending — Priority Sector Lending".

The Reserve Bank of India has issued revised guidelines applicable from fiscal 2008 on lending to priority sector. As per the revised norms, the targets and sub-targets have been linked to the adjusted net bank credit, or credit equivalent amount of off-balance sheet exposure, whichever is higher. The definition of adjusted net bank credit does not include certain exemptions and includes certain investments and is computed with reference to the outstanding amount as on March 31 of the previous year. Under the revised guidelines the limit on the housing loans eligible for priority sector lending has been increased from Rs. 1.5 million (US$ 37,481) to Rs. 2.0 million (US$ 49,975) per borrower. The guidelines have capped eligible direct agriculture finance to non-individuals (i.e. partnership firms, corporates and institutions) at Rs. 10.0 million (US$ 249,875) per borrower. One-third of loans in excess of Rs. 10.0 million (US$ 249,875) per borrower are considered as direct finance while the remaining two-thirds constitute indirect finance. In addition fresh investments made by banks with National Bank for Agriculture and Rural Development in lieu of non achievement of priority sector lending targets are no longer to be considered as indirect finance from April 30, 2007. However, the existing investments in such bonds continue to be classified as indirect agriculture finance till March 31, 2010.

As per the guidelines, banks are also required to lend to the weaker sections 10% of adjusted net bank credit or credit equivalent amount of off-balance sheet exposures, whichever is higher. In order to ensure that the sub-target of lending to the weaker sections is achieved, the Reserve Bank of India has decided to take into account the shortfall in lending to weaker sections also, as on the last reporting Friday of March of each year, for the purpose of allocating amounts to the domestic Scheduled Commercial Banks (SCBs) for contribution to the Rural Infrastructure Development Fund (RIDF) maintained with National Bank for Agriculture And Rural Development or funds with other Financial Institutions, as specified by the Reserve Bank of India, with effect from April 2009.

We are required to comply with the priority sector lending requirements on the last "reporting Friday" of each fiscal year. At March 28, 2008, which was the last reporting Friday for fiscal 2008, our priority sector loans were Rs. 641.50 billion (US$ 16.0 billion), constituting 50.3% of our residual net bank credit against the requirement of 50.0%. At that date, qualifying agriculture loans were 17.0% of our residual net bank credit as against the requirement of 18.0%.

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	At March 30,			
	2008 (Rs.)	2008 (US$)	% of total priority sector lending	% of residual net bank credit
	(in millions, except percentages)			
Small enterprises(1)	73,833	1,845	11.5%	5.8%
Others including residential mortgage less than Rs. 2.0 million	350,816	8,766	54.7%	27.5%
Agricultural sector (2)	216,854	5,419	33.8%	17.0%
Total	641,503	16,030	100.0%	50.3%

(1) Small enterprises are defined as manufacturing, processing and services businesses with a limit of Rs. 50.0 million (US$ 1 million) on investment in plant and machinery.

(2) Includes direct agriculture lending of Rs. 159.5 billion (US$ 4.0 billion) constituting 12.5% of our residual net bank credit against the requirement of 13.5%.

Export Credit

As part of directed lending, the Reserve Bank of India also requires banks to make loans to exporters at concessional rates of interest. Export credit is provided for pre-shipment and post-shipment requirements of exporter borrowers in rupees and foreign currencies. At the end of any fiscal year, 12.0% of the bank’s net bank credit is required to be in the form of export credit. This requirement is in addition to the priority sector lending requirement but credits extended to exporters that are small scale industries or small businesses may also meet part of the priority sector lending requirement. The Reserve Bank of India provides export refinancing for an eligible portion of total outstanding export loans at the bank rate prevailing in India from time to time. The interest income earned on export credits is supplemented through fees and commissions earned from these exporter customers from other fee-based products and services taken by them from us, such as foreign exchange products and bill handling. At March 28, 2008 (last reporting Friday for fiscal 2008), our export credit was Rs. 22.6 billion (US$ 565 million), constituting 1.8% of our net bank credit.

Loan pricing

As required by the Reserve Bank of India guidelines and the advice issued by the Indian Banks' Association effective January 1, 2004, we price our loans (other than fixed rate loans and certain categories of loans to individuals and agencies specified by the Indian Banks' Association, including among others, loans to individuals for acquiring residential properties, loans for purchase of consumer durables, non-priority sector personal loans and loans to individuals against shares, debentures, bonds and other securities) with reference to a benchmark prime lending rate, called the ICICI Bank Benchmark Advance Rate. The Asset Liability Management Committee of our board of directors fixes the ICICI Benchmark Advance Rate based on cost of funds, cost of operations and credit charge as well as yield curve factors, such as interest rate and inflation expectations, as well as market demand for loans of a certain term. The ICICI Benchmark Advance Rate is 17.25% per annum payable monthly, effective August 1, 2008. The lending rates comprise ICICI Benchmark Advance Rate, term premium and transaction-specific credit and other charges.

Classification of Loans

We classify our assets as performing and non-performing in accordance with the Reserve Bank of India’s guidelines except in the case of ICICI Home Finance Company and our banking subsidiaries in Canada, Russia and the United

Kingdom. ICICI Home Finance Company classifies loans and other credit facilities in accordance with the National Housing Bank guidelines. Loans of our Canadian, Russian and the United Kingdom subsidiaries are classified as impaired when there is no longer a reasonable assurance of the timely collection of the full amount of principal or interest. Under the Reserve Bank of India guidelines, an asset is classified as non-performing if any amount of interest or principal remains overdue for more than 90 days (180 days until fiscal 2003), in respect of term loans. In respect of overdraft or cash credit, an asset is classified as non-performing if the account remains out of order for a period of 90 days (180 days until fiscal 2003) and in respect of bills, if the account remains overdue for more than 90 days (180 days until fiscal 2003). Further, non-performing assets are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India. The Reserve Bank of India has separate guidelines for restructured loans. See below "— Restructured Loans".

The classification of assets as per the Reserve Bank of India guidelines is detailed below.

Standard assets:	Assets that do not disclose any problems or which do not carry more than normal risk attached to the business are classified as standard assets.
Sub-standard assets:	Sub-standard assets comprise assets that are non-performing for a period not exceeding 12 months. (18 months until fiscal 2004)
Doubtful assets:	Doubtful assets comprise assets that are non-performing for more than 12 months. (18 months until fiscal 2004)
Loss assets:	Loss assets comprise assets (i) the losses on which are identified or (ii) that are considered uncollectible.

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

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

Restructured Loans

The Reserve Bank of India has separate guidelines for restructured loans. The guidelines were revised on August 27, 2008. As per these guidelines, a fully secured standard loan can be restructured by rescheduling principal repayments and/or the interest element, but must be separately disclosed as a restructured loan in the year of restructuring. The diminution in the fair value of the loan on restructuring, if any, measured in present value of the cash flows has to be either written off or provision made to the extent of the diminution involved. Similar guidelines apply to sub-standard and doubtful loans. The sub-standard or doubtful loans which have been subjected to restructuring, whether in respect of principal installment or interest amount are eligible to be upgraded to the standard category only after the specified period, i.e., a period of one year after the date when first payment of interest or of principal, whichever is earlier, falls due, subject to satisfactory performance during the period.

Provisioning and Write-Offs

We make provisions and write-offs in accordance with the Reserve Bank of India's guidelines; see "Supervision and Regulation — Reserve Bank of India Regulations — Loan Loss Provisions and Non-Performing Assets —Provisioning and write-offs." The Reserve Bank of India guidelines applicable as on year-end fiscal 2008 on provisioning and write-offs are as described below.

Standard assets:	As per the Reserve Bank of India guidelines issued in September 2005, banks were required to make general provision at 0.40% on standard loans (excluding loans to the agriculture sector and to small and medium enterprises). As per the Reserve Bank of India guidelines issued in May 2006, the general provisions for personal loans, loans and advances qualifying as capital market exposure, residential housing loans beyond Rs. 2.0 million and commercial real estate loans was increased to 1.00% from 0.40%.

	In January 2007, the Reserve Bank of India increased the provisioning requirement in respect of the loans to the real estate sector (excluding residential housing loans), outstanding credit card receivables, loans and advances qualifying as capital market exposure, personal loans and exposures to systemically important non-deposit taking non-banking finance companies to 2.00%.
Sub-standard assets:	A provision of 10% is required for all sub-standard assets. An additional provision of 10% is required for accounts that are ab initio unsecured.

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Doubtful assets:	A 100% provision/write-off is required in respect of the unsecured portion of the doubtful asset. Until year-end fiscal 2004, a 20% to 50% provision was required for the secured portion as follows: Up to one year: 20% provision; One to three years: 30% provision; and More than three years: 50% provision. Effective the quarter ended June 30, 2004, a 100% provision is required for assets classified as doubtful for more than three years on or after April 1, 2004. In respect of assets classified as doubtful for more than three years at March 31, 2004, 60% to 100% provision on such secured portion was required as follows: By March 31, 2005: 60% provision; By March 31, 2006: 75% provision; and By March 31, 2007: 100% provision.
Loss assets:	The entire asset is required to be written off or provided for.
Restructured loans:	A provision equal to the difference between the present values of the future interest as per the original loan agreement and the present values of future interest on the basis of rescheduled terms at the time of restructuring is required to be made.

Our policy

Until fiscal 2004, ICICI Bank made provisions aggregating 50% of the secured portion of corporate non-performing assets over a three-year period instead of the five-and-a-half year period prescribed by the Reserve Bank of India. Effective fiscal 2005, ICICI Bank provides for corporate non-performing assets in line with the revised Reserve Bank of India guidelines requiring 100% provision over a five-year period. Loss assets and the unsecured portion of doubtful assets are fully provided for or written off. For retail assets, subject to the minimum provisioning levels prescribed by the Reserve Bank of India, we make provisions on such homogenous loans at a portfolio level, based on ‘days past due’, less floating provisions held. We hold specific provisions against non-performing loans, general provision against performing loans and floating provisions. Non-performing assets acquired from ICICI in the amalgamation were fair valued and additional provisions were recorded to reflect the fair valuation. We do not distinguish between provisions and write-offs while assessing the adequacy of our loan loss coverage, as both provisions and write-offs represent a reduction of the principal amount of a non-performing asset. In compliance with regulations governing the presentation of financial information by banks, we report non-performing assets net of cumulative write-offs in our financial statements.

For restructured loans, provisions are made in accordance with the guidelines issued by the Reserve Bank of India, which require that the difference between the present values of the future interest as per the original loan agreement and the present values of future interest on the basis of rescheduled terms be provided at the time of restructuring.

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

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	At March 31,					
	2004	2005	2006	2007	2008	
	(in millions, except percentages)					
Commercial, financial, agricultural and others (1)	Rs. 75,454	Rs. 65,623	Rs. 55,463	Rs. 50,407	Rs. 48,411	US$ 1,
Rupee	60,796	52,245	49,582	45,965	45,535	1,
Foreign currency	14,658	13,378	5,881	4,442	2,876	
Total restructured loans	75,454	65,623	55,463	50,407	48,411	1,
Rupee	60,796	52,245	49,582	45,965	45,535	1,
Foreign currency	14,658	13,378	5,881	4,442	2,876	
Gross restructured loans(2)	75,454	65,623	55,463	50,407	48,411	1,
Provision for loan losses	(9,169)	(2,991)	(2,305)	(1,581)	(1,572)	
Net restructured loans	Rs. 66,285	Rs. 62,632	Rs. 53,158	Rs. 48,826	Rs. 46,839	US$ 1,
Gross customer assets (2)	Rs. 772,986	Rs. 1,049,164	Rs. 1,638,525	Rs. 2,234,339	Rs. 2,687,999	US$ 67,
Net customer assets	736,297	1,029,299	1,622,675	2,209,078	2,642,697	66,
Gross restructured loans as a percentage of gross customer assets	9.8%	6.3%	3.4%	2.3%	1.8%	
Net restructured loans as a percentage of net customer assets	9.0%	6.1%	3.3%	2.2%	1.8%	

(1) Includes working capital finance.

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

In 1991, India commenced a program of industrial liberalization involving, among other things, the abolition of industrial licensing, reduction in import tariff barriers and greater access for foreign companies to the Indian markets. In the period following the opening up of the economy, a number of Indian companies commenced large projects in expectation of growth in demand in India. These projects had in general relatively high levels of debt relative to equity, given the inadequate depth in the equity capital markets in India at that time. During the 1990s, the Indian economy was impacted by negative trends in the global marketplace, particularly in the commodities markets, and recessionary conditions in various economies, which had impaired the operating environment for the industrial sector in India. The manufacturing sector was also impacted by several other factors, including increased competition arising from economic liberalization in India and volatility in industrial growth and commodity prices. This had resulted in stress on the operating performance of Indian companies and an increase in the level of non-performing assets in the Indian financial system, including ICICI and us.

Certain Indian corporations have come to terms with this new competitive reality through a process of restructuring and repositioning, including rationalization of capital structures and production capacities. The increase in commodity prices since fiscal 2003 has had a favorable impact on the operations of corporations in several sectors. To create an institutional mechanism for the restructuring of corporate debt, the Reserve Bank of India has devised a corporate debt restructuring system. The objective of this framework is to ensure a timely and transparent mechanism for the restructuring of corporate debts of viable entities facing problems. The operation of this system led to the approval of restructuring programs for a large number of companies, which led to an increase in the level of restructured loans in the Indian financial system, including us. The restructured loans continue to be classified as such until they complete one year of payment in accordance with the restructured terms. Our net restructured standard loans were Rs. 46.8 billion (US$ 1.2 billion) at year-end fiscal 2008 compared to Rs. 48.8 billion (US$ 1.2 billion) at year-end fiscal 2007.

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

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	At March 31,									
	2004		2005		2006		2007		2008	
	(in millions, except percentages)									
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	US$
Crude petroleum/ refining and petrochemicals	19,642	26.0	17,661	26.9	19,169	34.6	21,004	41.7	22,542	563
Power	1,071	1.4	2,694	4.1	1,703	3.1	-	-	14,971	374
Road, port, telecom, urban development and other infrastructure	10,276	13.6	15,255	23.2	18,733	33.8	17,790	35.3	8,117	203
Electronics & engineering	4,407	5.8	1,234	1.9	565	1.0	-	-	1,295	32
Chemicals & fertilizers	8,047	10.7	6,552	10.0	2,345	4.2	985	2.0	536	13
Cement	5,697	7.6	2,064	3.1	1,406	2.5	1,065	2.0	401	10
Food and beverages(1)	2,418	3.2	684	1.0	220	0.4	-	-	120	3
Automobile (including trucks)	6,606	8.8	2,429	3.7	391	0.7	151	0.3	106	3
Textiles	3,151	4.2	772	1.2	344	0.6	86	0.1	71	2
Iron & steel and products	8,160	10.8	10,501	16.0	4,834	8.7	4,922	9.8	-	-
Metal & products (excluding iron and steel)	2,858	3.8	3,142	4.8	3,528	6.4	3,296	6.5	-	-
Shipping	-	-	497	0.8	798	1.4	839	1.7	-	-
Manufacturing products (excluding metals)	1,494	2.0	1,405	2.1	1,393	2.5	235	0.5	-	-
Others(2)	1,627	2.1	733	1.2	34	0.1	34	0.1	252	6
Gross restructured loans	75,454	100.0	65,623	100.0	55,463	100.0	50,407	100.0	48,411	1,209
Aggregate provision for loan losses	(9,169)		(2,991)		(2,305)		(1,581)		(1,572)	(39
Net restructured loans	Rs. 66,285		Rs. 62,632		Rs. 53,158		Rs. 48,826		Rs. 46,839	US$ 1,170

(1) Includes sugar and tea.

(2) Others primarily include construction, drugs and pharmaceuticals, gems and jewellery, fast moving consumer goods, mining, rubber and rubber products.

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

	At March 31,					
	2004	2005	2006	2007	2008	
	(in millions, except percentages)					
Consumer loans & credit card receivables(1)	Rs 3,025	Rs. 8,063	Rs. 13,836	Rs. 30,000	Rs. 54,954	US$ 1,373
Rupee	3,025	8,061	13,828	29,991	54,948	1,373
Foreign currency	-	2	8	9	6	-
Commercial, financial, agricultural and others (2)	37,677	26,826	9,187	12,200	22,483	562
Rupee	30,692	23,271	7,178	11,074	21,119	528
Foreign currency	6,985	3,555	2,009	1,126	1,364	34
Leasing and related activities	119	84	63	357	526	13
Rupee	119	84	63	357	526	13
Foreign currency	-	-	-	-	-	-
Total non-performing assets	40,821	34,973	23,086	42,557	77,963	1,948
Rupee	33,836	31,416	21,069	41,422	76,593	1,914
Foreign currency	6,985	3,557	2,017	1,135	1,370	34
Gross non-performing assets	40,821	34,973	23,086	42,557	77,963	1,948
Provision for loan losses	(19,829)	(14,606)	(12,009)	(21,745)	(40,574)	(1,014)
Interest suspended & ECGC claims (3)	(502)	(284)	(271)	(504)	(1,457)	(36)
Net non-performing assets	Rs. 20,490	Rs. 20,083	Rs. 10,806	Rs. 20,308	Rs. 35,932	US$ 898

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	At March 31,					
	2004	2005	2006	2007	2008	
	(in millions, except percentages)					
Gross customer assets	Rs. 772,986	Rs. 1,049,164	Rs. 1,638,525	Rs. 2,234,339	Rs. 2,687,999	US$ 67
Net customer assets	Rs. 736,297	Rs. 1,029,299	Rs. 1,622,675	Rs. 2,209,078	Rs. 2,642,697	US$ 66
Gross non-performing assets as a percentage of gross customer assets	5.3%	3.3%	1.4%	1.9%	2.9%	
Net non-performing assets as a percentage of net customer assets	2.8%	2.0%	0.7%	0.9%	1.4%	

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

(2) Includes working capital finance.

(3) Including amounts claimed as recoverable from Export Credit Guarantee Corporation of India.

The ratio of net non-performing assets to net customer assets was 1.4% at year-end fiscal 2008 as compared to 0.9% at year-end fiscal 2007. At year-end fiscal 2008, the gross non-performing assets (net of write-offs) were Rs. 78.0 billion (US$ 1.9 billion) compared to Rs. 42.6 billion (US$ 1.1 billion) at year-end fiscal 2007. Gross of technical write-offs, the gross non-performing assets at year-end fiscal 2008 were Rs. 84.1 billon (US$ 2.1 billion) compared to Rs. 48.9 billion (US$ 1.2 billion) at year-end fiscal 2007. The coverage ratio (i.e. total provisions and technical write-offs made against non-performing assets as a percentage of gross non-performing assets) at year-end fiscal 2008 was 57.3% compared to 58.4% at year-end fiscal 2007.

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

	At March 31,									
	2004		2005		2006		2007		2008	
	(in millions, except percentages)									
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	US$
Chemicals and fertilizers	4,930	12.1	2,956	8.4	1,654	7.2	1,642	3.9	1,935	
Services – finance	1,090	2.7	936	2.7	126	0.5	722	1.7	1,293	
Iron & steel and products	1,362	3.3	745	2.1	210	0.9	772	1.8	1,214	
Textiles	8,051	19.7	4,185	12.0	1,675	7.3	834	2.0	1,097	
Shipping	185	0.5	416	1.2	13	0.1	13	-	1,006	
Food and beverages(1)	1,981	4.8	947	2.7	670	2.9	1,247	2.9	608	
Electronics & engineering	3,452	8.5	2,816	8.1	550	2.4	626	1.5	563	
	1,351	3.3	934	2.7	976	4.2	632	1.5	413	

Services – non-finance										
Power	6,200	15.2	7,373	21.1	-	-	-	-	143	
Metal & products (excluding iron & steel)	1,934	4.7	174	0.5	11	0.1	11	-	116	
Automobiles (including trucks)	675	1.6	681	1.9	32	0.1	61	0.1	76	
Paper and paper products	507	1.2	289	0.8	74	0.3	66	0.2	39	
Cement	1,545	3.8	180	0.5	-	-	-	-	25	
Road, port, telecom, urban development & other infrastructure	73	0.2	2,141	6.1	-	-	-	-	-	
Retail finance(2)	3,580	8.8	8,452	24.2	14,423	62.5	31,316	73.6	55,824	1,39
Others(3)	3,905	9.6	1,748	5.0	2,671	11.5	4,615	10.8	13,611	34
Gross non-performing assets	40,821	100.0	34,973	100.0	23,085	100.0	42,557	100.0	77,963	1,94
Aggregate provision for loan losses	(19,829)		(14,606)		(12,009)		(21,745)		(40,574)	(1,0
Interest suspended & ECGC claims(4)	(502)		(284)		(271)		(504)		(1,457)	(
Net non-performing assets	Rs. 20,490		Rs. 20,083		Rs. 10,805		Rs. 20,308		Rs. 35,932	US$ 89

(1) Includes sugar and tea.

(2) Includes home loans, automobile loans, commercial business loans, two wheeler loans, personal loans, credit cards receivables, retail overdraft loans, dealer funding and developer financing.

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(3) Other industries primarily include construction, rubber and rubber products, crude petroleum, drugs & pharmaceuticals, gems & jewellery, FMCG, mining and other agriculture and allied activities.
(4) Includes amounts claimed as recoverable from Export Credit Guarantee Corporation of India.

Gross retail non-performing assets increased from Rs. 31.3 billion (US$ 782 million) at year-end fiscal 2007 to Rs. 55.8 billion (US$ 1.4 billion) at year-end fiscal 2008, primarily due to the seasoning of the retail portfolio and an increase in the proportion of non-collateralized loans and credit card receivables in the retail portfolio. The net non-performing loans in the retail portfolio at year-end fiscal 2008 were 1.8% of net retail assets. Retail non-performing loans constituted 71.6% of total non-performing loans at year-end fiscal 2008 compared to 73.6% at year-end fiscal 2007. At year-end fiscal 2008, net non-performing loans in the non-collateralized retail portfolio were about 6.2% of net non-collateralized retail loans. We sold Rs. 9.3 billion (US$ 232 million) of our net non-performing assets including mortgage loans of Rs. 6.9 billion (US$ 172 million) during fiscal 2008 and Rs. 8.2 billion (US$ 205 million) of our net non-performing assets during fiscal 2007 to Asset Reconstruction Company (India) Limited, a reconstruction company registered with the Reserve Bank of India. As at March 31, 2008, we had an outstanding net investment of Rs. 28.5 billion (US$ 712 million) in security receipts issued by Asset Reconstruction Company (India) Limited (ARCIL) in relation to sales of non-performing assets by us to ARCIL.

The ten largest net non-performing assets were approximately 6.0% of total net non-performing assets at year-end fiscal 2008.

Non-Performing Asset Strategy

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

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

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

The Securitization Act, 2002 has strengthened the ability of lenders to resolve non-performing assets by granting them greater rights as to enforcement of security and recovery of dues from corporate borrowers. The Securitization Act and guidelines issued by the Reserve Bank of India have permitted the setting up of asset reconstruction companies to acquire financial assets by banks and financial institutions. The Reserve Bank of India has issued guidelines to banks on the process to be followed for sale of financial assets to asset reconstruction companies. These guidelines provide that a bank may sell financial assets to an asset reconstruction company provided the asset is a non-performing asset. (See “Supervision and Regulation — Reserve Bank of India Regulations — Regulations relating to Sale of Assets to Asset Reconstruction Companies”).

Our loans have historically been sufficiently over-collateralized so that once collateral is realized we recover a substantial amount of our loan outstanding. However, recoveries may be subject to delays of up to several years, due to the long legal process in India. This leads to delay in enforcement and realization of collateral. We maintain the non-performing assets on our books for as long as the enforcement process is ongoing. Accordingly, a non-performing asset may continue for a long time in our portfolio until the settlement of loan account or realization of collateral, which may be longer than that for the United States banks under similar circumstances.

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See also "— Loan portfolio — Collateral — Completion, Perfection and Enforcement".

Provision for Loan Losses

The following table sets forth, at the dates indicated, movement in our provisions for loan losses for non-performing customer assets.

	At March 31,					
	2004	2005	2006	2007	2008	2008
	(in millions)					
Aggregate provision for loan losses at the beginning of the year	Rs. 26,922	Rs. 19,829	Rs. 14,606	Rs. 12,009	Rs. 21,745	US$ 543
Add: Provisions for loan losses						
Consumer loans & credit card receivables(1)	510	4,357	1,938	8,821	14,937	373
Commercial, financial, agricultural and others(2)	3,174	(140)	1,453	2,463	4,210	106
Leasing & related activities	(68)	(11)	(18)	48	95	2
Total provisions for loan losses, net of releases of provisions	Rs. 30,538	Rs. 24,035	Rs. 17,979	Rs. 23,341	Rs. 40,987	US$ 1,024
Loans charged-off	(10,709)	(9,429)	(5,970)	(1,596)	(413)	(10)
Aggregate provision for loan losses at the end of the year	Rs. 19,829	Rs. 14,606	Rs. 12,009	Rs. 21,745	Rs. 40,574	US$ 1,014

(1) Includes home loans, automobile loans, commercial business loans, two wheeler loans, personal loans, credit cards and farm equipment.

(2) Includes project finance, working capital finance, corporate finance and receivables financing, excluding leasing and related activities.

Provision for loan losses for consumer loans and credit cards receivables in fiscal 2006 were net of write-back of provisions Rs. 1.7 billion (US$ 42 million) which were in excess of regulatory requirements. Provision for loan losses increased in fiscal 2008 primarily due to a higher level of specific provisioning on retail loans. The increase in provisioning on retail loans primarily reflects the growth in retail loans, seasoning of the retail loan portfolio and the change in the portfolio mix towards non-collateralized retail loan where credit losses are higher.

Subsidiaries and Joint Ventures

The following table sets forth, certain information relating to our subsidiaries, associates and joint ventures as at March 31, 2008.

Name	Year of formation	Activity	Ownership interest	Total income(1)	Net worth(2)	Total Assets(3)
			(in millions, except percentages)			
ICICI Securities Primary Dealership Limited (formerly ICICI Securities Limited) (4)	February 1993	Securities investment, trading and	100.00%	Rs. 5,172.4	Rs. 4,712.4	Rs. 24,132.8

		underwriting				
ICICI Securities Limited (formerly ICICI Brokerage Services Limited)(4)	March 1995	Securities broking & merchant banking	100.00%	7,490.0	1,770.0	9,746.5
ICICI Securities Holdings Inc (4)	June 2000	Holding company	100.00%	0.1	436.3	452.5
ICICI Securities Inc (4)	June 2000	Securities broking	100.00%	51.3	172.2	231.3
ICICI Prudential Life Insurance Company Limited(5)	July 2000	Life Insurance	73.87%	165,253.3	7,915.2	301,462.5
ICICI Lombard General Insurance Company Limited(5)	October 2000	General Insurance	73.83%	19,280.9	10,580.9	37,941.9
ICICI Prudential Asset Management Company Limited (formerly Prudential ICICI Asset Management Company Limited)(5)	June 1993	Asset management company for ICICI Prudential Mutual Fund	50.99%	4,393.1	868.5	2,171.3

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Name	Year of formation	Activity	Ownership interest	Total income(1)	Net worth(2)	Total Assets(3)
			(in millions, except percentages)			
ICICI Prudential Trust Limited (formerly Prudential ICICI Trust Limited)(5)	June 1993	Trustee company for ICICI Prudential Mutual Fund	50.80%	5.4	8.6	15.1
ICICI Venture Funds Management Company Limited	January 1988	Asset management	100.00%	2,733.0	378.4	3,437.5
ICICI Home Finance Company Limited	May 1999	Housing finance	100.00%	6,347.2	8,891.7	85,473.2
ICICI Trusteeship Services Limited	April 1999	Trusteeship services	100.00%	0.6	2.1	2.4
ICICI Investment Management Company Limited	March 2000	Asset management	100.00%	10.2	134.0	134.5
ICICI International Limited	January 1996	Asset management	100.00%	62.5	51.2	111.9
ICICI Bank UK PLC (formerly ICICI Bank UK Limited)	February 2003	Banking	100.00%	18,975.7	18,650.2	353,338.5
ICICI Bank Canada	September 2003	Banking	100.00%	4,573.5	14,012.4	154,426.7
ICICI Wealth Management Inc	July 2006	Wealth Management	100.00%	1.6	10.0	17.4
ICICI Bank Eurasia LLC	May 1998	Banking	100.00%	1,970.1	2,999.4	25,463.8
TCW/ICICI Investment Partners LLC(6)	April 1995	Asset management	50.00%	0.7	20.5	21.0
TSI Ventures (India) Private Limited(6)	May 2005	Real estate consultancy	50.00%	318.2	88.4	204.5

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

(2) Net worth represents share capital/unit capital and reserves and surplus.

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

(4) Includes direct and indirect holdings. During fiscal 2008, ICICI Securities Primary Dealership Limited has become a wholly-owned subsidiary of ICICI Bank and ICICI Securities Limited, which was earlier a subsidiary of ICICI Securities Primary Dealership, has become a direct wholly-owned subsidiary of ICICI Bank. ICICI Securities Holdings Inc. which was a wholly-owned subsidiary of ICICI Securities Primary Dealership has become a wholly-owned subsidiary of ICICI Securities Limited. ICICI Securities Inc. is a wholly-owned subsidiary of ICICI Securities Holdings Inc.

(5) The financial statements of these jointly controlled entities have been consolidated as per AS 21 on “Consolidated Financial Statements” consequent to the limited revision to AS 27 on “Financial Reporting of Interests in Joint Ventures”.

(6) These entities have been consolidated as per the proportionate consolidation method as prescribed by AS 27 on "Financial Reporting of Interests in Joint ventures".

The following table sets forth certain information on other significant entities consolidated in our financial statements under Indian GAAP as at March 31, 2008.

Name	Year of formation	Activity	Ownership interest	Total income(1)	Net worth(2)	Total Assets(3)
			(in millions, except percentages)			
ICICI Eco-net Internet & Technology Fund	October 2000	Venture capital fund	92.01%	Rs. 1,485.1	Rs. 417.1	Rs. 417.3
ICICI Equity Fund	March 2000	Unregistered venture capital fund	100.00%	439.0	2,739.3	2,741.7
ICICI Emerging Sectors Fund	March 2002	Venture capital fund	99.29%	9,193.9	4,322.3	4,325.3
ICICI Strategic Investments Fund	February 2003	Unregistered venture capital fund	100.00%	95.7	4,449.9	4,450.6
ICICI Kinfra Limited	January 1996	Infrastructure development consultancy	76.02%	4.1	16.0	24.6

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Name	Year of formation	Activity	Ownership interest	Total income(1)	Net worth(2)	Total Assets(3)
				(in millions, except percentages)		
ICICI West Bengal Infrastructure Development Corporation Limited	December 1995	Infrastructure development consultancy	75.97%	46.5	29.5	54.0
Financial Information Network and Operations Limited(4)	June 2006	Service provider	28.29%	121.9	556.1	724.0
I-Process Services (India) Private Limited(4)	April 2005	Service provider	19.00%	1,032.3	(30.9)	183.9
I-Solutions Providers (India) Private Limited(4)	April 2005	Service provider	19.00%	970.4	0.4	190.6
NIIT Institute of Finance, Banking and Insurance Training Limited(4)	June 2006	Education and training in banking and finance	19.00%	237.5	32.5	121.8
ICICI Venture Value Fund(4)	June 2005	Unregistered venture capital fund	48.01%	52.4	22.1	25.5

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

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

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

(4) These entities have been consolidated as per the equity method of accounting as prescribed by AS 23 on "Accounting for investments in associates in consolidated financial statements".

At year-end fiscal 2008, all of our subsidiaries and joint ventures were incorporated in India, except the following eight companies:

- ICICI Securities Holdings Inc., incorporated in the US;
- ICICI Securities Inc., incorporated in the US;
- ICICI Bank UK PLC (formerly ICICI Bank UK Limited), incorporated in the United Kingdom;
- ICICI Bank Canada, incorporated in Canada;
- ICICI Wealth Management Inc., incorporated in Canada;
- ICICI Bank Eurasia Limited Liability Company, incorporated in Russia;
- ICICI International Limited, incorporated in Mauritius; and
- TCW/ICICI Investment Partners Limited Liability Company, incorporated in Mauritius.

ICICI Securities Holdings Inc. is a wholly owned subsidiary of ICICI Securities Limited and ICICI Securities Inc. is a wholly owned subsidiary of ICICI Securities Holdings Inc. ICICI Securities Holdings Inc. and ICICI Securities Inc. are consolidated in ICICI Securities' financial statements. ICICI Wealth Management Inc. is a wholly owned subsidiary of ICICI Bank Canada. ICICI International Limited holds a 50.0% stake in TCW/ICICI Investment Partners. ICICI Venture Funds Management Company Limited held a 50% stake in TSI Ventures (India) Private Limited. However, subsequent to year-end fiscal 2008, ICICI Venture Fund Management Company divested its shareholding in TSI Ventures (India) Private Limited.

Technology

It is our constant endeavor to be at the forefront of technology deployment in the financial services sector. We strive to use information technology as a strategic tool for our business in a manner that gives us a competitive advantage and improves our overall productivity and efficiency. Our technology initiatives are aimed at maximizing shareholder value by offering enhanced customer convenience and bringing in cost efficiencies. Our focus on technology emphasizes use of:

- Electronic and online channels to:
  - Offer easy access to our products and services;

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- Reduce distribution and transaction costs;
- Reach new target customers;
- Enhance existing customer relationships; and
- Reduce time to market.
- Application of information systems to:
- Manage our large scale of operations efficiently;
- Effectively market to our target customers;
- Monitor and control risks;
- Identify, assess and capitalize on market opportunities; and
- Assist in offering improved products to customers.

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

Technology Organization

Our technology setup is aligned to the lines of business with dedicated technology teams for retail, corporate, international and rural business units. These business technology groups are responsible for the day-to-day operations, implementation and maintenance of business IT systems.

There are three specialized technology teams that span horizontally across the technology organization. The Technology Management Group executes the overall technology strategy and ensures adoption of best practices across the organization. The Information Security Group directs activities in the IS domain across the enterprise from an IT security standpoint. The Shared Services Technology Group provides the underlying infrastructure to run technology in ICICI Bank.

Banking Application Software

To support our growing customer base in the retail space, we use state-of-the-art banking systems such as Core Banking, Core Lending and Card Management. These are the engines that power 24x365 availability of banking services across multiple delivery channels. The systems are based on open standards that ensure vendor independence and ensure high degree of scalability.

Electronic and Online Channels

We use a combination of physical and electronic delivery channels to maximize customer choice and convenience, which has helped us differentiate our products in the marketplace. Reliance on web-based, lean systems has enabled us to transform our branches outside the United States of America into an integrated channel of service delivery.

We have augmented our traditional channels of branch, internet & ATM banking, point of sale, call centre and interactive voice response with offerings on cellular phones and in the self-service mode. Our Internet banking user base has been growing rapidly. We offer mobile banking services in India in line with our strategy to offer multi-channel access to our customers. This service has now been extended to all mobile telephone service providers across India and non-resident Indian customers in certain other countries where we have presence.

From April 2009 onwards, the customer will be able to transact using debit card on any ATM in India of any bank without having to pay a transaction fee.

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High-Speed Electronic Communications Infrastructure

We have a nationwide data communications network linking all our channels and offices. The network backbone is based on multi protocol label switching (MPLS) technology. The various nodes are linked using a mix of dedicated leased lines and satellite links to provide for reach and redundancy, which is imperative in a vast country like India. The communications network is monitored 24 hours a day using advanced network management software.

Operations relating to Commercial Banking for Corporate Customers

We have successfully centralized our corporate banking back office operations and rolled out a business process management solution to automate our activities in the areas of trade services and general banking operations. Through integration of the workflow system with the imaging and document management system, we have achieved substantial savings and practically eliminated the use of paper for these processes.

We have centralized the treasury systems of all our international branches and subsidiaries in our domestic data centre. As a result, all transaction processing and application management happens out of India.

Customer Relationship Management

We have implemented an enterprise-wide customer relationship management solution for automation of customer services in all key business verticals. The solution helps in tracking and timely resolution of various customer services requests. The solution can be accessed at branches, call centres and through the Internet.

Data Warehousing and Data Mining

We have a data warehouse for customer data aggregation. This data warehouse also provides a platform for data mining initiatives. We have implemented an Enterprise Application Integration initiative across our retail and corporate products and services, to link various products, delivery and channel systems. This initiative underpins our multi-channel customer service strategy and seeks to deliver customer related information consistently across access points. It is also aimed to provide us with the valuable information to compile a unified customer view and creates various opportunities associated with cross-selling other financial products.

Data center and disaster recovery system

While our primary data center is located in Mumbai, a separate disaster recovery data center has been set up in another city and is connected to the main data center in Mumbai. The disaster recovery data center can host critical banking applications in the event of a disaster at the primary site. We have developed a business continuity plan for the Bank (including overseas units), which would help facilitate continuity of critical businesses in the event of a disaster. These plans are tested periodically under live or simulated scenarios. These plans have been prepared in line with the guidelines issued by the Reserve Bank of India as well as those of foreign territories where the Bank has a presence and have been approved by our board of directors.

Competition

We face competition in all our principal areas of business from Indian and foreign commercial banks, housing finance companies, mutual funds and investment banks. ICICI Bank is the largest private sector bank in India and the second largest bank among all banks in the country, in terms of total assets, with total assets (standalone) of Rs. 3,998.0 billion (US$ 99.9 billion) at year-end fiscal 2008. We seek to gain competitive advantage over our competitors by offering innovative products and services, use of technology, building customer relationships and developing a team of highly motivated and skilled employees. We evaluate our competitive position separately in respect of our products and services for retail and corporate customers.

Commercial banking products and services for retail customers

In the retail markets, competition is primarily from Indian commercial banks and housing finance companies. Foreign banks have product and delivery capabilities but are likely to focus on limited customer segments and

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geographical locations since they have a smaller branch network than Indian commercial banks. Foreign banks in aggregate had only 260 branches in India at the end of March 2008. Indian commercial banks have wide distribution networks but several of them have relatively less strong technology and marketing capabilities. We seek to compete in this market through a full product portfolio, effective distribution channels, which include agents, robust credit processes and collection mechanisms, experienced professionals and superior technology.

Commercial banks attract the majority of retail bank deposits, historically the preferred retail savings product in India. We have sought to capitalize on our corporate relationships to gain individual customer accounts through payroll management products and will continue to pursue a multi-channel distribution strategy utilizing physical branches, ATMs, telephone banking call centers and the Internet to reach customers. Further, following a strategy focused on customer profiles and product segmentation, we offer differentiated liability products to customers of various ages and income profiles. Mutual funds are another source of competition to us. Mutual funds offer tax advantages and have the capacity to earn competitive returns and hence present a competitive alternative to bank deposits.

Commercial banking products and services for corporate customers

In products and services for corporate customers, we face strong competition primarily from public sector banks, foreign banks and certain private sector banks. Our principal competition in working capital products and services comes from public sector banks, which have built extensive branch networks that have enabled them to raise low-cost deposits and, as a result, price their loans and fee-based services very competitively. Their wide geographical reach facilitates the delivery of banking products to their corporate customers located in most parts of the country. We have been able, however, to compete effectively because of our efficient service and prompt turnaround times. We seek to compete with the large branch networks of the public sector banks through our multi-channel distribution approach and technology-driven delivery capabilities.

Traditionally, foreign banks have been active in providing trade finance, fee-based services and other short-term financing products to top tier Indian corporations. We effectively compete with foreign banks in cross-border trade finance as a result of our wider geographical reach relative to foreign banks and our customized trade financing solutions. We have established strong fee-based cash management services and compete with foreign banks due to our technological edge. We compete with foreign banks in our foreign currency lending and syndication business. Foreign banks have an advantage due to their larger balance sheets and global presence. We seek to compete with them by leveraging our strong corporate relationships and understanding of Indian credit.

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

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

Commercial banking products and services for international customers

Our international strategy has generally focused on India-linked opportunities. In our international operations, we face competition from Indian public sector banks with overseas operations, foreign banks with products and services targeted at non-resident Indians and Indian businesses and other service providers like remittance services. We are seeking to position ourselves as an Indian bank offering globally-benchmarked products and services with an extensive distribution network in India to gain competitive advantage. We seek to leverage our technology capabilities developed in our domestic businesses to offer convenience and efficient services to our international customers. We also seek to leverage our strong relationships with Indian corporates in our international business.

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Commercial banking products and services for agriculture and rural customers

In our commercial banking operations for agricultural and rural customers, we face competition from public sector banks that have large branch networks in rural India. Other private sector banks and non-bank finance companies also provide products and services in rural India. We seek to compete in this business based on our comprehensive product strategy and multiple channels.

Insurance and asset management

Our insurance and asset management joint ventures face competition from existing dominant public sector players as well as new private sector players. We believe that the key competitive strength of our insurance joint ventures is the combination of our experience in the Indian financial services industry with the global experience and skills of our joint venture partners. We believe that ICICI Prudential Life Insurance, ICICI Lombard General Insurance and ICICI Prudential Asset Management have built strong product, distribution and risk management capabilities, achieving market leadership positions in their respective businesses. According to data published by the Insurance Regulatory and Development Authority of India, ICICI Prudential Life Insurance had a retail market share of 25.2% in new business written (on weighted received premium basis) by private sector life insurance companies during fiscal 2008. ICICI Lombard General Insurance had a market share of 29.8% in gross written premium among the private sector general insurance companies during fiscal 2008. According to data published by the Association of Mutual Funds in India, ICICI Prudential Asset Management Company was among the two largest mutual funds in India in terms of average funds under management for March 2008 with a market share of 10.2%.

Employees

At year-end fiscal 2008, we had 84,314 employees, compared to 61,697 employees at year-end fiscal 2007 and 41,871 employees at year-end fiscal 2006. Of these, 40,686 employees were employed by ICICI Bank, an increase from 33,321 at year-end fiscal 2007 and 25,384 at year-end fiscal 2006. Of our 84,314 employees at year-end fiscal 2008, approximately 33,988 were professionally qualified, holding degrees in management, accountancy, engineering, law, computer science, economics or banking. Management believes that it has good relationships with its employees.

We dedicate a significant amount of senior management time to ensuring that employees remain highly motivated and perceive the organization as a place where opportunities abound, innovation is fuelled, teamwork is valued and success is rewarded. Employee compensation is clearly tied to performance and we encourage the involvement of our employees in our overall performance and profitability through profit sharing incentive schemes based on our financial results. A performance appraisal system has been implemented to assist management in career development and succession planning.

ICICI Bank has an employee stock option scheme to encourage and retain high performing employees. Pursuant to the employee stock option scheme as amended by the Scheme of Amalgamation and further amended in September 2004, upto 5.0% of the aggregate of our issued equity shares at the time of grant of the stock options can be allocated under the employee stock option scheme. The stock option entitles eligible employees to apply for equity shares. The grant of stock options is approved by ICICI Bank's board of directors on the recommendations of the Board Governance and Remuneration Committee. The eligibility of each employee is determined based on an evaluation of the employee including employee's work performance, technical knowledge and leadership qualities. See also "Management — Compensation and Benefits to Directors and Officers — Employee Stock Option Scheme."

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

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In addition to basic compensation, employees of ICICI Bank are eligible to receive loans from ICICI Bank at subsidized rates and to participate in its provident fund and other employee benefit plans. The provident fund, to which both ICICI Bank and its employees contribute a defined amount, is a savings scheme, required by government regulation, under which ICICI Bank at present is required to pay to employees a minimum annual return as specified from time to time which is currently 8.5%. If such return is not generated internally by the fund, ICICI Bank is liable for the difference. ICICI Bank's provident fund has generated sufficient funds internally to meet the minimum annual return requirement since inception of the funds. ICICI Bank has also set up a superannuation fund to which it contributes defined amounts. The employees have been given an option to opt out of the superannuation fund and in such cases the defined amounts are paid as part of monthly salary. In addition, ICICI Bank contributes specified amounts to a gratuity fund set up pursuant to Indian statutory requirements.

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

	At March 31,					
	2006		2007		2008	
	Number	% to total	Number	% to total	Number	% to total
ICICI Bank Limited	25,384	60.6%	33,321	54.0%	40,686	48.3%
ICICI Prudential Life Insurance Company Limited	7,704	18.4	16,317	26.4	28,966	34.4
ICICI Lombard General Insurance Company Limited	2,283	5.5	4,770	7.7	5,570	6.6
ICICI Home Finance Company Limited	5,605	13.4	6,149	10.0	4,818	5.7
ICICI Prudential Asset Management Company Limited	316	0.8	401	0.7	699	0.8
ICICI Securities Limited	188	0.4	214	0.3	2,719	3.2
ICICI Securities Primary Dealership Limited	-	-	-	-	69	0.1
Others	391	0.9	525	0.9	787	0.9
Total number of employees	41,871	100.0%	61,697	100.0%	84,314	100.0%

In addition to above, ICICI Bank has employed sales executives on renewal service contracts. At year-end fiscal 2008, we had 21,456 such employees, compared to 9,546 employees at year-end fiscal 2007 and 6,929 employees at year-end fiscal 2006.

Properties

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

ICICI Bank had a principal network consisting of 1,255 branches, 7 extension counters and 3,881 ATMs at year-end fiscal 2008. As of August 31, 2008 we had a network of 1,396 branches. These facilities are located throughout India. 132 of these facilities are located on properties owned by us, while the remaining facilities are located on leased properties. In addition to the branches, extension counters and ATMs, ICICI Bank has 22 controlling/administrative offices including the registered office at Vadodara and the corporate headquarters at Mumbai, 48 regional processing centers in various cities and one central processing center at Mumbai. The Bank has a branch each in Bahrain, Dubai, Hong Kong, Qatar, Singapore, Sri Lanka and the United States and one representative office each in Bangladesh, China, Indonesia, Malaysia, South Africa, Thailand and the United Arab Emirates. ICICI Bank also provides residential and holiday home facilities to employees at subsidized rates. ICICI Bank has 793 apartments for its employees.

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Legal and Regulatory Proceedings

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

See also "Risk Factors – Risks Relating to Our Business – We are subject to legal and regulatory risk which may adversely affect our business and the price of our equity shares and ADSs.", "– We have experienced rapid international growth in the last three years which has increased the complexity of the risks that we face," "– There is operational risk associated with our industry which, when realized, may have an adverse impact on our business".

At year-end fiscal 2008, we had been assessed an aggregate of Rs. 40.8 billion (US$ 1.0 billion) in excess of the provision made in our accounts, in income tax, interest tax, wealth tax, service tax and sales tax demands for past years by the government of India's tax authorities. We have appealed each of these tax demands. Based on consultation with counsel and favorable decisions in our own or other cases as set out below, management believes that the tax authorities are not likely to be able to substantiate their income tax, interest tax, wealth tax, service tax and sales tax assessment and accordingly we have not provided for these tax demands at year-end fiscal 2008.

- We have received favorable decisions from the appellate authorities with respect to Rs. 721 million (US$ 18 million) of the assessment. The income tax authorities have appealed these decisions to higher appellate authorities and the appeals are pending adjudication.

- In our appeal of the assessment of sales tax aggregating to Rs. 517 million (US$ 13 million), we are relying on a favorable decision of the Supreme Court of India in respect of a writ petition filed by us and facts of the case.

- In our appeal of the assessments of income tax, interest tax and wealth tax aggregating to Rs.39.6 billion (US$ 990 million), we are relying on favorable precedent decisions of the appellate court and expert opinions.

Of the Rs. 40.8 billion (US$ 1.0 billion), Rs. 11.1 billion (US$ 277 million) relates to the disallowance of depreciation claim on leased assets. This is an industry-wide issue involving multiple litigations across the country. In respect of depreciation claimed by us for fiscal 1993 on two sale and lease back transactions, the Income Tax Appellate Tribunal, Mumbai held in August 2003 that these transactions were tax planning tools and no depreciation was allowable. As the Income Tax Appellate Tribunal's decision is based on the facts of two specific transactions, we believe that the Income Tax Appellate Tribunal's decision will not have an adverse tax impact on other sale and lease back transactions entered into by us. The tax impact of this decision is Rs. 189 million (US$ 5 million). After the Tribunal decision, the Supreme Court has held in another matter not involving us, that tax planning is valid if within the four corners of the law. Following the decision of Supreme Court, two High Courts have held that depreciation should be allowed to the lessor on sale and lease back transactions. We have filed an appeal before the High Court against the adverse Tribunal judgment which has been admitted. Moreover, the lease agreements provide for variation in the lease rental to offset any loss of depreciation benefit to us. In a subsequent judgment in a matter involving us, the Income Tax Appellate Tribunal, Mumbai has held that the lease transactions are genuine and the lessor cannot be denied depreciation merely on suspicion or conjunctures and has allowed depreciation on all finance leases including sale and lease back transactions.

Of the balance, Rs. 14.2 billion (US$ 355 million) relates to bad debts written off. Bad debts written off as irrecoverable by the Bank have been disallowed by the tax authorities on the ground that we have not established that the debts written off during the year are irrecoverable. We have filed appeals which are pending adjudication. However, in recent judgments for fiscal 2000, 2001 and 2002, the appellate authorities have allowed the claim of bad debts on the ground that after the amendment to Section 36(1) (vii) of the Income Tax Act, 1961 with effect

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from April 1, 1989, it is not obligatory on the part of the assessee to prove that the debts written-off are bad and it shall suffice if the assessee writes off its bad debts as irrecoverable in the accounts during the said year.

Accordingly, we have not provided for this tax demand but have disclosed it as a contingent liability in the financial statements.

At September 25, 2008, there were 36 litigations (each involving a claim of Rs. 10 million (US$ 249,875) and more against us, in the aggregate amount of approximately Rs. 90.0 billion (US$ 2.2 billion) (to the extent quantifiable and including amounts claimed jointly and severally from ICICI Bank and other parties). At September 25, 2008, twenty seven litigations were pending against our directors in an aggregate amount of approximately Rs.35 million (US$ 874,562) (to the extent quantifiable). There were four litigations where amounts claimed from us are Rs. 1.0 billion (US$ 25 million) or higher:

- We filed a recovery application against Mardia Chemicals Limited and its guarantors before the Debt Recovery Tribunal, Mumbai for recovery of Rs. 1.4 billion (US$ 35 million). In response, Mardia Chemicals Limited filed a counterclaim of Rs. 56.3 billion (US$ 1.4 billion) against us. We have filed an affidavit in this matter for rejection of the counterclaim. Meanwhile, Mardia Chemicals Limited was ordered to be liquidated. We have filed a motion for dismissal of the counterclaim pursuant to an order of the City Civil Court, Ahmedabad rejecting a suit filed by Mardia Chemicals against the directors of ICICI Bank arising out of the same cause of action. This motion is now fixed for hearing on October 07, 2008.

- The promoters of Mardia Chemicals Limited, in their capacity as guarantors, filed a suit against us before the City Civil Court at Ahmedabad, for damages amounting to Rs. 20.8 billion (US$ 520 million). We filed applications for dismissal of the suit and have submitted that the suit should be tried before the Debt Recovery Tribunal. The Court by its order dated January 10, 2008, directed the guarantors of Mardia Chemicals Limited to approach the Debt Recovery Tribunal, Mumbai following which the promoters of Mardia Chemicals Limited have filed an appeal before the High Court of Gujarat at Ahmedabad which will come up for hearing shortly.

- In 2002, we filed a suit before the Debt Recovery Tribunal, Ahmedabad against Gujarat Telephone Cables Limited for recovery of term loans, debentures and working capital finance provided by us. We sold our exposure to Asset Reconstruction Company (India) Limited in 2004. The borrower has filed a suit in the Civil Court claiming damages of Rs. 10.0 billion (US$ 250 million) jointly and severally from State Bank of India, Bank of Baroda, United Western Bank, Axis Bank, Bank of India, Asset Reconstruction Company (India) Limited and us. We have filed an application for rejection of the plaint, to which Gujarat Telephone Cables Limited has filed its reply. ICICI Bank has filed its rejoinder and the matter is coming up for hearing on October 15, 2008.

- In 1999, ICICI filed a suit in the Debt Recovery Tribunal, Delhi against Esslon Synthetics Limited and its Managing Director (in his capacity as guarantor) for recovery of amounts totaling Rs. 169 million (US$ 4 million) due from Esslon Synthetics. In May 2001, the guarantor filed a counter-claim for an amount of Rs. 1.0 billion (US$ 25 million) against ICICI and other lenders who had extended financial assistance to Esslon Synthetics on the grounds that he had been coerced by officers of the lenders into signing an agreement between LML Limited, Esslon Synthetics and the lenders on account of which he suffered, among other things, loss of business. Esslon Synthetics Limited has filed an application to amend the counterclaim in January 2004. ICICI Bank has filed its reply to the application for amendment. The application has been partly heard and is listed for further arguments on November 5, 2008.

Management believes, based on consultation with counsel, that the legal proceedings instituted by each of Mardia Chemicals Limited, Guarantors of Mardia Chemicals, Gujarat Telephone Cables Limited and Esslon Synthetics Limited against us are frivolous and untenable and their ultimate resolution will not have a material adverse effect on our results of operations, financial condition or liquidity. Based on a review of other litigations with the legal counsel, management also believes that the outcome of such other matters will also not have a material adverse effect on our financial position, results of operations and cash flows.

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The Securities and Futures Commission of Hong Kong had filed charges against us for carrying on the business of dealing in securities in Hong Kong between June 15, 2004 and March 8, 2006, without having a license to do so. We accepted the charges without contesting and had submitted our mitigation statement to the Court. The Eastern Magistrate's Court, Hong Kong, consequently fined ICICI Bank a sum of HKD 40,000 and ordered ICICI Bank to further reimburse prosecution costs of HKD 54,860 to the Securities and Futures Commission of Hong Kong. The contravention was limited to a small segment of the branch's business in Hong Kong and has not resulted in any loss either to ICICI Bank's customers or to ICICI Bank. ICICI Bank has, based on the findings of an internal review conducted upon the discovery of this incident in April 2006, taken appropriate staff accountability actions against the relevant staff whose conduct resulted in the contravention. ICICI Bank has since implemented significant measures to strengthen the compliance, monitoring and control functions at the Hong Kong Branch which included bringing in a new management team.

In addition, we have experienced rapid international expansion into banking in multiple jurisdictions which exposes us to a new variety of regulatory and business challenges and risks, including cross-cultural risk, and which increased the complexity of our risks in a number of areas including currency risks, interest rate risks, compliance risk, regulatory risk, reputational risk and operational risk. As a result of this rapid growth and increased complexity, we or our employees may be subject to regulatory investigations or enforcement proceedings in multiple jurisdictions in a variety of contexts. Despite our best efforts at regulatory compliance and internal controls, we, or our employees, may from time to time, and as is common in the financial services industry, be the subject of confidential examinations or investigations that might, or might not, lead to proceedings against us or our employees. In any such situation, it would be our policy to conduct an internal investigation, cooperate with the regulatory authorities and, where appropriate suspend or discipline employees including termination of their services.

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

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SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

Pursuant to the issuance and listing of our securities in the United States under registration statements filed with the United States Securities and Exchange Commission, we file annual reports on Form 20-F which must include financial statements prepared under generally accepted accounting principles in the United States (US GAAP) or financial statements prepared according to a comprehensive body of accounting principles with a reconciliation of net income and stockholders' equity to US GAAP. When we first listed our securities in the United States, Indian GAAP was not considered a comprehensive body of accounting principles under the United States securities laws and regulations. Accordingly, our annual reports on Form 20-F for fiscal years 2000 through 2005 have included US GAAP financial statements. However, pursuant to a significant expansion of Indian accounting standards, Indian GAAP has subsequently been considered to constitute a comprehensive body of accounting principles. Accordingly, beginning fiscal 2006, we have included in our annual report on Form 20-F, consolidated financial statements prepared according to Indian GAAP, which varies in certain respects from US GAAP. The following discussion is based on our audited consolidated financial statements and accompanying notes prepared in accordance with Indian GAAP. For a reconciliation of net income and stockholders' equity to US GAAP, a description of significant differences between Indian GAAP and US GAAP and certain additional information required under US GAAP, see notes 22 to our consolidated financial statements included in this annual report. For selected financial data in accordance with US GAAP see "Selected Financial Data in accordance with US GAAP."

The following tables set forth our summary financial and operating data on a consolidated basis. The summary data for fiscal 2004 through fiscal 2008 have been derived from our consolidated financial statements. Certain reclassifications have been made in the financial statements for prior years to conform to classifications used in the current year. These changes have no impact on previously reported results of operations or stockholders' equity. The accounting and reporting policies used in the preparation of our financial statements reflect general industry practices and conform with Indian GAAP, including the Accounting Standards issued by the Institute of Chartered Accountants of India and guidelines issued by the Reserve Bank of India, the Insurance Regulatory and Development Authority and the National Housing Bank as applicable to ICICI Bank and specific subsidiaries and joint ventures.

The consolidated financial statements for fiscal 2004, 2005 and 2006 were audited by S.R. Batliboi & Co., Chartered Accountants, and for fiscal 2007 and 2008 by BSR & Co. Chartered Accountants, under auditing standards issued by the Institute of Chartered Accountants of India. The consolidated financial statements for fiscal 2006, 2007 and 2008 have also been audited by KPMG, an independent registered public accounting firm in India, in accordance with the auditing standards of the United States Public Company Accounting Oversight Board. Our Indian GAAP financial statements along with the reconciliation of net profit and stockholders' equity to US GAAP, including the notes to these financial statements, audited by KPMG are set forth at the end of this annual report.

Our annual report prepared and distributed to our shareholders under Indian law and regulations include consolidated along with unconsolidated Indian GAAP financial statements and analysis of our results of operations and financial condition based on unconsolidated Indian GAAP financial statements.

You should read the following data with the more detailed information contained in "Operating and Financial Review and Prospects" and our consolidated financial statements. Historical results do not necessarily predict our results in the future.

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Operating Results Data

The following table sets forth, for the periods indicated, our operating results data.

	Year ended March 31,					
	2004	2005	2006	2007	2008	2008(1)
	(in millions, except per common share data)					
Selected income statement data:						
Interest income(2) (3) (4)	Rs. 95,506	Rs. 99,264	Rs. 143,335	Rs. 240,026	Rs. 340,950	US$ 8,519
Interest expense	(71,677)	(68,044)	(101,015)	(176,757)	(257,670)	(6,439)
Net interest income	23,829	31,220	42,320	63,269	83,280	2,080
Non-interest income(4)	42,841	65,295	102,820	173,612	259,581	6,486
Total income	66,670	96,515	145,140	236,881	342,861	8,566
Non-interest expenses:						
Operating expenses (5)	(24,149)	(32,776)	(47,626)	(79,289)	(110,070)	(2,750)
Direct marketing agency expenses	(6,154)	(8,755)	(11,911)	(15,602)	(15,750)	(394)
Depreciation on leased assets	(2,805)	(2,975)	(2,771)	(1,883)	(1,821)	(45)
Expenses pertaining to insurance business(6)	(9,200)	(26,361)	(43,389)	(83,358)	(142,793)	(3,568)
Total non-interest expenses	(42,308)	(70,867)	(105,697)	(180,132)	(270,434)	(6,757)
Operating profit before provisions	24,362	25,648	39,443	56,749	72,427	1,809
Provisions and contingencies	(5,168)	(1,864)	(8,455)	(22,774)	(30,178)	(754)
Profit before tax	19,194	23,784	30,988	33,975	42,249	1,055
Provision for tax	(3,398)	(5,684)	(6,998)	(7,641)	(11,097)	(277)
Profit after tax	15,796	18,100	23,990	26,334	31,152	778
Minority interest	8	423	211	1,272	2,830	71
Net profit	15,804	18,523	24,201	27,606	33,982	849
Per common share:						
Earnings per share-basic(7)	Rs. 25.73	Rs. 25.45	Rs. 30.96	Rs. 30.92	Rs. 32.19	US$ 0.80
Earnings per share-diluted(8)	25.52	25.25	30.64	30.75	32.00	0.80
Dividends per share(9)	7.50	8.50	8.50	10.00	11.00	0.27
Book value	115.16	162.63	242.75	256.72	385.73	9.64
Equity shares outstanding at the end of the period (in millions of equity shares)	616	737	890	899	1,113	
Weighted average equity shares outstanding - basic (in millions of equity shares)	614	728	782	893	1,056	
Weighted average equity shares outstanding – diluted (in millions of equity shares)	619	734	790	898	1,062	

(1) Rupee amounts for fiscal 2008 have been translated into US dollars using the noon buying rate of Rs. 40.02 = US$ 1.00 in effect on March 31, 2008.

(2) Interest income includes interest on rupee and foreign currency loans and advances (including bills) and hire purchase receivables and gains on sell-down of loans. Commission paid to direct marketing agents / dealers for origination of retail automobile loans which was being reduced from “Interest Income” up to fiscal 2006 has been reclassified to “Direct marketing agency expenses”. This reclassification also impacts the reported net interest income, net interest margin and spread. Prior period figures have been reclassified to conform to the current classification.

(3) Interest income includes gains on the sell-down of loans. In February 2006, the Reserve Bank of India issued guidelines on accounting for securitization of standard assets. In accordance with these guidelines, with effect from February 1, 2006, we account for any loss arising on securitization immediately at the time of sale and the profit/premium arising on account of securitization is amortized over the life of the asset. Prior to February 1, 2006, profit arising on account of securitization was recorded at the time of sale.

(4) As per general clarification from the Reserve Bank of India dated July 11, 2007 on circular DBOD.BP.BC.87/21.04.141/2006-07 dated April 20, 2007, we have deducted from interest income on investments the amortization of premium on government securities, which was earlier included in “Profit/(Loss) on revaluation of investments (net)” in “Non-interest income”. This reclassification also impacts the reported net interest income, net interest margin and spread. Prior period figures have been reclassified to conform to the current classification.

(5) Operating expenses for fiscal years 2004 to 2008 include Rs. 384 million (US$ 10 million) in each year on account of amortization of expenses related to our early retirement option scheme over a period of five years as approved by the Reserve Bank of India.

(6) The amount of premium ceded on re-insurance has been reclassified from expenses pertaining to insurance business and netted off from non-interest income.

(7) Represents net profit/ (loss) before dilutive impact.

(8) Represents net profit/ (loss) adjusted for full dilution. Options to purchase 1,098,225; 5,000; 123,500 and 40,000 equity shares granted to employees at a weighted average exercise price of Rs. 266.6, Rs. 569.6, Rs. 849.2 and Rs. 1,135.3 were outstanding in fiscal 2004, 2006, 2007 and 2008 respectively, but were not included in the computation of diluted earnings per share because the exercise price of the options was greater than the average market price of the equity shares during the period.

(9) In India, dividends for a fiscal year are normally declared and paid in the following year. We declared a dividend of Rs. 7.50 per equity share for fiscal 2004, which was paid out in fiscal 2005. We declared a dividend of Rs. 8.50 per equity share for each of fiscal years 2005 and 2006, which were paid out in fiscal 2006 and fiscal 2007 respectively. For fiscal 2007, we declared dividend of Rs. 10.00 per equity share, which was paid out in fiscal 2008. We declared a dividend of Rs. 11.00 (US$ 0.27) per equity share for fiscal 2008 which was paid out in fiscal 2009. The dividend per equity share shown above is based on the total amount of dividends declared for the year, exclusive of dividend tax.

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The following table sets forth, for the periods indicated, selected income statement data expressed as a percentage of average total assets for the respective period.

	Year ended March 31,				
	2004	2005	2006	2007	2008
Selected income statement data:					
Interest income	8.13%	6.76%	6.61%	7.38%	7.82%
Interest expense	(6.10)	(4.63)	(4.66)	(5.44)	(5.91)
Net interest income	2.03	2.13	1.95	1.94	1.91
Non-interest income	3.65	4.44	4.75	5.34	5.95
Total income	5.68	6.57	6.70	7.28	7.86
Operating expenses	(2.06)	(2.24)	(2.20)	(2.44)	(2.53)
Direct marketing agency expenses	(0.52)	(0.60)	(0.56)	(0.48)	(0.36)
Depreciation on leased assets	(0.24)	(0.20)	(0.13)	(0.06)	(0.04)
Expenses pertaining to insurance business	(0.78)	(1.79)	(2.00)	(2.56)	(3.27)
Non-interest expenses	(3.60)	(4.83)	(4.89)	(5.54)	(6.20)
Operating profit before provisions	2.08	1.74	1.81	1.74	1.66
Provisions and contingencies	(0.44)	(0.13)	(0.39)	(0.70)	(0.69)
Profit before tax	1.64	1.61	1.42	1.04	0.97
Provision for tax	(0.29)	(0.39)	(0.32)	(0.24)	(0.25)
Profit after tax	1.35	1.22	1.10	0.80	0.72
Minority interest	0.00	0.03	0.01	0.04	0.06
Net profit	1.35%	1.25%	1.11%	0.84%	0.78%

	At or for the year ended March 31,					
	2004	2005	2006	2007	2008	2008(1)
	(in millions, except percentages)					
Selected balance sheet data:						
Total assets	Rs. 1,307,476	Rs. 1,784,337	Rs. 2,772,296	Rs. 3,943,347	Rs. 4,856,166	US$ 121,343
Investments	462,675	546,516	840,139	1,206,167	1,600,468	39,992
Advances, net	649,479	964,100	1,562,603	2,113,994	2,514,017	62,819
Non-performing customer assets (gross)(2)	40,821	34,973	23,086	42,557	77,963	1,948
Total liabilities	1,226,417	1,658,095	2,546,378	3,700,197	4,405,444	110,081
Deposits	680,787	1,011,086	1,724,510	2,486,136	2,769,832	69,211
Borrowings	349,581	383,690	450,000	616,595	845,661	21,131
Preference share capital	3,500	3,500	3,500	3,500	3,500	87
Equity share capital	6,164	7,368	8,898	8,993	11,127	278
Reserves and surplus	71,395	115,374	213,520	230,657	436,095	10,897
Period average(3)						

Total assets	1,174,541	1,469,378	2,166,897	3,250,679	4,361,168	108,975
Interest-earning assets	985,744	1,217,707	1,806,601	2,728,531	3,627,575	90,644
Advances, net	577,138	763,729	1,200,315	1,763,886	2,284,649	57,088
Total liabilities(4)	1,097,546	1,355,468	2,001,177	3,015,189	3,990,867	99,722
Interest-bearing liabilities	1,012,604	1,221,302	1,795,244	2,707,456	3,503,057	87,533
Borrowings	448,092	452,777	540,465	692,462	964,858	24,109
Stockholders' equity	73,495	110,410	162,220	231,990	366,802	9,615
Profitability:						
Net profit as a percentage of:						
Average total assets	1.35%	1.25%	1.11%	0.84%	0.78%	
Average stockholder's equity	21.50	16.78	14.92	11.90	9.26	
Dividend payout ratio(5)	34.85	33.97	31.33	32.91	36.13	
Spread (6)	2.61	2.58	2.31	2.27	2.04	
Net interest margin(7)	2.42	2.56	2.34	2.32	2.30	
Cost-to-income ratio(8)	37.80	35.04	33.45	33.74	32.27	
Cost-to-average assets ratio(9)	2.06	2.23	2.20	2.44	2.52	

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	At or for the year ended March 31,					
	2004	2005	2006	2007	2008	2008(1)
	(in millions, except percentages)					
Capital(10):						
Average stockholders' equity as a percentage of average total assets	6.26%	7.51%	7.49%	7.14%	8.41%	
Average stockholders' equity (including preference share capital) as a percentage of average total assets	6.56	7.75	7.65	7.24	8.49	
Asset quality:						
Net restructured assets as a percentage of net customer assets	9.00%	6.08%	3.28%	2.21%	1.77%	
Net non-performing assets as a percentage of net customer assets	2.78	1.95	0.67	0.92	1.36	
Provision on restructured assets as a percentage of gross restructured assets	12.15	4.56	4.16	3.14	3.25	
Provision on non-performing assets as a percentage of gross non-performing assets	49.81	42.58	53.19	52.28	53.91	
Provision as a percentage of gross customer assets(11)	5.25	2.11	1.31	1.71	2.20	

(1) Rupee amounts at March 31, 2008 have been translated into US dollars using the noon buying rate of Rs. 40.02 = US$ 1.00 in effect at March 31, 2008.

(2) Includes suspended interest and claims received from Export Credit Guarantee Corporation of India/Deposit Insurance Credit Guarantee Corporation on working capital loans.

(3) For fiscal years 2004 through 2008, the average balances are the average of quarterly balances outstanding at the end of March of the previous fiscal year and the end of June, September, December and March of that fiscal year.

(4) Represents the average of the quarterly balance of total liabilities and minority interest.

(5) Represents the ratio of total dividends paid on equity share capital, exclusive of dividend distribution tax, as a percentage of net income.

(6) Represents the difference between yield on average interest-earning assets and cost of average interest-bearing liabilities. Yield on average interest-earning assets is the ratio of interest income to average interest-earning assets. Cost of average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities.

(7) Represents the ratio of net interest income to average interest-earning assets. The difference in net interest margin and spread arises due to the difference in the amount of average interest-earning assets and average interest-bearing liabilities. If average interest-earning assets exceed average interest-bearing liabilities, net interest margin is greater than spread, and if average interest-bearing liabilities exceed average interest-earning assets, net interest margin is less than spread.

(8)

Represents the ratio of non-interest expense (excluding direct marketing agency expenses, lease depreciation and expenses pertaining to insurance business) to the sum of net interest income and non-interest income (net of lease depreciation).

(9) Represents the ratio of non-interest expense (excluding direct marketing agency expenses, lease depreciation and expenses pertaining to insurance business) to average total assets.

(10) ICICI Bank's capital adequacy is computed in accordance with the Basel ll norms stipulated by the Reserve Bank of India and is based on unconsolidated financial statements prepared in accordance with Indian GAAP. At March 31, 2008, ICICI Bank's total capital adequacy ratio was 13.97% with a Tier I capital adequacy ratio of 11.76% and a Tier II capital adequacy ratio of 2.20%.

(11) Includes general provision on standard assets.

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Selected Financial Data in accordance with US GAAP

The following table sets forth, certain selected financial data under generally accepted accounting principles adopted in the United States.

	At or for the year ended March 31,					
	2004	2005	2006	2007	2008	2008(1)
	(in millions)					
Net income/(loss)	Rs. 5,219	Rs. 8,530	Rs. 20,040	Rs. 31,271	Rs. 33,111	US$ 827
Total assets	1,409,131	1,863,447	2,817,328	3,995,402	4,993,632	124,778
Stockholders' equity	94,525	127,996	218,647	240,980	464,755	11,613
Other comprehensive income/(loss)	4,741	3,289	522	(3,241)	(4,611)	(115)
Per equity share						
Net income/(loss) from continuing operation-basic(2)	8.50	11.72	25.64	35.02	31.37	0.78
Net income/(loss) from continuing operation-diluted(3)	8.43	11.60	25.34	34.79	30.87	0.77
Dividend(4)	Rs. 7.50	Rs. 7.50	Rs. 8.50	Rs. 8.50	Rs. 10.00	US$ 0.25

(1) Rupee amounts for fiscal 2008 have been translated into US dollars using the noon buying rate of Rs. 40.02 = US$ 1.00 in effect on March 31, 2008.

(2) Represents net income/ (loss) before dilutive impact.

(3) Represents net profit/ (loss) adjusted for full dilution. Options to purchase 1,098,225; 5,000; 123,500 and 40,000 equity shares granted to employees at a weighted average exercise price of Rs. 266.6, Rs. 569.6, Rs. 849.2 and Rs. 1,135.3 were outstanding in fiscal 2004, 2006, 2007 and 2008 respectively, but were not included in the computation of diluted earnings per share because the exercise price of the options was greater than the average market price of the equity shares during the period.

(4) In India, dividends for a fiscal year are normally declared and paid in the following year. We declared a dividend of Rs. 7.50 per equity share for fiscal 2004, which was paid out in fiscal 2005. We declared a dividend of Rs. 8.50 per equity share for each of fiscal years 2005 and 2006, which were paid out in fiscal 2006 and fiscal 2007 respectively. For fiscal 2007, we declared dividend of Rs. 10.00 per equity share, which was paid out in fiscal 2008. We have declared a dividend of Rs. 11.00 (US$ 0.27) per equity share for fiscal 2008 which was paid out in fiscal 2009. The dividend per equity share shown above is based on the total amount of dividends paid out on equity shares during the year, exclusive of dividend tax. This was different from the dividend declared for the year. In US$, the dividend paid was US$ 0.25 per equity share for fiscal 2008.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations together with our audited consolidated financial statements. The following discussion is based on our audited consolidated financial statements and accompanying notes prepared in accordance with Indian GAAP, which varies in certain significant respects from US GAAP. For a reconciliation of net income and stockholders' equity to US GAAP, a description of significant differences between Indian GAAP and US GAAP and certain additional information required under US GAAP, see notes 22 to our consolidated financial statements included herein.

Introduction

Our loan portfolio, financial condition and results of operations have been and, in the future, are expected to be influenced by economic conditions in India, global developments such as commodities prices affecting the business activities of our corporate customers, conditions in global financial markets and economic conditions in the United States and other countries where we have a significant presence. For ease of understanding the following discussion of our results of operations, you should consider these macroeconomic factors, the description of certain major events affecting our results and financial condition and other key factors.

Indian Economy

India has had an average GDP growth rate of around 9.3% in fiscal years 2006, 2007 and 2008. GDP growth was 9.4% in fiscal 2006, 9.6% in fiscal 2007 and 9.0% in fiscal 2008. The continued momentum in growth has been primarily due to the sustained growth of the services and industrial sectors. The agricultural sector, which had registered growth of 6.0% in fiscal 2006, grew by 2.7% in fiscal 2007 and by 4.5% in fiscal 2008. The industrial sector grew by 8.0% in fiscal 2006 and 11.0% in fiscal 2007. During fiscal 2008 the industrial sector grew by 8.1%. The services sector grew by 10.3% in fiscal 2006 and 11.0% in fiscal 2007. The services sector registered growth of 10.7% during fiscal 2008. During the quarter ended June 30, 2008, the Indian economy registered growth of 7.9%, with the agricultural, industrial and service sectors growing by 3.0%, 5.2% and 10.2%, respectively.

Since fiscal 2006 there has been an increase in inflationary trends in India. The average annual rate of inflation measured by the Wholesale Price Index was 4.5% in fiscal 2006 and 5.4% in fiscal 2007. While the annual average rate of inflation in fiscal 2008 was 4.5%, inflation measured on a year-on–year basis was 7.7% at year-end fiscal 2008. Subsequent to fiscal 2008, inflation on a year-on-year basis has further increased to its current level of over 12.0%. The increase in inflation has primarily been due to the increase in prices of primary articles as well as the volatility in oil prices. See also "Risk Factors — Risks Relating to India — A significant increase in the price of crude oil could adversely affect the Indian economy, which could adversely affect our business". In its first quarter review of the annual policy statement for fiscal 2009 issued on July 29, 2008, the Reserve Bank of India forecast GDP growth for fiscal 2009 at around 8.0% and inflation at year-end fiscal 2009 at about 7.0%. The Reserve Bank of India's medium-term policy objective is to contain inflation to around 3.0% over the medium term.

During fiscal 2008, the Indian rupee appreciated by 7.1% against the US dollar. The rupee depreciated against the pound sterling, euro and the Japanese yen. The Indian rupee depreciated by 14.2% against the US dollar during fiscal 2009(through September 19, 2008), moving from Rs. 40.02 per US$ 1.00 at year-end fiscal 2008 to Rs. 45.71 per US$ 1.00 on September 19, 2008. The depreciation in the rupee was mainly driven by an increase in capital outflows following increased risk aversion in global markets, a generalized strengthening of the dollar and an expected deterioration in India's balance of payments due to increased oil prices. Foreign exchange reserves were approximately US$ 295 billion at August 29, 2008.

The impact of these and other factors and the overall growth in industry, agriculture and services during fiscal 2009 will affect the performance of the banking sector as it will affect the level of credit disbursed by banks, and the overall growth prospects of our business, including our ability to grow, the quality of our assets, the value of our investment portfolio and our ability to implement our strategy.

Banking Sector

According to the Reserve Bank of India's data, total deposits of all scheduled commercial banks increased by 17.6% in fiscal 2006, 24.2% in fiscal 2007 and 22.9% in fiscal 2008. Bank credit of scheduled commercial banks grew by 30.8% in fiscal 2006, 27.6% in fiscal 2007 and 21.6% in fiscal 2008. Until fiscal 2005, there was a downward movement in interest rates, barring intra-year periods when interest rates were higher temporarily due to extraneous circumstances. This movement was principally due to the Reserve Bank of India's policy of assuring adequate liquidity in the banking system and generally lowering the rate at which it would lend to Indian banks to ensure that borrowers had access to funding at competitive rates. Banks generally followed the direction of interest rates set by the Reserve Bank of India and adjusted both their deposit rates and lending rates downwards until fiscal 2005. The inflationary trends since fiscal 2005 resulted in a change in the monetary policy stance. In response to continued inflationary pressures in the economy, the Reserve Bank of India increased the cash reserve ratio by 400 basis points, from 5.0% to 9.0%, between December 2006 and August 2008. The Reserve Bank of India increased the repo rate (i.e., the annualized interest paid by the borrower in a repurchase transaction between a bank and the Reserve Bank of India) by 175 basis points from 7.25% to 9.0% between December 2006 and August 2008. During the same period, the reverse repo rate was kept unchanged at 6.0%. As a result of the increases in rates, banks have also raised their deposit and lending rates. The following table sets forth the bank rate, the repo rate and the reverse repo rate for the last six fiscal years.

As of fiscal year-end	Bank rate	Repo rate	Reverse repo rate
2004	6.00	6.00	4.50
2005	6.00	6.00	4.75
2006	6.00	6.50	5.50
2007	6.00	7.50	6.00
2008	6.00	7.75	6.00
2009 (through September 10, 2008)	6.00	9.00	6.00

Source: Reserve Bank of India: Handbook of Statistics on Indian Economy, 2007, Annual Report 2006-2007 and Weekly Statistical Supplements, Annual Policy Statement 2008-09 and First Quarter Review of the Annual Policy Statement for 2008-09.

The Reserve Bank of India has also instituted several prudential measures to moderate credit growth, including an increase in risk weights for capital adequacy computation and general provisioning for various asset classes as well as utilizing policy instruments like the cash reserve ratio. See also "Overview of the Indian Financial Sector – Credit Policy Measures".

Since August 2007, the global financial system has experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, lack of price transparency on inter-bank lending rates and a general widening of spreads. In the United States (where this particular crisis originated), the government has been forced to bail out leading financial institutions and others have sought additional capital. The downturn in the housing market in major economies such as the United States and the United Kingdom and difficulties in their financial systems may have an adverse impact on the growth of these economies and the global economy in general.

Major Events Affecting Results and Financial Condition

Since 2002, we have experienced major changes and developments in our business and strategy. An understanding of these events and developments is necessary for an understanding of the periods under review and the discussion and analysis which follows. These changes are reflected in our financial statements in connection with or since the amalgamation of ICICI into ICICI Bank. Consequent to the amalgamation, our businesses became subject to the various regulations applicable to banks, including the requirement to maintain the statutory liquidity ratio and the cash reserve ratio on the liabilities of ICICI, which primarily comprised wholesale borrowings. As the average yield on investments in government of India securities and cash balances maintained with the Reserve Bank of India is typically lower than the yield on other interest-earning securities, our net interest margin was adversely impacted. Subsequent to the amalgamation, the growth in our assets in India and the repayment of borrowings of ICICI was funded primarily by deposits. However, we had a high proportion of term deposits in our incremental deposit base, given our limited branch network and rapid growth. The proportion of low-cost current account and savings account deposits to our total deposits was 26% at year-end fiscal 2008 compared to around 35% for the banking system. While we are expanding our deposit base and changing the mix of our liabilities towards lower cost deposits, our net interest margin has been and is expected to continue to be lower than other banks in India until we increase the proportion of retail deposits and low-cost deposits in our total deposits. The increase in investment in government securities has substantially increased our exposure to market risk. A rise in interest rates would cause the value of our fixed income portfolio to decline and adversely affect the income from our treasury operations. See also "Risk Factors – Risks Relating to Our Business – Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance."

The second key change reflects the implementation of our strategy to grow our retail loan portfolio. The results of our implementation of this strategy can be seen in the rapid growth in the retail loan portfolio. Recently we have experienced rapid growth in the portfolio of non-collateralized retail loans, including unsecured personal loans. See

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also “Business — Loan Portfolio”. While the rate of growth of our retail loans has currently moderated due to the high base effect and the increase in interest rates and real estate prices, we see continued significant demand for retail loans in the long term.

Third, since the amalgamation, we have established operations outside India, with banking subsidiaries in the United Kingdom, Canada and Russia, and branches and representative offices in several countries. We offer retail banking products and services including remittance services across these markets, primarily to non-resident Indians. We deliver products and services to our corporate clients, including foreign currency financing for projects in India and cross-border acquisition financing, through these subsidiaries and branches. In Canada and the United Kingdom, we have also launched direct banking offerings using the Internet as the access channel. We have invested in the equity capital of our international banking subsidiaries to support their growth.

Fourth, since the amalgamation, our subsidiaries engaged in the insurance business, ICICI Prudential life Insurance Company Limited and ICICI Lombard General Insurance Company Limited, have experienced rapid growth in business. We have invested in the equity capital of our insurance subsidiaries to support their growth. Our life insurance subsidiary continues to report losses in its financial statements, which are reflected in our consolidated financial statements. See also “Business — Insurance”.

All of these changes or developments have had a major impact upon our results of operations and financial condition and are critical to an understanding of our discussion which follows.

Other key factors

Under Indian GAAP, we have not consolidated certain entities (primarily 3i Infotech Limited and Firstsource Solutions Limited) in which control is intended to be temporary. However under US GAAP, these entities have been accounted for in accordance with Opinion No. 18 of the Accounting Principles Board on “The Equity Method of Accounting for Investments on Common Stock”. Until March 31, 2006, these entities were consolidated in accordance with SFAS No. 94 on “Consolidation of majority owned subsidiaries” which requires consolidation of such entities. See also “Business — Subsidiaries and Joint Ventures.”

Under Indian GAAP, till fiscal 2004, ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited have been accounted as joint ventures using the proportionate consolidation method as prescribed by Accounting Standard 27 on “Financial Reporting of Interests in Joint Ventures” issued by the Institute of Chartered Accountants of India. Therefore, our consolidated financial statements for fiscal years up to and including fiscal 2004 include a 74% share (i.e., ICICI Bank’s share in each of the two joint ventures) of each line item

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reflected in the financial statements of these two entities. From fiscal 2005 onwards, these two entities have been accounted for on the basis of principles set out in Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India, as required by the revision in Accounting Standard 27. Therefore, from fiscal 2005 our consolidated financial statements include 100% of each line item reflected in the financial statements of these two entities with a separate disclosure for minority interest. Hence, the income statement and balance sheet for fiscal 2005, fiscal 2006, fiscal 2007 and fiscal 2008 are not comparable with the income statement and balance sheet for fiscal 2004 and prior years with respect to the incorporation of the income statement and balance sheet of our insurance subsidiaries in our financial statements.

Effect of Other Acquisitions

In fiscal 2004, we acquired 100.0% ownership interest in Transamerica Apple Distribution Finance Private Limited for a cash consideration of Rs. 757 million (US$ 19 million). In fiscal 2006, we acquired 100.0% ownership interest in Investitsionno-Kreditny Bank, a Russian bank with total assets of approximately US$ 4 million at year-end fiscal 2005. During fiscal 2006 we also acquired an additional stake of 6% in ICICI Prudential Asset Management Company Limited as well as ICICI Prudential Trust Limited. Subsequent to these acquisitions both companies have become our subsidiaries. During fiscal 2007, the board of directors of ICICI Bank Limited 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. The shareholders of both banks approved the scheme in their extra-ordinary general meetings. The Reserve Bank of India has sanctioned the scheme of amalgamation with effect from April 19, 2007 under sub-section (4) of section 44A of the Banking Regulation Act, 1949. Sangli Bank was an old private sector Indian bank. At the year ended March 31, 2006, Sangli Bank had total assets of Rs. 21.5 billion (US$ 537 million), deposits of Rs. 20.0 billion (US$ 500 million), loans of Rs. 8.9 billion (US$ 222 million) and capital adequacy of 1.6%. During fiscal 2006, it incurred a loss of Rs. 293 million (US$ 7 million). The financial statements for fiscal 2008 include the results of the operations of Sangli Bank from April 19, 2007. The values of these transactions were not material to our overall operations.

Average Balance Sheet

The average balances for a fiscal year are the average of quarterly balances outstanding at the end of March of the previous fiscal year and June, September, December and March of that year. The yield on average interest-earning assets is the ratio of interest income to average interest-earning assets. The cost of average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities. The average balances of advances include non-performing advances and are net of allowance for loan losses. We have not recalculated tax-exempt income on a tax-equivalent basis because we believe that the effect of doing so would not be significant.

The following table sets forth, for the periods indicated, the average balances of the assets and liabilities outstanding, which are major components of interest income, interest expense and net interest income.

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	Year ended March 31, 2006			2007			2008		
	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	A yi
	(in millions, except percentages)								
Assets:									
Advances:									
Rupee	Rs. 1,008,153	Rs. 95,541	9.48%	Rs. 1,462,683	Rs. 149,907	10.25%	Rs. 1,721,656	Rs. 202,245	
Foreign currency	192,162	10,817	5.63	301,203	19,794	6.57	562,993	38,439	
Total advances	1,200,315	106,358	8.86	1,763,886	169,701	9.62	2,284,649	240,684	
Investments:									
Rupee	474,395	30,531	6.44	654,517	50,569	7.73	820,752	77,657	
Foreign currency	39,499	2,054	5.20	131,569	7,905	6.01	203,710	11,388	
Total investments	513,894	32,585	6.34	786,086	58,474	7.44	1,024,462	89,045	
Balances with Reserve Bank of India and other banks:									
Rupee	48,713	1,478	3.03	86,333	3,049	3.53	190,357	693	
Foreign currency	43,679	1,956	4.48	92,226	5,989	6.49	128,107	8,055	
Total balances with Reserve Bank of India and other banks	92,392	3,434	3.72	178,559	9,038	5.06	318,464	8,748	
Other interest income		958			2,813			2,473	
Interest-earning assets:									
Rupee	1,531,261	128,508	8.39	2,203,533	206,338	9.36	2,732,765	283,068	
Foreign currency	275,340	14,827	5.38	524,998	33,688	6.42	894,810	57,882	
Total interest-earning assets	1,806,601	143,335	7.93	2,728,531	240,026	8.80	3,627,575	340,950	
Fixed assets	41,495			41,809			44,727		
Other assets	318,801			480,339			688,866		
Total non-earning assets	360,296			522,148			733,593		
Total assets	Rs. 2,166,897	Rs. 143,335		Rs. 3,250,679	Rs. 240,026		Rs. 4,361,168	Rs. 340,950	

Year ended March 31,
2006 2007 2008

	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Average yield/cost
	(in millions, except percentages)								
Liabilities:									
Savings account deposits:									
Rupee	Rs. 157,037	Rs. 3,946	2.51%	Rs. 259,744	Rs. 6,760	2.60%	Rs. 346,323	Rs. 8,803	2.54%
Foreign currency	14,621	574	3.93	67,982	3,404	5.01	116,333	6,897	5.93
Total savings account deposits.	171,658	4,520	2.63	327,726	10,164	3.10	462,656	15,700	3.39
Time deposits:									
Rupee	846,963	51,345	6.06	1,333,395	104,385	7.83	1,627,756	158,760	9.75
Foreign currency	93,309	3,726	3.99	179,519	10,016	5.58	218,567	12,760	5.84

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	Year ended March 31,								
	2006			2007			2008		
	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Average yield/cost	Average balance	Interest income/ expense	Aver yield/
	(in millions, except percentages)								
Total time deposits	940,272	55,071	5.86	1,512,914	114,401	7.56	1,846,323	171,520	9.
Other demand deposits:									
Rupee	138,357			165,646			216,479		
Foreign currency	4,492			8,708			12,741		
Total other demand deposits	142,849			174,354			229,220		
Borrowings:									
Rupee	349,907	32,879	9.40	362,586	34,472	9.51	374,124	37,698	10.
Foreign currency	190,558	8,545	4.48	329,876	17,720	5.37	590,734	32,752	5.
Total borrowings	540,465	41,424	7.66	692,462	52,192	7.54	964,858	70,450	7.
Interest-bearing liabilities:									
Rupee	1,492,264	88,170	5.91	2,121,371	145,617	6.86	2,564,682	205,261	8.
Foreign currency	302,980	12,845	4.24	586,085	31,140	5.31	938,375	52,409	5.
Total interest-bearing liabilities	1,795,244	101,015	5.63	2,707,456	176,757	6.53	3,503,057	257,670	7.
Other liabilities	205,933			307,733			487,809		
Total liabilities	2,001,177	101,015		3,015,189	176,757		3,990,866	257,670	
Preference share capital	3,500			3,500			3,500		
Stockholders' equity	162,220			231,990			366,802		
Total liabilities and stockholders' equity	Rs. 2,166,897	Rs. 101,015		Rs. 3,250,679	Rs. 176,757		Rs. 4,361,168	Rs. 257,670	

Analysis of changes in interest income and interest expense volume and rate analysis

The following table sets forth, for the periods indicated, the changes in the components of net interest income. The changes in net interest income between periods have been reflected as attributed either to volume or rate changes. For the purpose of this table, changes, which are due to both volume and rate, have been allocated solely to volume.

	Fiscal 2007 vs. Fiscal 2006 Increase (decrease) due to			Fiscal 2008 vs. Fiscal 2007 Increase (decrease) due to		
	Net change	Change in average volume	Change in average rate	Net change	Change in average volume	Change in average rate
			(in millions)			
Interest income:						
Advances:						
Rupee	Rs. 54,366	Rs. 46,584	Rs. 7,782	Rs. 52,338	Rs. 30,422	Rs. 21,916
Foreign currency	8,977	7,166	1,811	18,645	17,874	771
Total advances	63,343	53,750	9,593	70,983	48,296	22,687
Investments:						
Rupee	20,038	13,916	6,122	27,089	15,729	11,360
Foreign currency	5,851	5,532	319	3,483	4,033	(550)
Total investments	25,889	19,448	6,441	30,572	19,762	10,810
Balances with Reserve Bank of India and other banks:						
Rupee	1,571	1,329	242	(2,356)	379	(2,735)
Foreign currency	4,033	3,153	880	2,065	2,256	(191)
Total balances with Reserve Bank of India and other banks	5,604	4,482	1,122	(291)	2,635	(2,926)
Other interest income	1,855	-	1,855	(340)	-	(340)

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	Fiscal 2007 vs. Fiscal 2006 Increase (decrease) due to			Fiscal 2008 vs. Fiscal 2007 Increase (decrease) due to		
	Net change	Change in average volume	Change in average rate	Net change	Change in average volume	Change in average rate
			(in millions)			
Total interest income:						
Rupee	77,830	61,829	16,001	76,731	46,530	30,201
Foreign currency	18,861	15,851	3,010	24,193	24,163	30
Total interest income	96,691	77,680	19,011	100,924	70,693	30,231
Interest expense:						
Savings account deposits:						
Rupee	2,814	2,673	141	2,042	2,201	(159)
Foreign currency	2,830	2,672	158	3,493	2,867	626
Total savings account deposits	5,644	5,345	299	5,535	5,068	467
Time deposits:						
Rupee	53,040	38,080	14,960	54,375	28,710	25,665
Foreign currency	6,290	4,810	1,480	2,744	2,280	464
Total time deposits	59,330	42,890	16,440	57,119	30,990	26,129
Borrowings:						
Rupee	1,593	1,205	388	3,226	1,163	2,063
Foreign currency	9,175	7,484	1,691	15,032	14,463	569
Total borrowings	10,768	8,689	2,079	18,258	15,626	2,632
Total interest expense:						
Rupee	57,447	41,958	15,489	59,643	32,074	27,569
Foreign currency	18,295	14,966	3,329	21,269	19,610	1,659
Total interest expense	75,742	56,924	18,818	80,912	51,684	29,228
Net interest income:						
Rupee	20,383	19,871	512	17,088	14,456	2,632
Foreign currency	566	885	(319)	2,924	4,553	(1,629)
Total net interest income	Rs. 20,949	Rs. 20,756	Rs. 193	Rs. 20,012	Rs. 19,009	Rs. 1,003

Yields, Spreads and Margins

The following table sets forth, for the periods indicated, the yields, spreads and net interest margins on interest-earning assets.

	Year ended March 31,				
	2004	2005	2006	2007	2008
	(in millions, except percentages)				
Interest income	Rs. 95,506	Rs. 99,264	Rs. 143,335	Rs. 240,026	Rs. 340,950
Average interest-earning assets	985,744	1,217,707	1,806,601	2,728,531	3,627,575
Interest expense	71,677	68,044	101,015	176,757	257,670
Average interest-bearing liabilities	1,012,604	1,221,302	1,795,244	2,707,456	3,503,057
Average total assets	1,174,541	1,469,378	2,166,897	3,250,679	4,361,168

Average interest-earning assets as a percentage of average total assets	83.93%	82.87%	83.37%	83.94%	83.18%
Average interest-bearing liabilities as a percentage of average total assets	86.21	83.12	82.85	83.29	80.32
Average interest-earning assets as a percentage of average interest-bearing liabilities	97.35	99.71	100.63	100.78	103.55
Yield	9.69	8.15	7.93	8.80	9.40

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	Year ended March 31,				
	2004	2005	2006	2007	2008
	(in millions, except percentages)				
Rupee	10.26	8.59	8.39	9.36	10.36
Foreign currency	4.63	5.07	5.38	6.42	6.47
Cost of funds	7.08	5.57	5.63	6.53	7.36
Rupee	7.45	5.90	5.91	6.86	8.00
Foreign currency	3.18	3.34	4.24	5.31	5.59
Spread(1)	2.61	2.58	2.30	2.27	2.04
Rupee	2.81	2.69	2.48	2.50	2.36
Foreign currency	1.45	1.73	1.14	1.11	0.88
Net interest margin(2)	2.42	2.56	2.34	2.32	2.30
Rupee	2.48	2.70	2.63	2.76	2.85
Foreign currency	1.85	1.59	0.72	0.49	0.61

(1) Spread is the difference between yield on average interest-earning assets and cost of average interest-bearing liabilities. Yield on average interest-earning assets is the ratio of interest income to average interest-earning assets. Cost of average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities.

(2) Net interest margin is the ratio of net interest income to average interest-earning assets. The difference in net interest margin and spread arises due to the difference in amount of average interest-earning assets and average interest-bearing liabilities. If average interest-earning assets exceed average interest-bearing liabilities, net interest margin is greater than the spread and if average interest-bearing liabilities exceed average interest-earning assets, net interest margin is less than the spread.

Fiscal 2008 to Fiscal 2007

Summary

Net profit increased by 23.1% to Rs. 34.0 billion (US$ 850 million) for fiscal 2008 from Rs. 27.6 billion (US$ 690 million) for fiscal 2007, primarily due to a 31.6% increase in net interest income and a 49.5% increase in non-interest income, offset in part, by a 50.1% increase in non-interest expenses and a 32.5% increase in provisions. The increase in provisions was primarily due to a higher level of specific provisioning on retail and rural non-performing loans, offset, in part by lower general provision on loans.

Net interest income increased by 31.6% to Rs. 83.3 billion (US$ 2.1 billion) for fiscal 2008 from Rs. 63.3 billion (US$ 1.6 billion) for fiscal 2007, reflecting an increase of 32.9% in the average volume of interest-earning assets.

Non-interest income increased by 49.5% to Rs. 259.6 billion (US$ 6.5 billion) for fiscal 2008 from Rs. 173.6 billion (US$ 4.3 billion) for fiscal 2007 primarily due to a 142.1% increase in profit on sale of investments, a 68.1% increase in income from insurance business and 24.3% increase in commission, exchange and brokerage.

Non-interest expense increased by 50.1% to Rs. 270.4 billion (US$ 6.8 billion) for fiscal 2008 from Rs. 180.1 billion (US$ 4.5 billion) in fiscal 2007 primarily due to an increase of 71.3% in expenses pertaining to insurance business, 50.6% in employee expenses and 34.4% in other administrative expenses.

Provisions and contingencies (excluding provisions for tax) increased by 32.5% to Rs. 30.2 billion (US$ 754 million) in fiscal 2008 from Rs. 22.8 billion (US$ 570 million) in fiscal 2007 primarily due to a higher level of specific provisioning on retail and rural non-performing loans offset in part by a reduction in general provision on loans due to one time impact of revised guidelines on provisioning on standard assets issued by the Reserve Bank of India in fiscal 2007. The increase in retail non-performing loans

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was primarily due to change in the portfolio mix towards non-collateralized loans and seasoning of the loan portfolio.

Gross restructured loans decreased by 4.0% to Rs. 48.4 billion (US$ 1.2 billion) at year-end fiscal 2008 from Rs. 50.4 billion (US$ 1.3 billion) at year-end fiscal 2007. Gross non-performing assets increased by 83.2% to Rs. 78.0 billion (US$ 1.9 billion) at year-end fiscal 2008 from Rs. 42.6 billion (US$ 1.1 billion) at year-end fiscal 2007 primarily due to increase in retail non-performing loans due to change in the portfolio mix towards non-collateralized loans and seasoning of the retail loan portfolio.

Total assets increased by 23.1% to Rs. 4,856.2 billion (US$ 121.3 billion) at year-end fiscal 2008 compared to Rs. 3,943.3 billion (US$ 98.5 billion) at year-end fiscal 2007 primarily due to an increase in advances by 18.9% and an increase in investments by 32.7%.

Net Interest Income

The following table sets forth, for the periods indicated, the principal components of net interest income.

	Year ended March 31,			
	2007	2008	2008	2008/2007 % change
	(in millions, except percentages)			
Interest income(1)	Rs. 240,026	Rs. 340,950	US$ 8,519	42.0%
Interest expense	(176,757)	(257,670)	(6,439)	45.8
Net interest income	Rs. 63,269	Rs. 83,280	US$ 2,080	31.6%

(1) Net of amortization of premium on government securities. The amortization of premium on government securities has been re-classified under interest income from investment as per the revised guidelines of the Reserve Bank of India.

Net interest income (net of amortization of premium on government securities) increased by 31.6% to Rs. 83.3 billion (US$ 2.1 billion) in fiscal 2008 from Rs. 63.3 billion (US$ 1.6 billion) in fiscal 2007 reflecting mainly the following:

- an increase of Rs. 899.0 billion (US$ 22.5 billion) or 32.9% in the average volume of interest-earning assets; and
- net interest margin of 2.3% in fiscal 2008, remaining the same as in fiscal 2007.

The average volume of interest-earning assets increased by 32.9% or Rs. 899.0 billion (US$ 22.5 billion) to Rs. 3,627.6 billion (US$ 90.6 billion) during fiscal 2008 from Rs. 2,728.5 billion (US$ 68.2 billion) during fiscal 2007, primarily due to an increase in average advances by Rs. 520.8 billion (US$ 13.0 billion) and an increase in average investments by Rs. 238.4 billion (US$ 6.0 billion). Average advances increased by 29.5% to Rs. 2,284.7 billion (US$ 57.1 billion) in fiscal 2008 from Rs. 1,763.9 billion (US$ 44.1 billion) in fiscal 2007 primarily due to increase in advances of international branches and banking subsidiaries. The increase in average investments was primarily due to increased investment in government securities and increase in other investments by banking subsidiaries.

Interest income, net of amortization of premium on government securities, increased by 42.0% to Rs. 341.0 billion (US$ 8.5 billion) for fiscal 2008 from Rs. 240.0 billion (US$ 6.0 billion) for fiscal 2007 primarily due to an increase of 32.9% in the average volume of total interest-earning assets to Rs. 3,627.6 billion (US$ 90.6 billion) during fiscal 2008 from Rs. 2,728.5 billion (US$ 68.2 billion) during fiscal 2007. The overall yield on average interest-earning assets increased to 9.4% for fiscal 2008 from 8.8% for fiscal 2007 primarily due to increase in yield on advances to

10.5% for fiscal 2008 from 9.6% for fiscal 2007 and increase in yield on investments to 8.7% for fiscal 2008 from 7.4% for fiscal 2007. The yield on advances has increased due to an increase in lending rates in line with the general increase in interest rates. This was partly offset by increase in the cash reserve ratio by the Reserve Bank of India by 150 basis points during the year resulting in an adverse impact on yields. The Reserve Bank of India has increased the cash reserve ratio requirement for banks from 6.5% at the beginning of fiscal 2008 to 9.0% currently. Further, effective April 13, 2007, the Reserve Bank of India has discontinued the interest payment on the balances maintained under the cash reserve ratio requirement. As a result, from fiscal 2008 we earn no interest income on the cash reserve ratio requirement of 9.0% of net demand and time liabilities maintained in the form of balances with the Reserve Bank of India as compared to interest income of 1.4% on the lower cash reserve ratio requirement during fiscal 2007. This has adversely impacted our net interest income and net interest margin in fiscal 2008.

Total interest expense increased by 45.8% to Rs. 257.7 billion (US$ 6.4 billion) during fiscal 2008 from Rs. 176.8 billion (US$ 4.4 billion) during fiscal 2007 primarily due to an increase of 29.4% in average interest-bearing liabilities to Rs. 3,503.1 billion (US$ 87.5 billion) in fiscal 2008 from Rs. 2,707.5 billion (US$ 67.7 billion) in fiscal

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2007 and increase in the cost of funds by 83 basis points to 7.4% in fiscal 2008 from 6.5% in fiscal 2007. Average deposits, with a cost of 7.4% for fiscal 2008, constituted 72.5% of total average interest-bearing liabilities compared to 74.4% of the total average interest-bearing liabilities with a cost of 6.2% for fiscal 2007. The cost of deposits increased by 120 basis points to 7.4% in fiscal 2008 from 6.2% in fiscal 2007 consequent to general increase in interest rates in the system, and in particular due to the tight systemic liquidity scenario during the quarter ended March 31, 2007, the impact of which was fully reflected during fiscal 2008. The average cost of total borrowings including subordinated debt decreased to 7.3% in fiscal 2008 from 7.5% in fiscal 2007 primarily due to increase in the proportion of foreign currency borrowings in the total borrowings.

Net interest margin is expected to continue to be lower than other banks in India until we increase the proportion of low-cost deposits and retail deposits in our total funding. The net interest margin is also impacted by the relatively lower net interest margin earned by our overseas branches, which is offset by the higher fee income that we are able to earn by leveraging our international presence and our ability to meet the foreign currency borrowing requirements of Indian companies.

Interest rates in the banking system have continually increased over the last three years. As our liabilities, in general, re-price faster than our assets, our net interest income is adversely impacted in a rising interest rate scenario. Further, wholesale deposits re-price at a higher level than retail deposits in an increasing interest rate environment, especially when liquidity in the system is tight. This results in a sharp increase in funding cost which may adversely impact our net interest margin. In fiscal 2009 till date, interest rates have continued to increase in view of the tight monetary policy of the Reserve Bank of India to address the high levels of inflation. It cannot be assured that we would be able to pass through all the increases in our funding costs to our lending customers. Any failure to pass on the higher funding costs completely to our customers would adversely impact our net interest margin. Higher interest rates would also impact our fixed income trading and other investment portfolio adversely. See also “Risk Factors — Our banking and trading activities are particularly vulnerable to interest rate risk and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance.” and “Business — Risk Management — Qualitative and Quantitative Disclosures About Market Risk”.

Non-Interest Income

The following table sets forth, for the periods indicated, the principal components of non-interest income.

	Year ended March 31,			
	2007	2008	2008	2008/2007 % change
	(in millions, except percentages)			
Commission, exchange and brokerage	Rs. 54,432	Rs. 67,673	US$ 1,691	24.3%
Profit/(loss) on sale of investments (net)	14,062	34,042	851	142.1
Profit/(loss) on revaluation of investments (net)	(1,790)	(4,788)	(120)	167.5
Profit/(loss) on sale of land, buildings and other assets (net)	351	613	15	74.6
Profit/(loss) on foreign exchange transactions (net)	8,435	1,280	32	(84.8)
Income pertaining to insurance business (1)	95,126	159,920	3,996	68.1
Miscellaneous income (including lease income)	2,996	841	21	(72.0)
Total other income	Rs. 173,612	Rs. 259,581	US$ 6,486	49.5%

(1) The amount of premium ceded on re-insurance has been reclassified from expenses pertaining to insurance business and netted off from non-interest income.

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Non-interest income increased by 49.5% for fiscal 2008 to Rs. 259.6 billion (US$ 6.5 billion) from Rs. 173.6 billion (US$ 4.3 billion) for fiscal 2007 primarily due to a 142.1% increase in profit on sale of investments to Rs. 34.0 billion (US$ 851 million) in fiscal 2008 from 14.1 billion (US$ 351 million) in fiscal 2007, a 68.1% increase in income pertaining to insurance business to Rs. 159.9 billion (US$ 4.0 billion) in fiscal 2008 from Rs. 95.1 billion (US$ 2.4 billion) in fiscal 2007 and a 24.3% increase in commission, exchange and brokerage to Rs. 67.7 billion (US$ 1.7 billion) in fiscal 2008 from Rs. 54.4 billion (US$ 1.4 billion) in fiscal 2007 offset in part, by an decrease in the net profit on foreign exchange transactions to Rs. 1.3 billion (US$ 32 million) in fiscal 2008 from Rs. 8.4 billion (US$ 211 million) in fiscal 2007 and increase in net loss on revaluation of investments to Rs. 4.8 billion (US$ 120 million) in fiscal 2008 from Rs. 1.8 billion (US$ 45 million) in fiscal 2007.

Profit on sale of investments increased by 142.1% to Rs. 34.0 billion (US$ 851 million) in fiscal 2008 from Rs. 14.1 billion (US$ 352 million) in fiscal 2007 primarily due to divestments of equity investments by us and by funds managed by ICICI Venture Funds Management Company Limited. The net loss on revaluation of investments was Rs. 4.8 billion (US$ 120 million) in fiscal 2008 as compared to Rs. 1.8 billion (US$ 45 million) in fiscal 2007 primarily due to mark-to-market losses on investments. At year-end fiscal 2008, our overseas branches and banking subsidiaries had an investment portfolio of Rs. 257.9 billion (US$ 6.4 billion) comprising mainly of bonds, certificate of deposits, mortgage backed securities, treasury bills, credit linked notes and asset backed commercial paper. In fiscal 2008, the mark to market losses due to widening of credit spreads and other losses on the investment portfolio aggregating to Rs. 4.6 billion (US$ 115 million) was made through the income statement. In addition, the mark-to-market loss on investment classified as “Available for sale securities” in our United Kingdom and Canadian subsidiaries of Rs. 5.7 billion (US$ 142 million) is directly reflected in the shareholders’ equity.

Income pertaining to insurance business representing premium income of our life and general insurance subsidiaries increased by 68.1% to Rs. 159.9 billion (US$ 4.0 billion) in fiscal 2008 from Rs. 95.1 billion (US$ 2.4 billion) in fiscal 2007. The income pertaining to insurance business includes Rs. 141.3 billion (US$ 3.5 billion) from our life insurance business and Rs. 18.6 billion (US$ 465 million) from our general insurance business. The new business premium (on weighted received premium basis) of ICICI Prudential Life Insurance Company Limited increased by 68.3% to Rs. 66.8 billion (US$ 1.7 billion) in fiscal 2008 from Rs. 39.7 billion (US$ 1.0 billion) in fiscal 2007. The gross written premium (excluding share of motor third party insurance pool) of ICICI Lombard General Insurance Company Limited increased by 11.4% to Rs. 33.5 billion (US$ 837 million) in fiscal 2008 from Rs. 30.0 billion (US$ 750 million) in fiscal 2007. The industry witnessed a slowdown in growth on account of tarriffing of the general insurance industry whereby insurance premiums were freed from price controls, resulting in a significant reduction in premium rates. The industry also witnessed the formation of the motor third party insurance pool for third party insurance of commercial vehicles. Accordingly, all general insurance companies are required to cede 100% of premiums collected and claims incurred for this segment to the pool. At the end of the year, the results of the pool are shared by all insurance companies in proportion to their overall market share in the industry.

Commission, exchange and brokerage increased by 24.3% to Rs. 67.7 billion (US$ 1.7 billion) in fiscal 2008 from Rs. 54.4 billion (US$ 1.4 billion) primarily due to growth in fee income from structuring and advisory fees, fees from international operations, third party distribution fees and fee income from small enterprises. Commission, exchange and brokerage of our United Kingdom subsidiary increased to Rs. 4.0 billion (US$ 100 million) in fiscal 2008 from Rs. 1.7 billion (US$ 43 million) in fiscal 2007 primarily due to an increase in the advisory and structuring fees. Commission, exchange and brokerage of our security broking and primary dealership subsidiaries increased to Rs. 7.6 billion (US$ 190 million) in fiscal 2008 from Rs. 6.7 billion (US$ 167 million) in fiscal 2007 primarily due to increase in equity brokerage and investment banking fees.

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Income from foreign exchange transactions decreased by 84.8% to Rs. 1.3 billion (US$ 32 million) in fiscal 2008 from Rs. 8.4 billion (US$ 210 million) in fiscal 2007 primarily due to mark-to-market and realized loss of Rs. 6.8 billion (US$ 170 million) on ICICI Bank's credit derivative portfolio. At March 31, 2008, ICICI Bank had a credit derivative portfolio of Rs. 62.8 billion (US$ 1.6 billion), including funded investments of Rs. 12.2 billion (US$ 305 million) in credit derivative instruments such as credit default swaps, credit linked notes and collateralized debt obligations. The majority of the underlying exposure is to Indian corporates.

Non-Interest Expense

The following table sets forth, for the periods indicated, the principal components of non-interest expense.

	Year ended March 31,			
	2007	2008	2008	2008/2007 % change
	(in millions, except percentages)			
Payments to and provisions for employees	Rs. 26,365	Rs. 39,698	US$ 992	50.6%
Depreciation on own property	4,272	4,973	124	16.4
Auditor's fees and expenses	64	100	2	55.6
Other administrative expenses	48,588	65,299	1,632	34.4
Operating expenses	79,289	110,070	2,750	38.8
Direct marketing agency expenses	15,602	15,750	394	0.9
Depreciation on leased assets	1,883	1,821	45	(3.3)
Expenses pertaining to insurance business (1)	Rs. 83,358	142,793	3,568	71.3
Total non-interest expenses	180,132	Rs. 270,434	US$ 6,757	50.1%

(1) The amount of premium ceded on re-insurance has been reclassified from expenses pertaining to insurance business and netted off from non-interest income.

Non-interest expense increased by 50.1% to Rs. 270.4 billion (US$ 6.8 billion) in fiscal 2008 from Rs. 180.1 billion (US$ 4.5 billion) in fiscal 2007 primarily due to a 71.3% increase in expenses pertaining to the insurance business and 50.6% increase in employee expenses.

Expenses pertaining to insurance business, representing provisions for claims, contribution to linked business, commissions paid and reserving for actuarial liability increased by 71.3% to Rs. 142.8 billion (US$ 3.6 billion) in fiscal 2008 from Rs. 83.4 billion (US$ 2.1 billion) in fiscal 2007 primarily due to higher business levels in fiscal 2008. The provisions for claims are determined based on actuarial valuation. In line with Indian accounting norms for insurance companies we do not amortize the customer acquisition cost, but account for the expenses upfront.

Employee expenses increased by 50.6% to Rs. 39.7 billion (US$ 992 million) in fiscal 2008 from Rs. 26.4 billion (US$ 659 million) in fiscal 2007, primarily due to increase in employee base and annual increase in salaries and other employee benefits. The employee expenses for ICICI Bank increased by 28.6% to Rs. 20.8 billion (US$ 520 million) in fiscal 2008 from Rs. 16.2 billion (US$ 405 million) in fiscal 2007 primarily due to a 22.1% increase in employee base to 40,686 at year-end fiscal 2008 from 33,321 at year-end fiscal 2007 and annual increase in salaries and other employee benefits. The employee expenses for ICICI Prudential Life Insurance Company increased by 100.0% to Rs. 10.4 billion (US$ 260 million) in fiscal 2008 from Rs. 5.2 billion (US$ 130 million) in fiscal 2007 primarily due to a 77.6% increase in number of employees to 28,973 at year-end fiscal 2008 from 16,317 at year-end fiscal 2007. The employee expenses for ICICI Lombard General Insurance Company increased by 29.2% to Rs. 3.1 billion (US$ 78 million) in fiscal 2008 from Rs. 2.4 billion (US$ 60 million) in fiscal 2007 primarily due to a 16.8% increase in number of employees to 5,570 at year-end fiscal 2008 from 4,770 at year-end fiscal 2007. The increase in employees was commensurate with the growth in businesses.

Other administrative expenses increased by 34.4% to Rs. 65.3 billion (US$ 1.6 billion) in fiscal 2008 from Rs. 48.6 billion (US$ 1.2 billion) in fiscal 2007 primarily due to increase in rent, taxes & lighting expenses and increase in expenses related to retail business of ICICI Bank. The number of branches (excluding foreign branches and offshore banking units) and extension counters of ICICI Bank in India increased to 1,262 at year-end fiscal 2008 from 755 at year-end fiscal 2007. The number of ATMs increased to 3,881 at year-end fiscal 2008 from 3,271 at year-end fiscal 2007. The number of branches and offices of our insurance subsidiaries increased to 2,219 at year-end fiscal 2008 from 803 at year-end fiscal 2007.

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Direct marketing agency expenses of ICICI Bank increased to Rs. 15.7 billion (US$ 394 million) in fiscal 2008 from Rs. 15.6 billion (US$ 390 million) in fiscal 2007. We use marketing agents, called direct marketing agents or associates, for sourcing our retail assets. We include commissions paid to these direct marketing agents of our retail assets in non-interest expense. These commissions are expensed upfront and not amortized over the life of the loan.

Provisions for Non-performing Assets and Restructured Loans

The following table sets forth, at the dates indicated, certain information regarding restructured loans and non-performing assets.

	At March 31,			
	2007	2008	2008	2008/2007 % change
	(in millions, except percentages)			
Gross restructured loans	Rs 50,407	Rs. 48,411	US$ 1,210	(4.0)%
Provisions for restructured loans	(1,581)	(1,572)	(39)	(0.6)
Net restructured loans	48,826	46,839	1,171	(4.1)
Gross non-performing assets	42,557	77,963	1,948	83.2
Provisions for non-performing assets(1), (2)	(22,249)	(42,031)	(1,050)	88.9
Net non-performing assets	20,308	35,932	898	76.9
Gross restructured loans and non-performing assets	92,964	126,374	3,158	35.9
Provision for restructured loans and non-performing assets(1) ,(2)	(23,830)	(43,603)	(1,089)	83.0
Net restructured loans and non-performing assets	69,134	82,771	2,069	19.7
Gross customer assets	2,234,339	2,687,999	67,166	20.3
Net customer assets	2,209,078	2,642,697	66,034	19.6%
Gross restructured loans as a percentage of gross customer assets	2.3%	1.8%		
Gross non-performing assets as a percentage of gross customer assets	1.9	2.9		
Net restructured loans as a percentage of net customer assets	2.2	1.8		
Net non-performing assets as a percentage of net customer assets	0.9	1.4		
Provisions on restructured loans as a percentage of gross restructured assets	3.1	3.3		
Provisions on non-performing assets as a percentage of gross non-performing assets	52.3	53.9		
Provisions(3) as a percentage of gross customer assets	1.7	2.2		

(1) Includes interest suspense.
(2) Excludes technical write-offs.
(3) Includes provision against customer assets and general provision on performing assets as required by the Reserve Bank of India.

We classify our loans in accordance with the Reserve Bank of India guidelines into performing and non-performing loans. Further, non-performing loans are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the Reserve Bank of India. The Reserve Bank of India has separate guidelines for restructured loans. A fully secured standard loan can be restructured by rescheduling of principal repayments and/or the interest element, but must be separately disclosed as a restructured loan in the year of restructuring. Similar guidelines apply to restructuring of sub-standard loans. See also “Business-Classification of loans”.

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Gross restructured loans decreased by 4.0% to Rs. 48.4 billion (US$ 1.2 billion) at year-end fiscal 2008 from Rs. 50.4 billion (US$ 1.3 billion) at year-end fiscal 2007. Gross non-performing assets increased by 83.2% to Rs. 78.0 billion (US$ 1.9 billion) at year-end fiscal 2008 from Rs. 42.6 billion (US$ 1.1 billion) at year-end fiscal 2007 primarily due to an increase in retail non-performing loans due to a change in the portfolio mix towards non-collateralized loans and seasoning of the retail loan portfolio. We sold Rs. 9.3 billion (US$ 232 million) including mortgage loans of Rs. 6.9 billion (US$ 172 million) of our net non-performing assets during fiscal 2008. As a percentage of net customer assets, net restructured loans were 1.8% at year-end fiscal 2008 compared to 2.2% at year-end fiscal 2007 and net non-performing assets were 1.4% at year-end fiscal 2008 compared to 0.9% at year-end fiscal 2007.

The following table sets forth, for the period indicated, the composition of provision and contingencies, excluding provision for tax.

	Year ended March 31,			2008/2007
	2007	2008	2008	% change
	(in millions, except percentages)			
Provisions for investments (including credit substitutes)(net)	Rs. 384	Rs. 730	US$ 18	90.1%
Provision for non-performing assets	14,553	25,552	639	75.6
Provision for standard assets	7,529	2,172	54	(71.1)
Others	308	1,724	43	459.7
Total provisions and contingencies (excluding tax)	Rs. 22,774	Rs. 30,178	US$ 754	32.5%

(1) We do not distinguish between provisions and write-offs while assessing the adequacy of our loan loss coverage, as both provisions and write-offs represent a reduction of the principal amount of a non-performing loan. In compliance with Indian regulations governing the presentation of financial information by banks, gross non-performing loans are reported gross of provisions net of cumulative write-offs in our financial statements.

Provisions are made by ICICI Bank on standard, sub-standard and doubtful assets at rates prescribed by Reserve Bank of India. Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant Reserve Bank of India guidelines. Subject to the minimum provisioning levels prescribed by the Reserve Bank of India, provisions on homogeneous retail loans/ receivables is assessed at a portfolio level, on the basis of days past due. See also "Business-Classification of loans".

Provisions and contingencies (excluding provisions for tax) increased by 32.5% to Rs. 30.2 billion (US$ 754 million) in fiscal 2008 from Rs. 22.8 billion (US$ 570 million) in fiscal 2007 primarily due to higher level of specific provisioning on retail and rural loans, offset in part by lower general provisions due to lower growth in the loan portfolio relative to fiscal 2007. Specific provisioning on non-performing loans increased in fiscal 2008 compared to fiscal 2007 primarily due to increase in retail and rural non-performing loans. The increase in retail non-performing loans primarily reflects the seasoning of the loan portfolio and the change in the portfolio mix towards non-collateralized retail loans, which have higher yields as well as higher credit losses. General provision on standard assets decreased by 71.1% to Rs. 2.2 billion (US$ 54 million) from Rs. 7.5 billion (US$ 187 million) primarily due to one time impact of revised guidelines on provisioning on standard assets issued by the Reserve Bank of India in fiscal 2007.

We offer various derivative products to our clients for their risk management purposes including options and swaps. We do not carry market risk on these client derivative positions as we cover ourselves in the inter-bank market. Profits or losses on account of currency movements on these transactions are on the account of corporates. In some of the cases, clients have filed suits against us disputing the transaction and the amounts to be paid. There have been some delays in payment to us in respect of few companies. We have made appropriate provisions for the same. In May 2008, the Reserve Bank of India issued draft guidelines governing off-balance sheet exposures of banks. In August 2008, the Reserve Bank of India issued final guidelines on prudential norms for off-balance sheet exposures of banks. The guidelines require banks to treat only unpaid amounts due for 90 days or more under derivative contracts as non-performing assets. Further, banks' derivative and gold exposures would attract provisioning requirement as applicable to the loan assets in the standard asset category. Banks are also expected to compute their credit exposures, arising on account of the interest rate and foreign exchange derivative transactions and gold, using the current exposure method.

Tax Expense

Total tax expense was Rs. 11.1 billion (US$ 277 million) in fiscal 2008 compared to Rs. 7.6 billion (US$ 190 million) in fiscal 2007. Income tax expense was Rs. 10.3 billion (US$ 257 million) in fiscal 2008 compared to Rs. 7.0 billion (US$ 175 million) in fiscal 2007. The effective rate of income tax expense was 24.3% for fiscal 2008 compared to the effective rate of income tax expense of 20.7% for fiscal 2007. The effective income tax rate of 24.3% for fiscal 2008 was lower compared to the statutory tax rate of 33.99% primarily due to the concessional rate of tax on capital gains, exemption of dividend income, deduction towards special reserve and deduction of income of offshore banking unit.

ICICI Prudential Life Insurance Company has been informed by Insurance Regulatory and Development Authority that, they are in the process of examining various issues relating to the creation of deferred tax asset by insurance companies and the applicability of Accounting Standard 22 on ‘Accounting for Taxes on Income’ issued by the Institute of Chartered Accountants of India specifically to the insurance sector. In case the final decision of the Insurance Regulatory and Development Authority disallows the creation of deferred tax asset by ICICI Prudential Life Insurance Company, the deferred tax asset created would be reversed.

The Indian Finance Act, 2005 imposed an additional income tax on companies called fringe benefit tax. Pursuant to this Act, companies are deemed to have provided fringe benefits to the employees if certain defined expenses are incurred. A portion of these expenses is deemed to be a fringe benefit to the employees and subjects us to tax at a rate of 30%, exclusive of applicable surcharge and cess. This tax is effective from April 1, 2005. The fringe benefit tax expense was Rs. 780 million (US$ 19 million) in fiscal 2008 compared to Rs. 587 million (US$ 15 million) in fiscal 2007.

Financial Condition

Assets

The following table sets forth, at the dates indicated, the principal components of assets.

	At March 31,			
	2007	2008	2008	2008/2007 % change
	(in millions, except percentages)			
Cash and cash equivalents	Rs. 396,891	Rs. 453,287	US$ 11,326	14.2%
Investments	1,206,167	1,600,468	39,992	32.7
Advances (net of provisions)	2,113,994	2,514,017	62,819	18.9
Fixed assets	43,402			