ICICI BANK LTD
Form 424B2
June 26, 2007

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Filed pursuant to Rule 424(b)(2)
Registration No. 333-143711
A filing fee of $155,525.93, calculated in accordance with Rule 457(r), has been transmitted to the SEC in connection with the equity shares, directly or in the form of ADSs, offered by means of this prospectus supplement, including ADSs initially offered and sold outside the United States pursuant to Regulation S that may be resold from time to time in the United States in transactions that require registration under the Securities Act of 1933, as amended, and equity shares initially offered and sold outside the United States pursuant to Regulation S that may be resold from time to time in the United States in transactions that require registration under the Securities Act of 1933, as amended, which together do not exceed aggregate proceeds of $4.94 billion.

Prospectus Supplement
(To Prospectus dated June 13, 2007)

ICICI BANK LIMITED
43,451,776 American Depositary Shares
Representing 86,903,552 Equity Shares

We are offering 86,903,552 equity shares in the form of American Depositary Shares, or ADSs. Each ADS offered represents two equity shares of ICICI Bank Limited.

Our outstanding ADSs are traded on the New York Stock Exchange under the symbol IBN. The last reported sales price of our ADSs on the New York Stock Exchange on June 22, 2007 was US$49.64 per ADS. Our equity shares are traded in India on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The closing price for our equity shares on the Bombay Stock Exchange Limited on June 22, 2007 was US$23.52 assuming an exchange rate of Rs.40.55 per dollar.

Investing in our ADSs involve certain risks, see Risk Factors beginning on page S-14.

Neither the Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per ADS	Total
Initial Price to Public	US$ 49.25000	US$ 2,139,999,968
Underwriting Discounts and Commissions	US$ 0.24625	US$ 10,700,000
Proceeds to us, before Expenses	US$ 49.00375	US$ 2,129,299,968

We have granted the underwriters an option exercisable within 30 days from the date of this prospectus supplement to purchase up to an aggregate of an additional 6,497,462 ADSs, representing up to an additional 12,994,924 equity shares, at the initial price to the public, less the underwriting discounts and commissions.

The underwriters are offering the ADSs subject to various conditions. The underwriters expect to deliver the ADSs in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on a delayed basis. **The time of delivery is expected to be July 5, 2007. Any change in the time of delivery will be notified to investors through a press release which will be posted on our website at www.icicibank.com. Such notification may not occur until two or three business days before the earlier of July 5, 2007 or the new**

time of delivery.

Investors in our shares are subject to restrictions imposed by the Reserve Bank and the government of India. See Restriction on Foreign Ownership of Indian Securities in this prospectus supplement and Supervision and Regulation in our annual report on Form 20-F for the fiscal year ended March 31, 2007 filed on June 11, 2007, as amended by Form 20-F/A filed on June 13, 2007, which is incorporated by reference in the accompanying prospectus, for information on such restrictions.

Joint Global Coordinators and Joint Bookrunners
(in alphabetical order)

Goldman Sachs International **Merrill Lynch International**

Joint Bookrunner
JPMorgan
Joint Lead Manager
CLSA Asia-Pacific Markets

Prospectus Supplement dated June 23, 2007

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You should read this prospectus supplement along with the prospectus that follows. Both documents contain information you should consider when making your investment decision. You should rely on the information contained in or incorporated by reference into this prospectus supplement and the attached prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone does provide you with different or inconsistent information, you may not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the attached prospectus is accurate only as of the date on the bottom of the front cover of this prospectus supplement. Our business, financial condition, results of operations and prospects may have changed since that date.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement contains the terms for this offering of American Depositary Shares. This prospectus supplement, or the information incorporated by reference in this prospectus supplement, may add, update or change information in the attached prospectus. If information in this prospectus supplement, or the information incorporated by reference in this prospectus supplement, is inconsistent with the information in the accompanying prospectus, then the information in this prospectus supplement, or incorporated by reference in this prospectus supplement, will apply and will supersede that information in, or incorporated by reference into, the accompanying prospectus. Capitalized terms used but not defined in this prospectus supplement have the meanings given to those terms in the accompanying prospectus.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents we have referred you to under Where You Can Find More Information About Us in the attached prospectus.

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 US 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 constitutes a comprehensive body of accounting principles. Accordingly, we have included 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, in our annual reports for fiscal 2006 and fiscal 2007.

Unless otherwise stated in this prospectus supplement or unless the context otherwise requires, references in this prospectus supplement to we , our , us and the Company are to ICICI Bank Limited and its consolidated subsidiaries and other consolidated entities. References in this prospectus to ICICI Bank are to ICICI Bank Limited on an unconsolidated basis. References in this prospectus to ICICI are to ICICI Limited prior to its amalgamation with ICICI Bank Limited.

In this prospectus supplement, references to US or United States are to the United States of America, its territories and its possessions. References to India are to the Republic of India. References to $ or US$ or dollars or US doll are to the legal currency of the United States and references to Rs. or rupees or Indian rupees are to the legal currency of India. References to a particular fiscal year are to our fiscal year ended March 31 of such year.

Except as otherwise stated in this prospectus supplement, all translations from Indian rupees to US dollars are based on the noon buying rate in the City of New York on March 30, 2007, for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York which was Rs. 43.10 per $1.00. No representation is made that the Indian rupee amounts have been, could have been or could be converted into US dollars at such a rate or any other rate. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

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SUMMARY

You should read the following summary together with the risk factors and the more detailed information about us and our financial results included elsewhere in this prospectus supplement or incorporated by reference.

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 2007, we made a net profit of Rs. 27.6 billion (US$640 million) compared to a net profit of Rs. 24.2 billion (US$562 million) in fiscal 2006. At year-end fiscal 2007, we had assets of Rs. 3,943.3 billion (US$91.5 billion) and a net worth of Rs. 239.6 billion (US$5.6 billion). At year-end fiscal 2007, ICICI Bank was the second-largest bank in India and the largest bank in the private sector in terms of total assets. At May 15, 2007, ICICI Bank had the largest market capitalisation among all banks in India.

Our commercial banking operations for retail customers consist of retail lending and deposits, private banking, 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. 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 funds. We provide a wide range of life and general insurance and asset management products and services, respectively, through our subsidiaries ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited and ICICI Prudential Asset Management Company Limited. 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 28% in new business written (on weighted received premium basis) by private sector life insurance companies and about 9.9% in new business written (on weighted received premium basis) by all life insurance companies in India during fiscal 2007. 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 34% in gross written premium among the private sector general insurance companies and 12% among all general insurance companies in India during fiscal 2007. 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 2007. 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 total funds under management at April 30, 2007 with a market share of over 12%. We cross-sell the products of our insurance and asset management subsidiaries to our customers.

We believe that the international markets present a growth opportunity and have, therefore, expanded the range of our commercial banking products to international customers. We currently have subsidiaries in the United Kingdom, Canada and Russia, branches in Singapore, Dubai, Sri Lanka, Hong Kong, Bahrain and Qatar and representative offices in the United States, China, United Arab Emirates, Bangladesh, South Africa, Malaysia, Thailand and Indonesia. Our subsidiary in the United Kingdom has established a branch in Antwerp, Belgium and has received regulatory approvals to establish a branch in Frankfurt, Germany.

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 2007, we had a network of 710 branches, 45 extension counters and 3,271 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.

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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 franchise;
  - maintaining and enhancing our strong corporate franchise;
  - building an international presence;
  - building a rural banking franchise; and
  - strengthening our insurance and asset management businesses;
- emphasize conservative risk management practices and enhance asset quality;
- use technology for competitive advantage; and
- attract and retain talented professionals.

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. Our agent for service of process in the United States is Mr. G.V.S Ramesh, Joint General Manager, ICICI Bank Limited, New York Representative Office, 500 Fifth Avenue, Suite 2830, New York, New York 10110. The information on our website is not a part of this prospectus supplement.

Recent Developments

Our board of directors has, subject to the receipt of all regulatory approvals, approved 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. ICICI Bank proposes to transfer its aggregate investment in these companies of Rs. 22.28 billion at year-end fiscal 2007 and any further investments that may be made by us prior to such transfer, to the proposed new subsidiary at the book value of these investments in our books on the date of transfer. The proposed new subsidiary proposes to raise equity capital through private placements or an initial public offering to meet the future capital requirements of the insurance subsidiaries. Pursuant to initiation of discussions with potential investors for investment in the proposed new subsidiary, we have received definitive offers from investors for subscription to equity shares of the proposed new subsidiary and for entering into definitive agreements for this purpose. The subscription amount is Rs. 26.50 billion towards fresh issue of shares by the proposed new subsidiary, and the investors would thereby acquire a collective stake of 5.9% in the proposed new subsidiary, valuing it at Rs. 446.00 billion on a post-issue basis. The arrangement is subject to receipt of regulatory and other approvals including that of the Reserve Bank of India, the Insurance Regulatory & Development Authority and the Foreign Investment Promotion Board, and would terminate failing receipt of such approvals within a mutually agreed date. While we have not received any official

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communication from the Foreign Investment Promotion Board in respect of our application, we have been given to understand that our application has not been approved by the Foreign Investment Promotion Board at its meeting on June 22, 2007. We will, in consultation with our advisors, evaluate the further steps to be taken to obtain the requisite approvals in this regard. An affiliate of Goldman Sachs International, one of the underwriters for this ADS Offering, has presented a definitive offer to subscribe for shares constituting 2.02% of the post-issue equity capital of the proposed new subsidiary. Naturally, any such implied valuation may vary over time depending upon the business of the proposed new subsidiary, the nature of the financing round and other elements. See 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 .

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THE OFFERING

ADSs offered	43,451,776 ADSs representing 86,903,552 equity shares, constituting approximately 29% of our issued and outstanding equity shares upon completion of both the Indian public offering and this ADS offering (assuming no exercise of the underwriters over-allotment option in either offering). This ADS offering is conditional upon the completion of the Indian public offering described below, which condition may be waived by mutual agreement of the underwriters and ourselves, provided that all relevant Indian regulations are complied with. The Indian public offering is subject to customary conditions and there is no assurance that the Indian public offering will close.
Over-allotment option granted by us	We have granted the underwriters an option exercisable within 30 days from the date of this prospectus to purchase up to an aggregate of an additional 6,497,462 ADSs, representing an additional 12,994,924 equity shares, at the initial price to the public, less the underwriting discount.
The ADSs	Each offered ADS represents two equity shares of par value Rs. 10 per share. The offered ADSs are evidenced by American Depositary Receipts.
ADSs to be outstanding after this offering	156,079,436 (assuming no exercise of the underwriters over-allotment option to purchase additional ADSs) representing 312,158,872 equity shares.
Equity shares to be outstanding after this offering	1,084,424,533 (assuming no exercise of the underwriters over-allotment option in either the Indian public offering or the ADS offering). The total number of equity shares issued may be required to be adjusted *inter alia* for the Rs. 50 per equity share discount to be offered to existing retail shareholders and retail bidders, pursuant to completion of bookbuilding process.
Offering price	The offered ADSs are being offered at a price of US$49.25 per ADS.
Depositary	Deutsche Bank Trust Company Americas.
Use of proceeds	We intend to use the net proceeds of this offering for future asset growth and compliance with regulatory requirements. The objects of the offering are to augment our capital base to meet the capital requirements arising out of growth in our assets, primarily our loan and investment portfolio due to the growth of the Indian economy, compliance with regulatory requirements and for other general corporate purposes including meeting the expenses of the ADS offering.
Listing	We are listing the offered ADSs on the New York Stock Exchange. Our outstanding equity shares are principally traded in India on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
New York Stock Exchange symbol for ADSs	IBN

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Dividends	The declaration, amount and payment of dividends are subject to the recommendation of our board of directors and the approval of our shareholders. Under Indian regulations currently in force, the declaration of dividends by banks is subject to certain additional conditions. If we comply with such conditions, we are allowed to declare a dividend but only up to a certain percentage of our profits. For any dividends beyond such percentage, we are required to obtain permission from the Reserve Bank of India. Holders of equity shares and ADSs will be entitled to dividends paid, if any. For fiscal 2005, we paid a dividend, excluding dividend tax, of Rs. 7.50 per equity share. For fiscal 2006, in addition to the dividend, excluding dividend tax, of Rs. 7.50 per equity share for the year, we paid a special dividend, excluding dividend tax, of Rs. 1.00 per equity share. For fiscal 2007, we have proposed a dividend, excluding dividend tax, of Rs. 8.50 per equity share, which is subject to the approval of our shareholders. See also Dividends .
Voting rights	The ADSs will have no voting rights. Under the deposit agreement, the depositary will vote the equity shares deposited with it as directed by our board of directors. See Restriction on Foreign Ownership of Indian Securities .
Delivery and Settlement	It is expected that delivery of the ADSs to the underwriters will be made against payment on a delayed basis. **The time of delivery is expected to be July 5, 2007. Any change in the time of delivery will be notified to investors through a press release which will be posted on our website at www.icicibank.com. Such notification may not occur until two or three business days before the earlier of July 5, 2007 or the new time of delivery.** Rule 15c6-1 under the Securities Exchange Act of 1934, as amended, generally requires that securities trades in the secondary market settle in three business days, unless the parties to the trade expressly agree otherwise. Accordingly, purchasers who wish to trade ADSs on any day prior to the third business day before the delivery of the ADSs will be required, by virtue of the fact that the ADSs initially will settle on a delayed basis, to specify an alternate settlement cycle at the time of any such trade, or to make any necessary arrangements to ensure that ADSs are available on the third business day after trading for settlement, to prevent a failed settlement. Purchasers of ADSs who wish to make such trades should consult their own advisors. **Purchasers who are not able to borrow ADSs or make any other necessary arrangements to prevent a failed settlement may not be able to make any trades of ADSs prior to the third business day before the delivery of the ADSs to the underwriters.**

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Public Offering in India

We have obtained the approval of our shareholders through postal ballot to issue equity shares up to an aggregate par value of Rs. 3,187.5 million, including equity shares issued pursuant to over-allotment options granted to the underwriters, which represents 25.0% of our authorized equity share capital. Part of the equity shares will be offered in India and other jurisdictions outside the US, where permitted, under an Indian prospectus filed with the Registrar of Companies, or the RoC, in India (the Indian public offering). Another part of the equity shares will be offered as ADSs representing equity shares to the public in the United States under this prospectus. Approximately 94,663,600 equity shares are expected to be sold in the Indian public offering, with an over-allotment option of 14,197,011 equity shares. The issue price of the equity shares to institutional investors will be Rs. 940.0 (US$23.1) per equity share, with a portion of the equity shares being sold at a discount of Rs. 50 (US$1.2) per equity share to retail investors. The allocation between the retail investors and other investors is expected to result in gross proceeds from the Indian public offering of approximately Rs. 87.5 billion (or US$2.14 billion) (or approximately Rs. 100.6 billion (or US$2.46 billion) assuming the over-allotment option is fully exercised). The ADS offering is conditional on the completion of the Indian public offering but not vice versa, which condition may be waived by mutual agreement of the underwriters and ourselves, provided that all relevant Indian regulations are complied with. The Indian public offering is subject to customary conditions and there is no assurance that the Indian public offering will close. We, in our discretion, may decide to withdraw the ADS offering at any time.

The prospectus used for the Indian public offering may not be distributed or made available in the United States. The prospectus may also not be distributed in any other jurisdiction outside India where such distribution would be unlawful.

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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 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 US 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. 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 21 and 22 to our consolidated financial statements included in our annual report on Form 20-F for the fiscal year ended March 31, 2007 filed on June 11, 2007, as amended by Form 20-F/A filed on June 13, 2007, which is incorporated by reference in the accompanying prospectus. 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 2003 through fiscal 2007 have been derived from our consolidated financial statements. Certain reclassifications have been made in the financial statements of 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, 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 following discussion is based on our audited consolidated financial statements and accompanying notes prepared in accordance with Indian GAAP.

The consolidated financial statements for fiscal 2003 were jointly audited by N.M. Raiji & Co., Chartered Accountants and S.R. Batliboi & Co., Chartered Accountants, for fiscal 2004, 2005 and 2006 by S.R. Batliboi & Co., Chartered Accountants, and for fiscal 2007 by BSR & Co. Chartered Accountants, under auditing standards issued by the Institute of Chartered Accountants of India. The financial position as of March 31, 2006 and 2007 and the related consolidated profit and loss account and the consolidated cash flows for each of the years in the three-year period ended March 31, 2007 have also been audited by KPMG India, an independent registered public accounting firm, in accordance with the standards of the U.S. Public Company Accounting Oversight Board.

Our annual report prepared and distributed to our shareholders under Indian law and regulations and our red herring prospectus filed with the Securities & Exchange Board of India for issue of equity shares in India include unconsolidated Indian GAAP financial statements and analysis of our results or operations and financial condition based on unconsolidated Indian GAAP financial statements.

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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.

Operating Results Data

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

	Year Ended March 31,					
	2003	**2004**	**2005**	**2006**	**2007**	**2007[1]**
	(In millions, except per common share data)					
Selected income statement data:						
Interest income[2][3]	Rs. 98,477	Rs. 96,589	Rs. 102,029	Rs. 151,358	Rs. 250,013	US$ 5,801
Interest expense	(81,268)	(71,677)	(68,044)	(101,015)	(176,757)	(4,101)
Net interest income	17,209	24,912	33,985	50,343	73,256	1,700
Non-interest income[4]	22,671	41,758	62,530	94,797	163,625	3,796
Profit on sale of shares of ICICI Bank held by ICICI	11,911					
Total income	51,791	66,670	96,515	145,140	236,881	5,496
Non-interest expenses:						
Operating expenses[5]	(18,442)	(24,149)	(32,776)	(47,626)	(79,289)	(1,840)
Direct marketing agency expenses	(3,232)	(6,154)	(8,755)	(11,911)	(15,602)	(362)
Depreciation on leased assets	(3,167)	(2,805)	(2,975)	(2,771)	(1,883)	(44)
Expenses pertaining to insurance business[6]	(3,006)	(9,200)	(26,361)	(43,389)	(83,358)	(1,934)
Total non-interest expenses	(27,847)	(42,308)	(70,867)	(105,697)	(180,132)	(4,180)
Operating profit before provisions	23,944	24,362	25,648	39,443	56,749	1,316
Provisions and contingencies	(15,967)	(5,168)	(1,864)	(8,455)	(22,774)	(528)
Profit before tax	7,977	19,194	23,784	30,988	33,975	788
Provision for tax	3,539	(3,398)	(5,684)	(6,998)	(7,641)	(177)
Profit after tax	11,516	15,796	18,100	23,990	26,334	611
Minority interest	4	8	423	211	1,272	30
Net profit	11,520	15,804	18,523	24,201	27,606	641

Per common share:						
Earnings per share-basic(7)	Rs. 18.79	Rs. 25.73	Rs. 25.45	Rs. 30.96	Rs. 30.92	US$ 0.72
Earnings per share-diluted(8)	18.77	25.52	25.25	30.64	30.75	0.71
Dividends per share(9)	7.50	7.50	8.50	8.50	10.00	0.23
Book value	100.58	115.16	162.63	242.75	256.72	5.95
Equity shares outstanding at the end of the period (in millions of equity shares)	613	616	737	890	899	
Weighted average equity shares outstanding basic (in millions of equity shares)	613	614	728	782	893	
Weighted average equity shares outstanding diluted (in millions of equity shares)	614	619	734	790	898	

(1) Rupee amounts for fiscal 2007 have been translated into US dollars using the noon buying rate of Rs. 43.10 = US$1.00 in effect on March 30, 2007.

(2) Interest on advances represents 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 .

(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

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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 required by the Reserve Bank of India s circular no. DBOD.BP.BC.87/21.04.141/2006-07 dated April 20, 2007, we have deducted the amortization of premium on government securities, which was earlier included in Provisions and contingencies , from Non interest income . Prior period figures have been reclassified to conform to the current classification.

(5) Operating expenses for fiscal 2003 includes Rs. 256 million (US$6 million) and operating expenses for fiscal years 2004, 2005, 2006 and 2007 include Rs. 384 million (US$9 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 12,610,275, 1,098,225, 5,000 and 123,500 equity shares granted to employees at a weighted average exercise price of Rs. 154.7, Rs. 266.6, Rs. 569.6 and Rs. 849.2 were outstanding in fiscal 2003, 2004, 2006 and 2007 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 each of fiscal 2003 and fiscal 2004, which was paid out in August 2003 and in September 2004, i.e., in fiscal 2004 and in fiscal 2005 respectively. We declared a dividend of Rs. 8.50 per equity share for each of fiscal 2005 and fiscal 2006, which was paid out in August 2005 and in July 2006 respectively i.e., in fiscal 2006 and in fiscal 2007. The dividend per equity share shown above is based on the total amount of dividends declared for the year. In US dollars, the dividend was US$0.23 per equity share for fiscal 2007. We have declared a dividend of Rs. 10.00 per equity share for fiscal 2007 which is subject to the approval of shareholders.

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,				
	2003	**2004**	**2005**	**2006**	**2007**
Selected income statement data:					
Interest income	9.39%	8.22%	6.94%	6.99%	7.69%
Interest expense	(7.75)	(6.10)	(4.63)	(4.66)	(5.44)
Net interest income	1.64	2.12	2.31	2.33	2.25
Non-interest income	3.30(1)	3.56	4.26	4.37	5.03
Total income	4.93	5.68	6.57	6.70	7.28
Operating expenses	(1.76)	(2.06)	(2.24)	(2.20)	(2.44)
Direct marketing agency expenses	(0.31)	(0.52)	(0.60)	(0.56)	(0.48)

Depreciation on leased assets	(0.30)	(0.24)	(0.20)	(0.13)	(0.06)
Expenses pertaining to insurance business	(0.29)	(0.78)	(1.79)	(2.00)	(2.56)
Non-interest expenses	(2.66)	(3.60)	(4.83)	(4.89)	(5.54)
Operating profit before provisions	2.28	2.08	1.74	1.81	1.74
Provisions and contingencies	(1.52)	(0.44)	(0.13)	(0.39)	(0.70)
Profit before tax	0.76	1.64	1.61	1.42	1.04
Provision for tax	0.34	(0.29)	(0.39)	(0.32)	(0.24)
Profit after tax	1.10	1.35	1.22	1.10	0.80
Minority interest	0.00	0.00	0.03	0.01	0.04
Net profit	1.10%	1.35%	1.25%	1.11%	0.84%

(1) Includes profit on sale of shares of ICICI Bank held by the ICICI Bank Shares Trust. These shares were originally held by ICICI and were transferred to the ICICI Bank Shares Trust prior to the amalgamation.

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	At or for the Year Ended March 31,					
	2003	2004	2005	2006	2007	2007[1]
	(In millions, except percentages)					
Selected balance sheet data:						
Total assets	Rs. 1,094,332	Rs. 1,307,476	Rs. 1,784,337	Rs. 2,772,296	Rs. 3,943,347	US$ 91,493
Investments	377,754	462,675	546,516	840,139	1,206,167	27,985
Advances, net	539,090	649,479	964,100	1,562,603	2,113,994	49,049
Non-performing customer assets(gross)[2]	59,063	40,821	34,973	23,086	42,557	987
Total liabilities	1,024,110	1,226,417	1,658,095	2,546,378	3,700,197	85,851
Deposits	479,507	680,787	1,011,086	1,724,510	2,486,136	57,683
Borrowings	367,216	349,581	383,690	450,000	616,595	14,306
Preference share capital[3]	3,500	3,500	3,500	3,500	3,500	81
Equity share capital	6,127	6,164	7,368	8,898	8,993	209
Reserves and surplus	60,595	71,395	115,374	213,520	230,657	5,352
Period average[4]						
Total assets	1,048,825	1,174,541	1,469,378	2,166,897	3,250,679	75,422
Interest-earning assets	882,342	985,744	1,217,707	1,806,601	2,728,531	63,307
Advances, net	501,306	577,138	763,729	1,200,315	1,763,886	40,925
Total liabilities[5]	980,259	1,097,546	1,355,468	2,001,177	3,015,189	69,958
Interest-bearing liabilities	904,499	1,012,604	1,221,303	1,795,244	2,707,456	62,818
Borrowings	530,552	448,092	452,777	540,465	692,462	16,066
Stockholders equity	65,066	73,495	110,410	162,220	231,990	5,383
Profitability:						
Net profit as a percentage of:						
Average total assets	1.10%	1.35%	1.25%	1.11%	0.84%	
Average stockholder s equity	17.71	21.50	16.78	14.92	11.90	
Dividend payout ratio[6]	39.92	34.85	33.97	31.33	32.91	
Spread[7]	2.18	2.72	2.81	2.75	2.63	
	1.95	2.53	2.79	2.79	2.68	

Net interest margin[8]					
Cost-to-income ratio[9]	37.93	37.80	35.04	33.45	33.74
Cost-to-average assets ratio[10]	1.76	2.06	2.23	2.20	2.44
Capital[11]:					
Average stockholders equity as a percentage of average total assets	6.20	6.26	7.51	7.49	7.14
Average stockholders equity (including preference share capital) as a percentage of average total assets	6.54	6.56	7.75	7.65	7.24
Asset quality:					
Net restructured assets as a percentage of net customer assets	13.72%	9.00%	6.08%	3.28%	2.21%
Net non-performing assets as a percentage of net customer assets	4.86	2.78	1.95	0.67	0.92
Provision on restructured assets as a percentage of gross restructured assets	3.71	12.15	4.56	4.16	3.14
Provision on non-performing assets as a percentage of gross non-performing assets	46.41	49.81	42.58	53.19	52.28
Provision as a percentage of gross customer assets[12]	7.63	5.25	2.11	1.31	1.71

(1) Rupee amounts at March 31, 2007 have been translated into US dollars using the noon buying rate of Rs. 43.10 = US$1.00 in effect at March 30, 2007.

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

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(3) ICICI had issued preference share capital redeemable at face value after 20 years. For these preference shares, the notification dated April 17, 2002 from Ministry of Finance, government of India, issued on the recommendation of the Reserve Bank of India, under Section 53 of the Banking Regulation Act, 1949 had exempted us from the restriction of section 12(1) of the Banking Regulation Act, 1949, which prohibits the issue of preference shares by banks, for a period of five year. We have applied to the Reserve Bank of India for making a recommendation to central government for continuation of such exemption.

(4) For fiscal years 2003 through 2007, 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.

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

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

(7) 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.

(8) 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.

(9) 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).

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

(11) ICICI Bank s capital adequacy is computed in accordance with the Reserve Bank of India s guidelines and is based on unconsolidated financial statements prepared in accordance with Indian GAAP. At March 31, 2007, ICICI Bank s total capital adequacy ratio was 11.69% with a Tier 1 capital adequacy ratio of 7.42% and a Tier 2 capital adequacy ratio of 4.27%. Foreign currency bonds amounting to Rs. 32.3 billion (US$750 million) raised for Upper Tier-II capital have been excluded from the above capital adequacy ratio computation, pending clarification required by Reserve Bank of India regarding certain terms of these bonds. If these bonds were considered as Tier-II capital, the total capital adequacy ratio would be 12.81%.

(12) Includes general provision on standard assets.

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,					
	2003	**2004**	**2005**	**2006**	**2007**	**2007**(1)

			(In millions)			
Net income/(loss)	Rs. (7,983)	Rs. 5,219	Rs. 8,530	Rs. 20,040	Rs. 31,271	US$ 726
Total assets	1,180,263	1,409,131	1,863,447	2,817,328	3,995,402	92,701
Stockholders equity	92,313	94,525	127,996	218,647	240,980	5,591
Other comprehensive income/(loss)	2,977	4,741	3,289	522	(3,241)	(75)
Per equity share						
Net income/(loss) from continuing operation-basic[(2)]	(14.18)	8.50	11.72	25.64	35.02	0.81
Net income/(loss) from continuing operation-diluted[(3)]	(14.18)	8.43	11.60	25.34	34.79	0.81
Dividend[(4)]	Rs.	Rs. 7.50	Rs. 7.50	Rs. 8.50	Rs. 8.50	US$ 0.20

(1) Rupee amounts for fiscal 2007 have been translated into US dollars using the noon buying rate of Rs. 43.10 = US$1.00 in effect on March 30, 2007.

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

(3) Represents net profit/(loss) adjusted for full dilution. Options to purchase 12,610,275, 1,098,225, 5,000 and 123,500 equity shares granted to employees at a weighted average exercise price of Rs. 154.7, Rs. 266.6, Rs. 569.6 and Rs. 849.2 were outstanding in fiscal 2003, 2004, 2006 and 2007 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. In fiscal 2003, we reported a net loss and accordingly all outstanding options at year-end fiscal 2003 are anti-dilutive.

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(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 each of fiscal 2003 and fiscal 2004, which was paid out in August 2003 and in September 2004, i.e., in fiscal 2004 and in fiscal 2005 respectively. We declared a dividend of Rs. 8.50 per equity share for each of fiscal 2005 and fiscal 2006, which was paid out in August 2005 and in July 2006 respectively i.e., in fiscal 2006 and in fiscal 2007. 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 was US$0.20 per equity share for fiscal 2007. We have declared We have declared a dividend of Rs. 10.00 per equity share for fiscal 2007 which will be paid in fiscal 2008 subject to the approval of our shareholders.

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RISK FACTORS

Investing in the securities offered using this prospectus involves risk. You should consider carefully the risks described below, together with the risks as described in the documents incorporated by reference into this prospectus supplement. See Incorporation of Documents by Reference in the accompanying prospectus. If any of these risks actually occur you may lose all or part of your investment.

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 or volatility of global commodity prices, in particular oil and steel prices, could adversely affect our borrowers and contractual counterparties. As our commercial banking operations for retail customers are important to our business and our agricultural loan portfolio is increasingly important to our business, any slowdown in the growth of the housing, automobiles and agricultural sectors could adversely impact our business. Since 2006, interest rates in the Indian economy have increased significantly and we have recently experienced a slowdown in disbursements of housing loans and automobile loans. While we believe that there continues to be robust growth potential for retail loans, a slowdown in demand for loans from retail customers, including due to higher interest rates, could adversely impact our business. Slowdown in economic growth could result in lower credit demand 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.

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

India imports approximately 75.0% of its requirements of crude oil, which were approximately 31.9% of total imports during the period April 2006-February 2007 and 31.3% of total imports in fiscal 2006. 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. While global crude prices have moderated from their peak levels, sustained high levels, 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.

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 assets and customers are predominantly located in India. 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 future financial performance, our stockholders equity and the price of our equity shares and ADSs.

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.

The Indian economy is influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. We have also established operations in several other countries. A loss of investor confidence in the financial systems of other emerging markets and countries where we have established operations or any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector, our

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business, our future financial performance, our stockholders equity and 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.

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.

Natural calamities 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. For example, in fiscal 2003, many parts of India received significantly less than normal rainfall. As a result of the drought conditions in the economy during fiscal 2003, the agricultural sector recorded a negative growth of 7.2%. Also, the erratic progress of the monsoon in fiscal 2005 adversely affected sowing operations for certain crops and resulted in a decline in the growth rate of the agricultural sector from 10.0% in fiscal 2004 to negligible growth in fiscal 2005. The agricultural sector grew by 6.0% in fiscal 2006 and by 2.7% in fiscal 2007. Further prolonged spells of below or above normal rainfall or other natural calamities could adversely affect the Indian economy and our business, especially in view of our strategy of increasing our exposure to rural India. Similarly 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 in our annual report on Form 20-F for the fiscal year ended March 31, 2007 filed on June 11, 2007, as amended by Form 20-F/A filed on June 13, 2007, which is incorporated by reference in the accompanying prospectus. 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 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.

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.

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. See Supervision and Regulation Legal Reserve Requirements in our annual report on Form 20-F for the fiscal year ended March 31, 2007 filed on June 11, 2007, as amended by Form 20-F/A filed on June 13, 2007, which is incorporated by reference in the accompanying prospectus. 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. 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 is adversely impacted. During the last quarter of fiscal 2007, the Indian markets experienced volatility and sharp increases in interest rates and we experienced a sharp increase in our funding costs, which may adversely impact our net interest income, net interest margin and financial performance during fiscal 2008. 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. A rise in interest rates or greater interest rate volatility could adversely affect our income from treasury operations or the value of our fixed income securities trading portfolio. Sharp and sustained increases in the rates of interest charged on floating rate home loans, which are a material proportion of our loan portfolio, would result in extension of loan maturities and higher monthly installments due from borrowers, which could result in higher rates of default in this portfolio.

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

Since 2001, we have experienced rapid growth in our retail loan portfolio. Recently, we have experienced rapid growth in the portfolio of non-collateralized retail loans including unsecured personal loans and the proportion of unsecured personal loans and credit card receivables in our retail loan has increased significantly. See Business Overview of ICICI Bank s Products and Services Commercial Banking for Retail Customers . Various factors, including a rise in unemployment, 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 on account of these retail loans 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 (excluding the advances of ICICI at year-end fiscal 2002) 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 assets 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. 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 .
We may not be able to control or reduce the level of non-performing assets in our project and corporate finance portfolio. We may not be successful in our efforts to improve collections and foreclose on existing non-performing assets. 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.

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. 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.

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 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 also deliver products and services, including foreign currency financing and cross-border acquisition financing, to our corporate clients through our international subsidiaries and branches. In Canada and the United Kingdom, we have also launched direct banking offerings using the Internet as the access

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channel. At year-end fiscal 2007, the assets of these banking subsidiaries and branches constituted approximately 19% 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 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. 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 have experienced rapid growth in our retail loan portfolio. 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 exposes 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. 0.93 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 .

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.

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In fiscal 2006, the Reserve Bank India imposed a penalty of Rs. 0.5 million (US$11,601) 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 (approximately US$5,120) 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.

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%. The Reserve Bank of India has also issued draft guidelines on accounting for derivative instruments and transactions and restructuring of loans, which in their final form could adversely impact our financial performance. The Insurance Regulatory & Development Authority issued new regulations effective July 1, 2006, introducing minimum policy period and sum assured stipulations for unit-linked life insurance products. Similar changes in the future 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. The new levy of fringe benefit tax on employee stock options proposed in the government of India s budget for fiscal 2008 could adversely impact our financial performance if the incidence of the tax is borne or required to be borne by us.

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.

Our funding is primarily short-term and if depositors do not roll over deposited funds upon maturity, our business could be adversely affected.

Most of our incremental funding requirements, including replacement of maturing liabilities of ICICI (which generally had longer maturities), 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 assets, primarily the assets of ICICI 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 received the Reserve Bank of India s authorizations for establishing new branches and additional off-site ATMs, there can be no assurance that these authorizations or future authorizations granted by the Reserve Bank of India will meet our requirements for branch expansion to achieve the desired growth in our deposit base. 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. See also 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 .

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.

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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 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. 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.

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.

Given the expected losses and the significant growth in our life insurance and general insurance businesses, we expect that significant additional capital will be needed to support these businesses and, as a result, we have reorganized our holdings in our insurance and asset management subsidiaries. Our board has approved the transfer of our equity shareholding in our insurance and asset management subsidiaries to a proposed new subsidiary. We propose to raise equity capital in this proposed new subsidiary to meet the future capital requirements of the insurance subsidiaries. The incorporation of the subsidiary, transfer of the equity shares and issuance of new shares by the proposed new subsidiary are subject to regulatory and other approvals. See Business Insurance . If we are unable to implement this reorganization and raise capital in this proposed new subsidiary, we would be required to invest further capital to fund the growth of the insurance businesses. Our inability to implement this reorganization and raise capital in this subsidiary, or the valuation at which such capital is raised, could adversely impact our ability to capitalise our insurance subsidiaries, 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 continue to experience high rates of growth.

Our life insurance and general insurance joint ventures have experienced high rates of growth and are becoming an increasingly important part of our business. See Business Insurance and Operating and Financial Review and Prospects Insurance Segment . There can be no assurance that these businesses will continue to experience high rates of growth. Any slowdown in these businesses and in particular in the life insurance business could have an adverse impact on our business and the price of our equity shares and ADSs.

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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. As described elsewhere in this prospectus supplement, see Business Insurance and Operating and Financial Review and Prospects Insurance Segment , and as is normal in the start-up phase of any life insurance business, we are currently experiencing losses from this businesses. We expect these losses to continue for some years.

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 2007. 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 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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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.

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 other group companies, or our or their directors or officers, are often involved in litigations (including civil or 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.

If we are not able to integrate any future acquisitions, our business could be disrupted.

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.

On April 19, 2007 we received the Reserve Bank of India s approval for an all-stock amalgamation of The Sangli Bank Limited, or Sangli Bank, an unlisted private sector bank with us. At year-end fiscal 2006, Sangli Bank had over 190 branches and extension counters, total assets of Rs. 21.5 billion (US$499 million), total deposits of Rs. 20.0 billion (US$465 million), total loans of Rs. 8.9 billion (US$206 million) and total capital adequacy of only 1.6%. In fiscal 2006, it incurred a loss of Rs. 0.29 billion (US$7 million).

This and any future acquisitions or mergers 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 rationalise 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.

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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 in all our products and services. Foreign banks also operate in India through non-banking finance companies. Further liberalization of the Indian financial sector could lead to a greater presence or new entries of foreign banks offering a wider range of products and services, which would significantly toughen 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 Commercial Banks Foreign Banks in our annual report on Form 20-F for the fiscal year ended March 31, 2007 filed on June 11, 2007, as amended by Form 20-F/A filed on June 13, 2007, which is incorporated by reference in the accompanying prospectus. 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.

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. For example, during fiscal 2007, we made a provision of Rs. 0.93 billion (US$22 million) for losses from frauds pertaining to the warehouse receipt-based financing product for agricultural credit. 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 security technology 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. Any failure in our systems, particularly for retail products and services and transaction banking, 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.

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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, unauthorized transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing our business activities), 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 .

We are subject to credit, market and liquidity risk which may have an adverse effect on 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 determination to securitize, sell, purchase or syndicate particular loans or loan portfolios. Securitization is an important element of our funding and capital management strategy. The Indian securitization market is still evolving in terms of asset classes, participants and regulations and there can be no assurance of our continuing ability to securitize loan portfolios. In November 2006, CRISIL, an Indian credit rating agency, lowered the rating of a personal loan receivables pool, securitized by us, by two notches due to higher than anticipated utilization of the cash collateral stipulated at the initiation of the transaction. Similarly, syndication of corporate loan exposures is an important part of our strategy and there can be no assurance of the continued availability and growth of the market for Indian corporate loan syndications.

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

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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. 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 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 with 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.

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 .

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 2007 as reported would have been reduced to the pro forma amount of Rs. 26.7 billion (US$620 million) from Rs. 27.6 billion (US$641 million) and for fiscal 2006 to Rs. 23.7 billion (US$550 million) from Rs. 24.2 billion (US$562 million).

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We 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 . Adverse movements and volatility in foreign exchange rates may adversely affect our borrowers, the quality of our exposure to our borrowers and our business.

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 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 and General Insurance Corporation of India, each of which is directly or indirectly controlled by the Indian government, are among our principal shareholders. Our other large shareholders include Allamanda Investments Pte. Limited, a subsidiary of Temasek Holdings Pte. Limited, the Government of Singapore, Crown Capital Limited, CLSA Merchant Bankers Limited and Bajaj Auto Limited, an Indian private sector company. See Business Shareholding Structure and Relationship with the Government of India . Any substantial sale of our equity shares by these or other large shareholders could adversely affect the price of our equity shares and ADSs.

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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 March 1995, the Bombay Stock Exchange (the BSE), was closed for three days following a default by a broker. In March 2001, the BSE dropped 667 points or 15.6% and there were also rumors of insider trading in the BSE leading to the resignation of the BSE president and several other members of the governing board. In the same month, the Kolkata Stock Exchange suffered a payment crisis when several brokers defaulted and the exchange invoked guarantees provided by various Indian banks. 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 BSE 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 but have experienced periods of volatility. Further, from time to time, disputes have arisen between listed companies and stock exchanges and other regulatory bodies, which in some cases had a negative effect on market sentiment. 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.

An active or liquid trading market for our ADSs is not assured.

Although our ADSs are listed and traded on the New York Stock Exchange, we cannot be certain that an active, liquid market for our ADSs will be sustained. Indian legal restrictions may limit the supply of ADSs and a loss of liquidity could increase the price volatility of our 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.

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, we conducted a US$498 million offering 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.

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.

We propose to conduct a capital raising exercise comprising a public offering in India and an ADS offering aggregating Rs. 201.25 billion (US$4.7 billion). This capital raising exercise will result in a dilution of your shareholding. 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. US 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 US 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.

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 Taxation .

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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It may not be possible for you to enforce any judgment obtained outside India, including in the United States, against the Company or any of its affiliates in India, except by way of a suit in India on such judgment.

The Company is incorporated under the laws of India and all of its directors and executive officers reside outside the United States. In addition, all of the Company s assets are located outside the United States. As a result, you may be unable to:

- effect service of process upon the Company and other persons or entities within jurisdictions outside India; or
- enforce, in Indian courts, judgments against the Company and other persons or entities obtained in courts of jurisdictions outside India, including judgments predicated upon the civil liability provisions of the securities laws of jurisdictions outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Indian Code of Civil Procedure, 1908.

Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced in India. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating jurisdiction for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India.

However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States within three years of obtaining such final judgment. If and to the extent that Indian courts were of the opinion that fairness and good faith so required, they would, under current practice, give binding effect to the final judgment which had been rendered in the United States, unless such a judgment contravened principles of Indian public policy. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered in the United States if it believed that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered. For more information, see Enforcement of Civil Liabilities in this Prospectus Supplement.

A third party could be prevented from acquiring control of the Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may discourage a third party from attempting to take control of the Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Indian takeover regulations contain certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 (Takeover Code), any person acquiring either control or an interest (either on his own or together with parties acting in concert with him) in 15% or more of the Company s voting Equity Shares must make an open offer to acquire at least another 20% of its outstanding voting Equity Shares. A takeover offer to acquire at least another 20% of the Company s outstanding voting Equity Shares also must be made if a person (either on his own or together with parties acting in concert with him) holding between 15% and 55% of the Company s voting Equity Shares has entered into an agreement to acquire or decided to acquire additional voting Equity Shares in any financial year (ending on March 31) that exceed 5% of the Company s voting Equity Shares. Any further acquisition of the voting Equity Shares by any person who holds 55% or more but less than 75% or 90% (in cases where the company has been listed by making an offer of at least 10% to the public) of the voting Equity Shares is required to make an open offer to acquire a minimum of 20% of the voting Equity Shares or

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where the further acquisition is by way of a tender offer, such number of voting Equity Shares as would not result in the public shareholding being reduced to less than the minimum specified in the listing agreement with the Stock Exchanges (within the time period prescribed therein) to maintain continuous listing. In addition, an acquirer that seeks to acquire any equity shares or voting rights which would reduce the public shareholding in a company to a level below the limits specified in the listing agreement entered into between the company and the applicable stock exchange may acquire such equity shares or voting rights only in accordance with the guidelines and regulations relating to delisting of securities specified by SEBI. Further, the government of India regulates foreign ownership in Indian banks and the Reserve Bank of India has issued guidelines requiring its acknowledgement for the acquisition of shareholding in excess of 5.0% in an Indian private sector bank. See Supervision and Regulation Reserve Bank of India Regulations in our annual report on Form 20-F for the fiscal year ended March 31, 2007 filed on June 11, 2007, as amended by Form 20-F/A filed on June 13, 2007. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change in control of the Company.

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ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES

ICICI Bank is a limited liability company under the laws of India. Substantially all of our directors and executive officers and certain experts named in this prospectus reside outside the United States, and a substantial portion of our assets and the assets of such persons are located outside the United States. As a result, it may be difficult for investors to effect service of process upon such persons within the United States or to enforce against us or such persons in US courts judgments obtained in US courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. We have been advised by our Indian legal counsel, Amarchand & Mangaldas & Suresh A. Shroff & Co., that in India the statutory basis for recognition of foreign judgments is found in Section 13 of the Indian Code of Civil Procedure 1908, or the Civil Code, which provides that a foreign judgment shall be conclusive as to any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where the judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law in force in India. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a court in any country or territory outside India which the government of India has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. The United States has not been declared by the government of India to be a reciprocating territory for purposes of Section 44A. Accordingly, a judgment of a court in the United States may be enforced in India only by a suit upon the judgment, not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 to execute such a judgment or to repatriate any amount recovered. We have also been advised by our Indian counsel that a party may file suit in India against us, our directors or our executive officers as an original action predicated upon the provisions of the federal securities laws of the United States.

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USE OF PROCEEDS

We intend to use the net proceeds of this offering for future asset growth and compliance with regulatory requirements. The objects of the offering are to augment our capital base to meet the capital requirements arising out of growth in our assets, primarily our loan and investment portfolio due to the growth of the Indian economy, compliance with regulatory requirements and for other general corporate purposes including meeting the expenses of the ADS offering.

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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%. During fiscal 2004, the rupee appreciated against the US dollar, from Rs. 47.53 per US$1.00 at March 31, 2003 to Rs. 43.40 per US$1.00 at March 31, 2004. 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 (through June 22, 2007), the rupee appreciated against the US dollar by 5.9% moving from Rs. 43.10 per US$1.00 at March 30, 2007 to Rs. 40.55 at June 22, 2007. 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)
2003	47.53	48.36
2004	43.40	45.78
2005	43.62	44.87
2006	44.48	44.20
2007	43.10	45.06
2008 (through June 22, 2007)	40.55	40.65

Month	High	Low
November 2006	45.26	44.46
December 2006	44.70	44.11
January 2007	44.49	44.07
February 2007	44.21	43.87
March 2007	44.43	42.78
April 2007	43.05	40.56
May 2007	41.04	40.14

(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 prospectus supplement 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 30, 2007. 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 30, 2007 was Rs. 43.10 per US$1.00 and at June 22, 2007 was

Rs. 40.55 per US$1.00.

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DIVIDENDS

Under Indian law, a company pays dividends upon a recommendation by its Board of Directors and approval by a majority of the shareholders at the annual general meeting of shareholders held within six months of the end of each fiscal year. The shareholders have the right to decrease but not increase the dividend amount recommended by the Board of Directors. Dividends may be paid out of the company s profits for the fiscal year in which the dividend is declared or out of undistributed profits of prior fiscal years. Dividends can also be paid by a company in the interim, termed interim dividend which does not require the approval of the shareholders unless it is combined with the final dividend being recommended by the board of directors. The Reserve Bank of India has stipulated that banks may declare and pay interim dividend out of the profits from the relevant accounting period, without prior approval of the Reserve Bank of India if they satisfy the minimum criteria and requirements and the cumulative interim dividend(s) are within the prudential cap on dividend payout ratio prescribed in the guidelines issued in this regard by the Reserve Bank of India. See also Supervision and Regulation Reserve Bank of India Regulations Restrictions on Payment of Dividends in our annual report on Form 20-F for the fiscal year ended March 31, 2007 filed on June 11, 2007, as amended by Form 20-F/A filed on June 13, 2007, which is incorporated by reference in the accompanying prospectus.

Pursuant to guidelines issued by the Securities and Exchange Board of India in February 2000, with respect to equity shares issued by us during a particular fiscal year, dividends declared and paid for such fiscal year are paid in full and are no longer prorated from the date of issuance to the end of such fiscal year.

ICICI Bank paid dividends consistently every year from fiscal 1996, the second year of its operations. For fiscal 2003, we paid a dividend, excluding dividend tax, of Rs. 7.50 (US$0.17) per equity share aggregating to Rs. 4.6 billion (US$107 million) which was paid in fiscal 2004. For fiscal 2004, we paid a dividend, excluding dividend tax, of Rs. 7.50 (US$0.17) per equity share aggregating to Rs. 5.5 billion (US$128 million). The amount of Rs. 5.5 billion (US$128 million) excludes the impact of the issue of 6,992,187 equity shares on May 24, 2004 through the exercise of the greenshoe option in the issue of equity shares in April 2004. The dividend for fiscal 2004 was paid in fiscal 2005. For fiscal 2005, we paid a dividend, excluding dividend tax, of Rs. 7.50 (US$0.17) per equity share and a special dividend, excluding dividend tax, of Rs. 1.00 (US$0.02) per equity share to mark the completion of 50 years in finance by ICICI group aggregating to Rs. 6.3 billion (US$146 million), which we paid out in August 2005. For fiscal 2006, we paid a dividend, excluding dividend tax, of Rs. 8.50 (US$0.19) per equity share aggregating to Rs. 7.6 billion (US$176 million), which we paid out in July 2006. For fiscal 2007, our board of directors has recommended a dividend, excluding dividend tax, of Rs. 10.00 (US$0.23) per equity share aggregating to Rs. 9.0 billion (US$209 million). This is subject to the approval of our shareholders at the annual general meeting scheduled on July 21, 2007.

The following table sets forth, for the periods indicated, the dividend per equity share and the total amount of dividends paid out on the equity shares during the fiscal year by ICICI Bank, each exclusive of dividend tax. This may be different from the dividend declared for the year.

Dividend Paid During the Fiscal Year	**Dividend Per Equity Share**	**Total Amount of Dividends Paid**
		(Rs. in millions)
2003	7.50	4,599
2004	7.50	5,507
2005	8.50	6,292
2006	8.50	7,583
2007[1]	10.00	8,993

(1) Proposed. Dividend will be paid to shareholders who were shareholders of record as of June 15, 2007 (including on shares held in physical form where valid transfer instruments have been lodged with us as of that date).

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Dividend income is tax-exempt in the hands of shareholders. However, we are required to pay a tax on distributed profits. We were required to pay a 14.025% tax (including surcharge) on distributed profits in fiscal 2007. In fiscal 2008, we are required to pay a 16.995% tax (including surcharge) on distributed profits.

Future dividends will depend upon our revenues, cash flow, financial condition, the regulations of the Reserve Bank of India and other factors. Owners of ADSs will be entitled to receive dividends payable in respect of the equity shares represented by such ADSs. The equity shares represented by ADSs rank *pari passu* with existing equity shares. At present, we have equity shares issued in India and equity shares represented by ADSs.

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CAPITALIZATION

The following table summarizes our capitalization as of March 31, 2007 prepared in accordance with Indian GAAP in Indian rupees and, for convenience, in US dollars on an actual basis and as adjusted to give effect to the completion of this ADS offering and the Indian public offering and, in each case, assumes no exercise of the underwriters over-allotment option. The numbers have been translated into US dollars at the RBI reference rate on June 22, 2007 of US$1.00 = Rs. 40.71.

	As of March 31, 2007			
	Actual		As adjusted	
	(Rupees in millions)	(US dollars in millions)	(Rupees in millions)(7)	(US dollars in millions)(7)
Borrowings(1)				
Short-term debt(2)	182,882.4	4,243.2	182,882.4	4,243.2
Long-term debt(3)	645,924.1	14,986.6	645,924.1	14,986.6
Total debts (A)	**828,806.5**	**19,229.8**	**828,806.5**	**19,229.8**
Shareholders Funds:				
Share capital(4)	12,493.4	289.9	14,309.1	332.0
Reserves(5)	229,959.3	5,335.5	402,762.7	9,344.8
Less: unamortized deferred revenue expenditure(6)	502.0	11.6	502.0	11.6
Total shareholders funds (B)	**241,950.7**	**5,613.8**	**416,569.8**	**9,665.2**
Total capitalization (A) + (B)	**1,070,757.2**	**24,843.6**	**1,245,376.3**	**28,895.0**

(1) Borrowings do not include deposits.

(2) Short-term debt represents debt with a contractual maturity of less than one year.

(3) Includes Rs. 212,211.2 million of unsecured redeemable debentures and bonds in the nature of subordinated debt. Long-term debt represents debt with a contractual maturity of greater than one year.

(4) Includes:
- (a) preference share capital of Rs. 3500 million.
- (b) 9,487,051 equity shares of Rs. 10 each fully paid up on exercise of employee stock options.

(5) Includes:
- (a) Rs. 1,901.9 million on exercise of employee stock options.
- (b) Transition adjustment on account of first time adoption of Accounting Standard 15 (Revised) on Employee Benefits issued by The Institute of Chartered Accountants of India.
- (c) Debit balance in profit and loss account of Rs. 73.7 million and goodwill on consolidation amounting to Rs. 624.0 million.

(6) Unamortized expenses on account of the early retirement option scheme offered to the employees.

The total number of equity shares issued may be required to be adjusted *inter alia* for the Rs. 50 per equity share discount to be offered to existing retail shareholders and retail bidders, pursuant to completion of bookbuilding process.

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MARKET PRICE INFORMATION

Equity Shares

Our outstanding equity shares are currently listed and traded on the Bombay Stock Exchange or the BSE and on the National Stock Exchange of India Limited or the NSE.

At June 8, 2007, 902,857,381 million equity shares were outstanding. The prices for equity shares as quoted in the official list of each of the Indian stock exchanges are in Indian rupees.

The following table shows:

- the reported high and low closing prices quoted in rupees for our equity shares on the NSE; and

- the reported high and low closing prices for our equity shares, translated into US dollars, based on the noon buying rate on the last business day of each period presented.

	Price Per Equity Share(1)			
	High	**Low**	**High**	**Low**
Annual prices:				
Fiscal 2003	Rs. 161.75	Rs. 110.55	US$ 3.40	US$ 2.32
Fiscal 2004	348.25	120.80	8.02	2.78
Fiscal 2005	413.05	230.40	9.47	5.28
Fiscal 2006	628.75	359.95	14.14	8.09
Fiscal 2007	999.70	451.20	23.19	10.47
Quarterly prices:				
Fiscal 2006:				
First Quarter	Rs. 433.95	Rs. 359.95	US$ 9.97	US$ 8.27
Second Quarter	601.70	421.25	13.69	9.59
Third Quarter	593.40	479.90	13.20	10.68
Fourth Quarter	628.75	559.15	14.14	12.57
Fiscal 2007:				
First Quarter	Rs. 662.55	Rs. 451.20	US$14.44	US$ 9.84
Second Quarter	708.80	467.75	14.49	10.22
Third Quarter	903.20	687.00	20.48	15.57
Fourth Quarter	999.70	810.00	23.19	18.79
Fiscal 2008:				
First Quarter (through June 22, 2007)	Rs. 962.90	Rs. 803.95	US$23.75	US$19.13
Monthly prices:				
December 2006	Rs. 903.20	Rs. 803.95	US$20.48	US$18.23
January 2007	991.45	883.85	22.50	20.06
February 2007	999.70	803.95	22.68	18.24
March 2007	899.60	810.00	20.87	18.79
April 2007	962.90	803.95	23.46	19.59
May 2007	951.15	839.80	23.57	20.81

(1) Data from the NSE. The prices quoted on the BSE may be different.

At June 22, 2007, the closing price of equity shares on the NSE was Rs. 954.55 equivalent to US$23.54 per equity share (US$47.08 per ADS on an imputed basis) translated at the noon buying rate of Rs. 40.55 per US$1.00 on June 22, 2007.

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At May 15, 2007, there were approximately 474,605 holders of record of our equity shares, of which 115 had registered addresses in the United States and held an aggregate of approximately 22,449 equity shares.

ADSs

Our ADSs, each representing two equity shares, were originally issued in March 2000 in a public offering and are listed and trade on the New York Stock Exchange under the symbol IBN. The equity shares underlying the ADSs are listed on the BSE and the NSE.

At May 12, 2007, ICICI Bank had approximately 112.6 million ADSs, equivalent to 225.3 million equity shares, outstanding. At this date, there were 143 record holders of ICICI Bank s ADSs, out of which 136 have registered addresses in the United States.

The following table sets forth, for the periods indicated, the reported high and low closing prices on the New York Stock Exchange for our outstanding ADSs traded under the symbol IBN.

	Price Per ADS	
	High	**Low**
Annual prices:		
Fiscal 2003	US$ 8.26	US$ 4.84
Fiscal 2004	18.33	5.27
Fiscal 2005	22.65	11.25
Fiscal 2006	32.26	18.08
Fiscal 2007	46.74	21.25
Quarterly prices:		
Fiscal 2006:		
First Quarter	US$22.23	US$18.08
Second Quarter	28.25	22.00
Third Quarter	29.47	22.04
Fourth Quarter	32.26	27.68
Fiscal 2007:		
First Quarter	US$30.27	US$22.49
Second Quarter	30.71	21.25
Third Quarter	42.45	30.17
Fourth Quarter	46.74	36.54
Fiscal 2008:		
First Quarter (through June 22, 2007)	US$49.69	US$36.53
Monthly prices:		
December 2006	US$42.45	US$37.00
January 2007	45.14	40.95
February 2007	46.74	36.54
March 2007	40.85	36.75
April 2007	46.52	36.53
May 2007	47.89	40.29

See also Risk Factors Risks relating to the ADSs and Equity Shares Conditions in the Indian securities market may adversely affect the price or liquidity of our equity shares and ADSs.

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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 21 and 22 to our consolidated financial statements included in our annual report on Form 20-F for the fiscal year ended March 31, 2007 filed on June 11, 2007, as amended by Form 20-F/A filed on June 13, 2007 which is incorporated by reference in the accompanying prospectus.

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 and certain global developments, particularly in commodity prices relating to the business activities of our corporate customers and by economic conditions in the United States and other countries influencing inflation and interest rates in India. For ease of understanding the discussion of our results of operations that follows, you should consider the introductory discussion of 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 8.7% in fiscal years 2005, 2006 and 2007. GDP growth was 7.5% in fiscal 2005, 9.0% in fiscal 2006 and 9.4% in fiscal 2007. The continued momentum in growth has been primarily due to the resurgence of the industrial sector and sustained growth of the services sector. The agricultural sector, which had registered a growth of 6.0% in fiscal 2006, grew by 2.7% in fiscal 2007. The industrial sector grew by 8.4% in fiscal 2005, 8.0% in fiscal 2006 and 11.0% in fiscal 2007. Industrial growth during this period was supported primarily by sustained growth in manufacturing activities. The services sector grew by 10.0% in fiscal 2005, 10.3% in fiscal 2006 and 11.0% in fiscal 2007.

During fiscal 2007, there was an increase in inflationary trends in India, primarily due to the increase in prices of primary articles as well as the increase in oil prices over the last few years. 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. The annual average rate of inflation measured by the Wholesale Price Index was 5.4% during fiscal 2007 compared to 4.4% during the previous year. The average annual rate of inflation increased to 5.3% during fiscal 2008 (through May 12, 2007) from 4.6% during the corresponding period in the previous year. In its annual policy statement for fiscal 2008 issued on April 24, 2007, the Reserve Bank of India has forecast GDP growth for fiscal 2008 at around 8.5% and inflation at about 5.0%. The Reserve Bank of India s medium-term policy objective is to contain inflation in the range of 4.0%-4.5% over the medium term.

During fiscal 2007, the Indian rupee appreciated by 2.3% against the US dollar. The rupee depreciated against the pound sterling, euro and against the Japanese yen. The Indian rupee appreciated by 6.4% against the US dollar during fiscal 2008 through May 31, 2007, moving from Rs. 43.10 per US$1.00 at year-end fiscal 2007 to Rs. 40.36 per US$1.00 on May 31, 2007. Foreign exchange reserves were approximately US$204 billion at May 18, 2007.

The impact of these and other factors and the overall growth in industry, agriculture and services during fiscal 2008 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.

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Banking Sector

According to the Reserve Bank of India s data, total deposits of all scheduled commercial banks increased by 14.3% in fiscal 2005, 17.6% in fiscal 2006 and 24.2% in fiscal 2007. Bank credit of scheduled commercial banks grew by 30.9% in fiscal 2005, 30.8% in fiscal 2006 and 27.6% in fiscal 2007. The increase in credit growth during fiscal 2007 was driven by the continued growth in retail credit and credit to industry. Credit to industry constituted 35.3% of the total expansion in non-food credit during fiscal 2007.

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 inflationary pressures in the economy, the Reserve Bank of India increased the cash reserve ratio by 150 basis points, from 5.0% to 6.5%, between December 2006 and April 2007. The Reserve Bank of India increased the reverse repo rate (i.e., the annualized interest earned by the lender in a repurchase transaction between a bank and the Reserve Bank of India) six times by 25 basis points each time resulting in the reverse repo rate increasing from 4.5% to 6.0% between October 2004 and July 2006. Between January 2006 and April 2007 the Reserve Bank of India also increased the repo rate six times by 25 basis points each time to 7.75%. As a result of these increases, banks have also raised their deposit and lending rates. The following table sets forth the bank rate and the reverse repo rate for the last six fiscal years.

As of Fiscal Year-End	Bank Rate	Reverse Repo Rate	Repo Rate
2002	6.50	6.00	8.00
2003	6.25	5.00	7.00
2004	6.00	4.50	6.00
2005	6.00	4.75	6.00
2006	6.00	5.50	6.50
2007	6.00	6.00	7.50

Source: Reserve Bank of India: Handbook of Statistics on Indian Economy, 2006, Annual Report 2005-2006 and Weekly Statistical Supplements and Annual Policy Statement 2007-08.

The Reserve Bank of India has also instituted several prudential measures to moderate credit growth including increase in risk weights for capital adequacy computation and general provisioning for various asset classes. See also Overview of the Indian Financial Sector Credit Policy Measures in our annual report on Form 20-F for the fiscal year ended March 31, 2007 filed on June 11, 2007, as amended by Form 20-F/A filed on June 13, 2007, which is incorporated by reference in the accompanying prospectus.

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 Limited into ICICI Bank. The first change reflects the impact of our history upon our average cost of funds. Consequent to the amalgamation, the businesses formerly conducted by ICICI became subject to the various regulations applicable to banks. These include the statutory liquidity ratio, which is required to be maintained in the form of government of India securities and other approved securities. The minimum statutory liquidity ratio is currently 25.0% of our net demand and time liabilities excluding inter-bank deposits. While we have benefited from the lower cost of funding as a bank as compared to ICICI as a non-bank financial institution, the imposition of the statutory liquidity ratio and the cash reserve ratio on the liabilities taken over from ICICI have impacted our spread. 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 has been adversely impacted. Further, interest payments on balances held under the cash reserve ratio have been discontinued with effect from April 13, 2007. This is expected to adversely impact our net interest margin. We are expanding our deposit base and changing the mix of our liabilities towards the lower average cost deposit liabilities. 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 also Business Loan Portfolio . While the rate of growth of our retail loans has moderated due to the high base effect and the increase in interest rates and real estate prices, and we cannot guarantee that growth will continue at the same rate, we see continued significant demand for retail loans. We believe that the rural markets are the next horizon of growth for the Indian economy and for us. We have formulated a comprehensive strategy for the rural, business, encompassing products and channels, with the twin objectives of meeting the needs of the rural economy while building a sustainable business model.

Third, in connection with the amalgamation, we recorded the loans and investments acquired from ICICI at fair values which represented a substantial write down of the value of those assets as compared to their value on the balance sheet of ICICI. The fair value of the assets was determined based on our judgment which we made with the assistance of independent valuation specialists. The key areas of fair valuation included loans and all credit substitutes which were fair valued by valuation specialists and investments (including investments in venture capital funds) which were marked to market in accordance with the Reserve Bank of India guidelines applicable to banks. The assets of ICICI were first reflected on our balance sheet at March 31, 2002 after taking into account these fair value write downs.

Fourth, since the amalgamation we have established operations outside India, with 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 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.

Fifth, 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.

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 upto 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 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 and fiscal 2007 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$17 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 Prudential ICICI Asset Management Company Limited as well as Prudential ICICI 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$499 million), deposits of Rs. 20.0 billion (US$465 million), loans of Rs. 8.9 billion (US$206 million) and capital adequacy of 1.6%. During fiscal 2006, it incurred a loss of Rs. 292.7 million (US$7 million). The financial statements for fiscal 2008 would 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 average yield on average interest-earning assets is the ratio of interest income to average interest-earning assets. The average 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.

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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.

	Year Ended March 31,								
	2005			2006			2007		
	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)								
Assets:									
Advances:									
Rupee	Rs. 646,108	Rs. 66,698	10.32%	Rs. 1,008,153	Rs. 95,541	9.48%	Rs. 1,462,683	149,907	10.25%
Foreign currency	117,621	6,804	5.78	192,162	10,817	5.63	301,203	19,794	6.57
Total advances	763,729	73,502	9.62	1,200,315	106,358	8.86	1,763,886	169,701	9.62
Investments:									
Rupee	371,713	23,468	6.31	474,395	38,554	8.13	654,517	60,556	9.25
Foreign currency	10,689	454	4.25	39,499	2,054	5.20	131,569	7,905	6.01
Total investments	382,402	23,922	6.26	513,894	40,608	7.90	786,086	68,461	8.71
Balances with Reserve Bank of India and other banks:									
Rupee	47,329	1,853	3.92	48,713	1,478	3.03	86,333	3,049	3.53
Foreign currency	24,247	482	1.99	43,679	1,956	4.48	92,226	5,989	6.49
Total balances with Reserve Bank of India and other banks	71,576	2,335	3.26	92,392	3,434	3.72	178,559	9,038	5.06
Other interest income		2,270			958			2,813	

Interest-earning assets:									
Rupee	1,065,150	94,289	8.85	1,531,261	136,531	8.92	2,203,533	216,325	9.82
Foreign currency	152,557	7,740	5.07	275,340	14,827	5.38	524,998	33,688	6.42
Total interest-earning assets	1,217,707	102,029	8.38	1,806,601	151,358	8.38	2,728,531	250,013	9.16
Fixed assets	40,786			41,495			41,809		
Other assets	210,885			318,801			480,339		
Total non-earning assets	251,671			360,296			522,148		
Total assets	Rs. 1,469,378	Rs. 102,029		Rs. 2,166,897	151,358		Rs. 3,250,679	250,013	
LIABILITIES:									
Savings account deposits:									
Rupee	Rs. 97,097	Rs. 2,179	2.24%	Rs. 157,037	Rs. 3,946	2.51%	Rs. 259,744	Rs. 6,760	2.60%
Foreign currency	1,014	25	2.47	14,621	574	3.93	67,982	3,404	5.01
Total savings account deposits	98,111	2,204	2.25	171,658	4,520	2.63	327,726	10,164	3.10
Time deposits:									
Rupee	540,056	29,153	5.40	846,963	51,345	6.06	1,333,395	104,385	7.83
Foreign currency	43,276	1,266	2.93	93,309	3,726	3.99	179,519	10,016	5.58
Total time deposits	583,332	30,419	5.21	940,272	55,071	5.86	1,512,914	114,401	7.56
Other demand deposits									
Rupee	84,360			138,357			165,646		
Foreign currency	2,722			4,492			8,708		
Total other demand	87,082			142,849			174,354		

deposits

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	Year Ended March 31,								
	2005			2006			2007		
	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)								
Borrowings:									
Rupee	340,811	31,396	9.21	349,907	32,879	9.40	362,586	34,472	9.51
Foreign currency	111,966	4,025	3.59	190,558	8,545	4.48	329,876	17,720	5.37
Total borrowings	452,777	35,421	7.82	540,465	41,424	7.66	692,462	52,192	7.54
Interest-bearing liabilities:									
Rupee	1,062,324	62,728	5.90	1,492,264	88,170	5.91	2,121,371	145,617	6.86
Foreign currency	158,978	5,316	3.34	302,980	12,845	4.24	586,085	31,140	5.31
Total interest-bearing liabilities	1,221,302	68,044	5.57	1,795,244	101,015	5.63	2,707,456	176,757	6.53
Other liabilities	134,166			205,933			307,733		
Total liabilities	1,355,468	68,044		2,001,177	101,015		3,015,189		
Preference share capital	3,500			3,500			3,500		
Stockholders equity	110,410			162,220			231,990		
Total liabilities and stockholders equity	Rs. 1,469,378	Rs. 68,044		Rs. 2,166,897	Rs. 101,015		Rs. 3,250,679	Rs. 176,757	

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 2006 vs. Fiscal 2005			Fiscal 2007 vs. Fiscal 2006		
	Increase (Decrease) Due to			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. 28,843	Rs. 34,311	Rs. (5,468)	Rs. 54,366	Rs. 46,584	Rs. 7,782
Foreign currency	4,013	4,195	(182)	8,977	7,166	1,811
Total advances	32,856	38,506	(5,650)	63,343	53,750	9,593
Investments:						
Rupee	15,086	8,345	6,741	22,002	16,665	5,337
Foreign currency	1,600	1,498	102	5,851	5,532	319
Total investments	16,686	9,843	6,843	27,853	22,197	5,656
Balances with Reserve Bank of India and other banks:						
Rupee	(375)	42	(417)	1,571	1,329	242
Foreign currency	1,474	870	604	4,033	3,153	880
Total balances with Reserve Bank of India and other banks	1,099	912	187	5,604	4,482	1,122
Other interest income	(1,312)		(1,312)	1,855		1,855
Total interest income:						
Rupee	42,242	42,698	(456)	79,794	64,578	15,216
Foreign currency	7,087	6,563	524	18,861	15,851	3,010
Total interest income	49,329	49,261	68	98,655	80,429	18,226

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	Fiscal 2006 vs. Fiscal 2005			Fiscal 2007 vs. Fiscal 2006		
	Increase (Decrease) Due to			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 expense:						
Savings account deposits:						
Rupee	1,767	1,506	261	2,814	2,673	141
Foreign currency	549	534	15	2,830	2672	158
Total savings account deposits	2,316	2,040	276	5,644	5,345	299
Time deposits:						
Rupee	22,192	18,605	3,587	53,040	38,080	14,960
Foreign currency	2,460	1,998	462	6,290	4,810	1,480
Total time deposits	24,652	20,603	4,049	59,330	42,890	16,440
Borrowings:						
Rupee	1,483	855	628	1,593	1,205	388
Foreign currency	4,520	3,524	996	9,175	7,484	1,691
Total borrowings	6,003	4,379	1,624	10,768	8,689	2,079
Total interest expense:						
Rupee	25,442	20,966	4,476	57,447	41,958	15,489
Foreign currency	7,529	6,056	1,473	18,295	14,966	3,329
Total interest expense	32,971	27,022	5,949	75,742	56,924	18,818
Net interest income:						
Rupee	16,801	21,732	(4,931)	22,347	22,620	(273)
Foreign currency	(442)	507	(949)	566	885	(319)
	16,359	22,239	(5,880)	22,913	23,505	(592)

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,				
	2003	2004	2005	2006	2007
	(In millions, except percentages)				
Interest income	Rs. 98,477	Rs. 96,589	Rs. 102,029	Rs. 151,358	Rs. 250,013

Average interest-earning assets	882,342	985,744	1,217,707	1,806,601	2,728,531
Interest expense	81,268	71,677	68,044	101,015	176,757
Average interest-bearing liabilities	904,499	1,012,604	1,221,302	1,795,244	2,707,456
Average total assets	10,48,825	1,174,541	1,469,378	2,166,897	3,250,679
Average interest-earning assets as a percentage of average total assets	84.13%	83.93%	82.87%	83.37%	83.94%
Average interest-bearing liabilities as a percentage of average total assets	86.24	86.21	83.12	82.85	83.29
Average interest-earning assets as a percentage of average interest-bearing liabilities	97.55	97.35	99.71	100.63	100.78

	Year Ended March 31,				
	2003	2004	2005	2006	2007
	(In millions, except percentages)				
Yield	11.16	9.80	8.38	8.38	9.16
Rupee	11.97	10.38	8.85	8.92	9.82
Foreign currency	4.53	4.63	5.07	5.39	6.42
Cost of funds	8.98	7.08	5.57	5.63	6.53
Rupee	9.75	7.45	5.90	5.91	6.85
Foreign currency	3.14	3.18	3.34	4.24	5.35
Spread(1)	2.18	2.72	2.81	2.75	2.63
Rupee	2.22	2.93	2.95	3.01	2.97
Foreign currency	1.39	1.45	1.73	1.15	1.07
Net interest margin(2)	1.95	2.53	2.79	2.79	2.68
Rupee	2.05	2.60	2.96	3.16	3.21
Foreign currency	1.11	1.85	1.59	0.72	0.49

(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 2007 to Fiscal 2006

Summary

Net profit increased by 14.1% to Rs. 27.6 billion (US$641 million) for fiscal 2007 from Rs. 24.2 billion (US$562 million) for fiscal 2006, primarily due to a 45.5% increase in net interest income and a 72.6% increase in non-interest income, offset in part, by a 70.4% increase in non-interest expenses and a significant increase of Rs. 14.3 billion (US$332 million) in provisions due to higher provisions created on standard assets, higher specific provisions against retail non-performing loans and lower level of write-backs.

Net interest income increased by 45.5% to Rs. 73.3 billion (US$1.7 billion) for fiscal 2007 from Rs. 50.3 billion (US$1.2 billion) for fiscal 2006, reflecting an increase of 51.0% in the average volume of interest-earning assets.

Non-interest income increased by 72.6% to Rs. 163.6 billion (US$3.8 billion) for fiscal 2007 from Rs. 94.8 billion (US$2.2 billion) for fiscal 2006 primarily due to a 87.6% increase in income from insurance business and 67.3% increase in commission, exchange and brokerage.

Non-interest expense increased by 70.4% to Rs. 180.1 billion (US$4.2 billion) for fiscal 2007 from Rs. 105.7 billion (US$2.5 billion) in fiscal 2006 primarily due to an increase of 92.1% in expenses pertaining to insurance business, 54.1% in employee expenses and 82.9% in other administrative expenses.

Provisions and contingencies (excluding provisions for tax) increased to Rs. 22.8 billion (US$528 million) in fiscal 2007 from Rs. 8.5 billion (US$196 million) in fiscal 2006 primarily due to higher provisions created on standard assets, in accordance with the revised guidelines issued by the Reserve Bank of India, a higher level of specific provisioning on retail loans due to change in the portfolio mix towards non-collateralized loans and seasoning of the retail loan portfolio, and lower level of write-backs.

Gross restructured loans decreased by 9.1% to Rs. 50.4 billion (US$1.2 billion) at year-end fiscal 2007 from Rs. 55.5 billion (US$1.3 billion) at year-end fiscal 2006 primarily due to transfer of certain loans to an asset reconstruction company, on being classified as non-performing. Gross non-performing assets increased by 84.3% to Rs. 42.6 billion (US$988 million) at year-end fiscal 2007 from Rs. 23.1 billion (US$536 million) at year-end fiscal 2006 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 42.2% to Rs. 3,943.3 billion (US$91.5 billion) at year-end fiscal 2007 compared to Rs. 2,772.3 billion (US$64.3 billion) at year-end fiscal 2006 primarily due to an increase of 35.3% in loans and 43.6% in investments.

Net Interest Income

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

	Year Ended March 31,			
	2006	2007	2007	2007/2006 % Change
	(In millions, except percentages)			
Interest income	Rs. 151,358	Rs. 250,013	US$ 5,801	65.2%
Interest expense	(101,015)	(176,757)	(4,101)	75.0
Net interest income	Rs. 50,343	Rs. 73,256	US$ 1,700	45.5%

Net interest income increased by 45.5% to Rs. 73.3 billion (US$1.7 billion) in fiscal 2007 from Rs. 50.3 billion (US$1.2 billion) in fiscal 2006 reflecting mainly the following:

- an increase of Rs. 921.9 billion (US$21.4 billion) or 51.0% in the average volume of interest-earning assets; and

- net interest margin of 2.7% in fiscal 2007 compared to 2.8% in fiscal 2006.

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 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. Interest income for fiscal 2007 reflected a loss from sell-down of loans as compared to a gain accounting for approximately 9.1% of net interest income in fiscal 2006, due to the impact of these guidelines requiring amortization of profit on securitization from February 1, 2006 and the prevailing liquidity and interest rate scenario.

We use marketing agents, called direct marketing agents or associates, for sourcing our automobile loans. Until fiscal 2006, we deducted commission paid to direct marketing agents of automobile loans from interest income. For fiscal 2007, we have reported all direct marketing agency expenses, on automobile loans and other retail loans separately under non-interest expense. These commissions are expensed upfront and not amortized over the life of the loan. Necessary re-classifications have been made for the prior years.

The average volume of interest-earning assets increased by 51.0% or Rs. 921.9 billion (US$21.4 billion) to Rs. 2,728.5 billion (US$63.4 billion) during fiscal 2007 from Rs. 1,806.6 billion (US$41.9 billion) during fiscal 2006, primarily due to an increase in average advances by Rs. 563.6 billion (US$13.1 billion) and an increase in average investments by Rs. 272.2 billion (US$6.3 billion). Average advances increased by 47.0% to Rs. 1,763.9 billion (US$40.9 billion) in fiscal 2007 from Rs. 1,200.3 billion (US$27.9 billion) in fiscal 2006 primarily due to increased disbursements of retail finance loans offset, in part, by the sell-down/ securitization and repayments of loans. The average volume of interest-earning foreign currency assets increased by 90.7% to Rs. 525.0 billion (US$12.2 billion) during fiscal 2007 from Rs. 275.3 billion (US$6.4 billion) during fiscal 2006 primarily due to increased business volumes of our international branches and banking subsidiaries.

Interest income increased by 65.2% to Rs. 250.0 billion (US$5.8 billion) for fiscal 2007 from Rs. 151.4 billion (US$3.5 billion) for fiscal 2006 primarily due to an increase of 51.0% in the average volume of total interest-earning assets to Rs. 2,728.5 billion (US$63.4 billion) during fiscal 2007 from Rs. 1,806.6 billion (US$41.9 billion) during fiscal 2006. The overall yield on average interest-earning assets increased to 9.2% for fiscal 2007 from 8.4% for fiscal 2006 primarily due to increase in yield on advances to 9.6% for fiscal 2007 from 8.9% for fiscal 2006 and increase in yield on investments to 8.7% for fiscal 2007 from 7.9% for fiscal 2006. The yield on advances has increased despite the significant decline in income from sell-down of loans due to an increase in lending rates in line with the general increase in interest rates and increase in the volumes of certain high yielding loan products. The ICICI Bank Benchmark Advance Rate (ICICI Bank s prime lending rate) has increased by 300 basis points during fiscal 2007. Our reference rate for floating rate home loans has increased by 350 basis points during the same period. The yield on average earning investments increased primarily due to an increase in the yield on average government securities by 80 basis points to 8.5% in fiscal 2007 from 7.7% in fiscal 2006.

Total interest expense increased by 75.0% to Rs. 176.8 billion (US$4.1 billion) during fiscal 2007 from Rs. 101.0 billion (US$2.3 billion) during fiscal 2006 primarily due to an increase of 50.8% in average interest-bearing liabilities to Rs. 2,707.5 billion (US$62.8 billion) in fiscal 2007 from Rs. 1,795.2 billion (US$41.6 billion) in fiscal 2006. Average deposits, with an average cost of 6.2% for fiscal 2007, constituted 74.4% of total average interest-bearing liabilities compared to 69.9% of the total average interest-bearing liabilities with a cost of 4.8% for fiscal 2006. Our cost of deposits has increased by 1.4% to 6.2% in fiscal 2007 from 4.8% in fiscal 2006 consequent to general increase in interest rates reflecting tight systemic liquidity scenario, particularly in the second half of fiscal 2007 and resulting in an increase in deposit rates for retail and other customers. The average cost of total borrowings including subordinated debt decreased to 7.5% in fiscal 2007 from 7.7% in fiscal 2006 primarily due to increase in foreign currency borrowings and repayment of high cost borrowings of ICICI.

As a result of the higher cost of funds and decrease in the gains on securitization/ sell down of assets, net interest margin decreased to 2.7% in fiscal 2007 from 2.8% in fiscal 2006. Net interest margin is expected to continue to be lower than other banks in India until we increase the proportion of retail deposits including low cost deposits in our total funding. The net interest margin is also impacted by the relatively lower net interest margin earned by our foreign 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 two 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. During the last quarter of fiscal 2007, the Indian markets experienced volatility and sharp increases in interest rates and we experienced a sharp increase in our funding costs, which may adversely impact our net interest margin during fiscal 2008 until the yield on our interest-earning assets also increases to offset the increase in funding costs. Further, 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 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 .

The Reserve Bank of India has increased the cash reserve ratio requirement for banks from 5.0% at the beginning of fiscal 2007 to 6.5% 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, during fiscal 2008 and subsequent years we would earn no interest income on the cash reserve ratio requirement of 6.5% 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 will adversely impact our net interest income and net interest margin in fiscal 2008.

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Non-Interest Income

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

	Year Ended March 31,			
	2006	2007	2007	2007/2006 % Change
	(In millions, except percentages)			
Commission, exchange and brokerage	Rs. 32,546	Rs. 54,432	US$ 1,263	67.3%
Profit/(loss) on sale of investments (net)	10,989	14,062	326	28.0
Profit/(loss) on revaluation of investments (net)	(8,527)	(11,777)	(273)	38.1
Profit/(loss) on sale of land, buildings and other assets (net)	52	351	8	575.5
Profit/(loss) on foreign exchange transactions (net)	4,452	8,435	196	89.5
Income pertaining to insurance business[1]	50,704	95,126	2,207	87.6
Miscellaneous income (including lease income)	4,581	2,996	70	(34.6)
Total other income	Rs. 94,797	Rs. 163,625	US$ 3,797	72.6%

(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 income increased by 72.6% for fiscal 2007 to Rs. 163.6 billion (US$3.8 billion) from Rs. 94.8 billion (US$2.2 billion) for fiscal 2006 primarily due to a 67.3% increase in commission, exchange and brokerage to Rs. 54.4 billion (US$1.3 billion) in fiscal 2007 from Rs. 32.5 billion (US$755 million) in fiscal 2006 and a 87.6% increase in income pertaining to insurance business to Rs. 95.1 billion (US$2.2 billion) in fiscal 2007 from Rs. 50.7 billion (US$1.2 billion) in fiscal 2006.

Commission, exchange and brokerage increased by 67.3% to Rs. 54.4 billion (US$1.2 billion) in fiscal 2007 from Rs. 32.5 billion (US$755 million) primarily due to growth in fee income from retail products and services, including fee arising from retail asset products and credit cards, retail liability related fee income like account servicing charges, third party distribution fees and fees from small enterprise customers. Fees from commercial banking operations for corporate and international customers also witnessed strong growth. Commission, exchange and brokerage of our UK subsidiary increased by 61.4% to Rs. 1.7 billion (US$40 million) in fiscal 2007 from Rs. 1.1 billion (US$25 million) in fiscal 2006 primarily due to increase in fees from structuring and syndication of financing transactions. Commission, exchange and brokerage of our investment banking subsidiary increased to Rs. 6.7 billion (US$155 million) in fiscal 2007 from Rs. 3.0 billion (US$70 million) in fiscal 2006 primarily due to increase in the advisory fees and the income of ICICI Web Trade Limited which was amalgamated with our investment banking subsidiary with effect from April 1, 2006.

Profit on sale of investments increased by 28.0% to Rs. 14.1 billion (US$326 million) in fiscal 2007 from Rs. 11.0 billion (US$255 million) in fiscal 2006 primarily due to higher level of gains from equity divestments, offset in part by lower profits on proprietary trading as a result of the sharp fall in the equity markets in May 2006 and adverse conditions in debt markets. The net loss on revaluation of investments was Rs. 11.8 billion (US$273 million) in fiscal 2007 as compared to Rs. 8.5 billion (US$198 million) in fiscal 2006 primarily due to amortization of premium on government securities which was earlier classified as provisions and contingencies. This re-classification is in accordance with the revised guidelines of the Reserve Bank of India issued on April 20, 2007. Income from foreign exchange transaction includes income from derivatives reflecting primarily the transactions undertaken with customers by us and hedged in the inter-bank market, and income from merchant foreign exchange transactions.

Income from foreign exchange transactions increased by 89.5% to Rs. 8.4 billion (US$196 million) in fiscal 2007 from Rs. 4.5 billion (US$103 million) in fiscal 2006 primarily due to increase in the volumes of the foreign exchange transactions, including the derivative transactions undertaken with customers by us and hedged in the inter-bank market.

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Income pertaining to insurance business representing premium income of our life and general insurance subsidiaries increased by 87.6% to Rs. 95.1 billion (US$2.2 billion) in fiscal 2007 from Rs. 50.7 billion (US$1.2 billion) in fiscal 2006. The income pertaining to insurance business includes Rs. 81.4 billion (US$1.9 billion) from our life insurance business and Rs. 13.7 billion (US$318 million) net written premium from our general insurance business. The new business premium of ICICI Prudential Life Insurance Company Limited increased by 98.4% to Rs. 51.6 billion (US$1.2 billion) in fiscal 2007 from Rs. 26.0 billion (US$604 million) in fiscal 2006. The gross written premium of ICICI Lombard General Insurance Company Limited increased by 88.7% to Rs. 30.0 billion (US$697 million) in fiscal 2007 from Rs. 15.9 billion (US$369 million) in fiscal 2006. We recognize life insurance premium as income when due. Premium on lapsed policies is recognized as income when such policies are reinstated. General insurance premium is recognized as income over the period of risks or the contract period. Any subsequent revision to premium is recognized over the remaining period of risks or contract period.

Miscellaneous income declined by 34.6% to Rs. 3.0 billion (US$70 million) in fiscal 2007 from Rs. 4.6 billion (US$106 million) in fiscal 2006 primarily due to decline in lease income by 34.0% to Rs. 2.4 billion (US$56 million) in fiscal 2007 from Rs. 3.6 billion (US$84 million) in fiscal 2006.

Non-Interest Expense

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

	Year Ended March 31,			
	2006	**2007**	**2007**	**2007/2006 % Change**
	(In millions, except percentages)			
Payments to and provisions for employees	Rs. 17,112	Rs. 26,365	US$ 612	54.1%
Depreciation on own property	3,908	4,272	99	9.3
Auditor s fees and expenses	43	64	1	48.1
Other administrative expenses	26,563	48,588	1,127	82.9
Operating expenses	47,626	79,289	1,839	66.5
Direct marketing agency expenses	11,912	15,602	362	31.0
Depreciation on leased assets	2,771	1,883	44	(32.1)
Expenses pertaining to insurance business[(1)]	43,389	83,358	1,934	92.1
Total non-interest expenses	Rs. 105,698	Rs. 180,132	US$ 4,179	70.4%

(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 70.4% to Rs. 180.1 billion (US$4.2 billion) in fiscal 2007 from Rs. 105.7 billion (US$2.5 billion) in fiscal 2006 primarily due to an increase of 92.1% in expenses pertaining to the insurance business, increase of 54.1% in employee expenses and 82.9% increase in other administrative expenses.

Employee expenses increased by 54.1% to Rs. 26.4 billion (US$612 million) in fiscal 2007 from Rs. 17.1 billion (US$397 million) in fiscal 2006, primarily due to 47.4% increase in the number of employees. The employee expenses for ICICI Bank increased by 49.4% to Rs. 16.2 billion (US$612 million) in fiscal 2007 from Rs. 10.8 billion (US$397 million) in fiscal 2006 primarily due to a 31.3% increase in the number of employees to 33,321 at year-end fiscal 2007 from 25,384 at year-end fiscal 2006 and annual increase in the salaries and higher cost due to monetization of benefits on loan facilities available to employees at concessional rates of interests and other employee benefits. The employee expenses for ICICI Prudential Life Insurance Company increased by 78.2% to Rs. 5.2 billion (US$121 million) in fiscal 2007 from Rs. 2.9 billion (US$68 million) in fiscal 2006 primarily due to a 111.8% increase in number of employees to 16,317 at year-end fiscal 2007 from 7,704 at year-end fiscal 2006. The employee expenses for

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ICICI Lombard General Insurance Company increased by 103.1% to Rs. 2.4 billion (US$57 million) in fiscal 2007 from Rs. 1.2 billion (US$28 million) in fiscal 2006 primarily due to a 108.9% increase in number of employees to 4,770 at year-end fiscal 2007 from 2,283 at year-end fiscal 2006. The increase in employees was commensurate with the growth in businesses.

Other administrative expenses increased by 82.9% to Rs. 48.6 billion (US$1.1 billion) in fiscal 2007 from Rs. 26.6 billion (US$616 million) in fiscal 2006 primarily due to the increased volume of business, particularly in retail business and include maintenance of ATMs, credit card related expenses, call center expenses and technology expenses. The number of branches (excluding foreign branches and offshore banking units) and extension counters increased to 755 at year-end fiscal 2007 from 614 at year-end fiscal 2006. The number of ATMs increased to 3,271 at year-end fiscal 2007 from 2,200 at year-end fiscal 2006. The number of branches and offices of our insurance subsidiaries increased to 803 at year-end fiscal 2007 from 463 at year-end fiscal 2006.

Direct marketing agency expenses increased by 31.0% to Rs. 15.6 billion (US$362 million) in fiscal 2007 from Rs. 11.9 billion (US$276 million) in fiscal 2006 in line with the growth in our business volumes. 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.

Expenses pertaining to insurance business, representing provisions for claims, contribution to linked business, commissions paid and reserving for actuarial liability increased by 92.1% to Rs. 83.4 billion (US$1.9 billion) in fiscal 2007 from Rs. 43.4 billion (US$1.0 billion) in fiscal 2006 primarily due to higher business levels in fiscal 2007. The provisions for claims are determined based on actuarial valuation. In line with accounting norms for insurance companies we do not amortize the customer acquisition cost, but account for the expenses upfront.

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,			
	2006	**2007**	**2007**	**2007/2006 % Change**
	(In millions, except percentages)			
Gross restructured loans[1]	Rs. 55,463	Rs. 50,407	US$ 1,170	(9.1)%
Provisions for restructured loans[1]	(2,305)	(1,581)	(37)	(31.4)
Net restructured loans	53,158	48,826	1,133	(8.1)
Gross non-performing assets	23,086	42,557	987	84.3
Provisions for non-performing assets[2]	(12,280)	(22,249)	(516)	81.2
Net non-performing assets	10,806	20,308	471	87.9
Gross restructured loans and non-performing assets	78,549	92,964	2,157	18.4
Provision for restructured loans and non-performing assets[3]	(14,585)	(23,830)	(553)	63.4
Net restructured loans and non-performing assets	63,964	69,134	1,604	8.1

Gross customer assets	1,638,525	2,234,339	51,841	36.4
Net customer assets	1,622,675	2,209,078	51,255	36.1
Gross restructured loans as a percentage of gross customer assets	3.4%	2.3%		
Gross non-performing assets as a percentage of gross customer assets	1.4	1.9		

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	At March 31,			
	2006	2007	2007	2007/2006 % Change
	(In millions, except percentages)			
Net restructured loans as a percentage of net customer assets	3.3	2.2		
Net non-performing assets as a percentage of net customer assets	0.7	0.9		
Provisions on restructured loans as a percentage of gross restructured assets	4.2	3.1		
Provisions on non-performing assets as a percentage of gross non-performing assets	53.2	52.3		
Provisions as a percentage of gross customer assets(4)	1.3	1.7		

(1) Includes debentures.

(2) Includes interest suspense.

(3) Excludes technical write-offs.

(4) Includes provision against continuing restructured loans, loans classified as non-performing 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 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. 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 .

Gross restructured loans decreased by 9.1% to Rs. 50.4 billion (US$1.2 billion) at year-end fiscal 2007 from Rs. 55.5 billion (US$1.3 billion) at year-end fiscal 2006 primarily due to transfer of certain loans to an asset reconstruction company, on being classified as non-performing. Gross non-performing assets increased by 84.3% to Rs. 42.6 billion (US$987 million) at year-end fiscal 2007 from Rs. 23.1 billion (US$536 million) at year-end fiscal 2006 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 gross aggregate value of assets amounting to Rs. 9.8 billion (US$227 million) to an asset reconstruction company during fiscal 2007. As a percentage of net customer assets, net restructured loans were 2.2% at year-end fiscal 2007 compared to 3.3% at year-end fiscal 2006 and net non-performing assets were 0.92% at year-end fiscal 2007 compared to 0.67% at year-end fiscal 2006.

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

	Year Ended March 31,			
	2006	2007	2007	2007/2006 % Change
	(In millions, except percentages)			
Provisions for investments (including credit substitutes)(net)[1]	Rs. 134	Rs. 384	US$ 9	187.0%
Provision for non-performing assets	4,689	14,553	338	210.4
Provision for standard assets	3,428	7,529	175	119.6
Others	204	308	7	51.1
Total provisions and contingencies (excluding tax)	Rs. 8,455	Rs. 22,774	US$ 529	169.4%

(1) Excludes amortization on Government securities.

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

Provisions are made 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 to Rs. 22.8 billion (US$529 million) in fiscal 2007 from Rs. 8.5 billion (US$196 million) in fiscal 2006 primarily due to higher provisions of about Rs. 4.1 billion (US$95 million) made on standard assets in accordance with the revised guidelines issued by the Reserve Bank of India, a significantly lower level of write-backs in fiscal 2007 compared to about Rs. 6.6 billion (US$153 million) write-backs in fiscal 2006, provisions of about Rs. 1.1 billion (US$24 million) on account of frauds in rural portfolio, primarily in our warehouse receipt financing business and a higher level of specific provisioning on retail and other 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 loans where credit losses are higher, but the higher losses are more than offset by the higher yield on such loans.

Under the Reserve Bank of India guidelines issued in September 2005, banks were required to make a general provision of 0.4% on standard loans (excluding loans to agricultural sector and to small and medium enterprises). In May 2006, the general provisioning requirement for personal loans and advances qualifying as capital market exposure, residential housing loans beyond Rs. 2.0 million and commercial real estate was further increased to 1.0% from 0.4%. In January 2007, the general provisioning requirement for personal loans, credit card receivables, loans and advances qualifying as capital market exposure, commercial real estate loans and advances to non-deposit taking systematically important non-banking financial companies was increased to 2.0%. As a result, general provision on standard assets increased by 115.6% to Rs. 7.5 billion (US$175 million) in fiscal 2007 from Rs. 3.4 billion (US$80 million) in fiscal 2006.

Tax Expense

Total tax expense was Rs. 7.6 billion (US$177 million) for fiscal 2007 compared to Rs. 7.0 billion (US$162 million) in fiscal 2006. Income tax expense was Rs. 7.0 billion (US$163 million) for fiscal 2007 compared to Rs. 6.6 billion (US$153 million) in fiscal 2006. The effective rate of income tax expense was 20.7% for fiscal 2007 compared to the effective rate of income tax expense of 21.2% for fiscal 2006. The effective income tax rate of 20.7% for fiscal 2007 was lower compared to the statutory tax rate of 33.7% primarily due to concessional rate of tax on capital gains, exemption of dividend income, deduction towards special reserve and deduction of income of offshore banking unit.

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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 amounted to Rs. 587 million (US$14 million) for fiscal 2007.

Financial Condition

Assets

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

	At March 31,			
	2006	**2007**	**2007**	**2007/2006 % Change**
	(In millions, except percentages)			
Cash and cash equivalents	Rs. 182,551	Rs. 396,891	US$ 9,209	117.4%
Investments	840,139	1,206,167	27,985	43.6
Advances (net of provisions)	1,562,603	2,113,994	49,049	35.3
Fixed assets	41,429	43,402	1,007	4.8
Other assets	145,574	182,893	4,243	25.6
Total assets	Rs. 2,772,296	Rs. 3,943,347	US$ 91,493	42.2%

Our total assets increased by 42.2% to Rs. 3,943.3 billion (US$91.5 billion) at year-end fiscal 2007 compared to Rs. 2,772.3 billion (US$64.3 billion) at year-end fiscal 2006, primarily due to an increase in advances, investments and balances maintained with Reserve Bank of India. Net Advances increased by 35.3% to Rs. 2,114.0 billion (US$49.0 billion) from Rs. 1,562.6 billion (US$36.3 billion) primarily due to increase in retail advances in accordance with our strategy of growth in our retail portfolio, offset, in part by reduction in advances due to repayments and securitizations. Total investments at year-end fiscal 2007 increased by 43.6% to Rs. 1,206.2 billion (US$28.0 billion) from Rs. 840.1 billion (US$19.5 billion) at year-end fiscal 2006 primarily due to 31.9% increase in investments in government and other approved securities in India to Rs. 696.4 billion (US$16.2 billion) at year-end fiscal 2007 from Rs. 528.3 billion (US$12.3 billion) at year-end fiscal 2006 and 67.0% increase in other investments (including bonds and other mortgage securities) to Rs. 273.4 billion (US$6.3 billion) from Rs. 163.7 billion (US$3.8 billion). Banks in India are required to maintain a specified percentage, currently 25%, of their net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities. Cash and cash equivalents increased by 117.4% to Rs. 396.9 billion (US$9.2 billion) from Rs. 182.6 billion (US$4.2 billion) primarily due to increase in balance maintained with Reserve Bank of India due to increase in cash reserve ratio from 5.0% at year-end 2006 to 6.5% effective at year-end fiscal 2007 and higher liquid cash balances maintained by overseas branches and banking subsidiaries. Total assets of our overseas offices (including overseas banking unit in Mumbai) increased by 77.4% to Rs 591.4 billion (US$13.7 billion) at year-end fiscal 2007 from Rs. 333.4 billion (US$. 7.7 billion) at fiscal 2006 primarily due to an increase in the total assets of our UK banking subsidiary, Singapore branch and Bahrain branch.

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Liabilities and Stockholders Equity

The following table sets forth, at the dates indicated, the principal components of liabilities and stockholders equity.

	At March 31,			
	2006	2007	2007	2007/2006 % Change
	(In millions, except percentages)			
Deposits	Rs. 1,724,510	Rs. 2,486,136	US$ 57,683	44.2%
Borrowings	450,000	616,595	14,306	37.0
Other liabilities[1]	360,310	581,742	13,497	61.5
Proposed dividend (including corporate dividend tax)	8,809	10,628	247	20.7
Minority interest	2,749	5,096	118	85.3
Total liabilities	2,546,378	3,700,197	85,851	45.3
Equity share capital	8,898	8,993	209	1.1
Preference share capital	3,500	3,500	81	0.0
Reserves and surplus	213,520	230,657	5,352	8.0
Total liabilities (including capital and reserves)	Rs. 2,772,296	Rs. 3,943,347	US$ 91,493	42.2%

(1) Includes subordinated debt.

Deposits increased by 44.2% to Rs. 2,486.1 billion (US$57.7 billion) at year-end fiscal 2007 from Rs. 1,724.5 billion (US$40.0 billion) at year-end fiscal 2006 primarily due to increase in savings deposit by 54.7% to Rs. 375.3 billion (US$8.7 billion) at year-end fiscal 2007 from Rs. 242.6 billion (US$5.6 billion) and increase in time deposit by 44.5% to Rs. 1,827.2 billion (US$42.4 billion) at year-end fiscal 2007 from Rs. 1,264.8 billion (US$29.3 billion) at year-end fiscal 2006. This significant growth in deposits was primarily achieved 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 our network of branches, extension counters and ATMs. This is commensurate with our focus of increased funding through deposits. Total deposits at year-end fiscal 2007 constituted 75.0% of our funding (i.e. deposit, borrowings and subordinated debts). Borrowings (excluding subordinated debt) increased by 37.0% to Rs. 616.6 billion (US$14.3 billion) at year-end fiscal 2007 from Rs. 450.0 billion (US$10.4 billion) at year-end fiscal 2006 primarily due to increase in foreign currency borrowings of our international branches and banking subsidiaries. Minority interest increased by 85.3% to Rs. 5.1 billion (US$118 million) at year-end fiscal 2007 from Rs. 2.8 billion (US$64 million) at year-end fiscal 2006 primarily due to increase of Rs. 8.7 billion (US$413 million) in share capital and reserves of our insurance subsidiaries. Stockholders equity increased to Rs. 239.7 billion (US$5.6 billion) at year-end fiscal 2007 from Rs. 222.4 billion (US$5.2 billion) at year-end fiscal 2006 primarily due to retained earnings for the year and exercise of employee stock option. As per the transition provision for Accounting Standard 15 (Revised) on Accounting for retirement benefits in financial statements of employer , the difference in liability on account of retirement benefits created by the group at March 31, 2006 due to the revised standard have been adjusted in reserves and surplus.

Fiscal 2006 to Fiscal 2005

Summary

Net profit increased by 30.7% to Rs. 24.2 billion (US$562 million) for fiscal 2006 from Rs. 18.5 billion (US$430 million) for fiscal 2005, primarily due to a 48.1% increase in net interest income and a 51.6% increase in non-interest income offset, in part, by a 49.1% increase in non-interest expenses and a Rs. 6.6 billion (US$153 million) increase in provisions and contingencies.

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Net interest income increased by 48.1% to Rs. 50.3 billion (US$1.2 billion) for fiscal 2006 from Rs. 34.0 billion (US$789 million) for fiscal 2005, reflecting an increase of 48.4% in the average volume of interest-earning assets.

Non-interest income increased by 51.6% to Rs. 94.8 billion (US$2.2 billion) for fiscal 2006 from Rs. 62.5 billion (US$1.5 billion) for fiscal 2005 primarily due to a 56.8% increase in commission, exchange and brokerage and a 70.9% increase in income from insurance business.

Non-interest expense increased by 49.1% to Rs. 105.7 billion (US$2.5 billion) for fiscal 2006 from Rs. 70.9 billion (US$1.6 billion) in fiscal 2005 primarily due to an increase of 56.9% in employee expenses and a 64.6% increase in expenses pertaining to the insurance business.

Provisions and contingencies (excluding provisions for tax) increased to Rs. 8.5 billion (US$196 million) in fiscal 2006 from Rs. 1.9 billion (US$43 million) in fiscal 2005 primarily due to lower level of write-backs in fiscal 2006 and higher level of provisioning on standard assets in fiscal 2006 as per the Reserve Bank of India guidelines.

Gross restructured loans decreased by 15.5% to Rs. 55.5 billion (US$1.3 billion) at year-end fiscal 2006 from Rs. 65.6 billion (US$1.5 billion) at year-end fiscal 2005 primarily due to the reclassification of certain loans as standard based on satisfactory performance of the borrower accounts. Gross non-performing assets decreased by 34.0% to Rs. 23.1 billion (US$536 million) at year-end fiscal 2006 from Rs. 35.0 billion (US$812 million) at year-end fiscal 2005 primarily due to sale and repayments of certain non-performing loans.

Total assets increased by 55.4% to Rs. 2,772.3 billion (US$64.3 billion) at year-end fiscal 2006 compared to Rs. 1,784.3 billion (US$41.4 billion) at year-end fiscal 2005 primarily due to an increase in retail loans and investments in government securities.

Net Interest Income

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

	Year Ended March 31,			
	2005	2006	2006	2006/2005 % Change
	(In millions, except percentages)			
Interest income	Rs. 102,029	Rs. 151,358	US$ 3,512	48.3%
Interest expense	(68,044)	(101,015)	(2,344)	48.5
Net interest income	Rs. 33,985	Rs. 50,343	US$ 1,168	48.1%

Net interest income increased by 48.1% to Rs. 50.3 billion (US$1.2 billion) in fiscal 2006 from Rs. 34.0 billion (US$789 million) in fiscal 2005 reflecting an increase of Rs. 588.9 billion (US$13.6 billion) or 48.4% in the average volume of interest-earning assets.

The average volume of interest-earning assets increased by 48.4% or Rs. 588.9 billion (US$13.7 billion) to Rs. 1,806.6 billion (US$41.9 billion) during fiscal 2006 from Rs. 1,217.7 billion (US$28.3 billion) during fiscal 2005, primarily due to the increase in average advances. Average advances increased by 57.2% to Rs. 1,200.3 billion (US$27.9 billion) in fiscal 2006 from Rs. 763.7 billion (US$17.7 billion) in fiscal 2005. This increase in average advances was primarily due to increased disbursements of retail finance loans offset, in part, by the sell-down/securitization and repayments of loans. The average volume of interest-earning foreign currency assets increased by 80.5% to Rs. 275.3 billion (US$6.4 billion) during fiscal 2006 from Rs. 152.6 billion (US$3.5 billion) during fiscal 2005 primarily due to increased business volumes of our international branches and subsidiaries.

Total interest income increased by 48.3% to Rs. 151.3 billion (US$3.5 billion) for fiscal 2006 from Rs. 102.0 billion (US$2.4 billion) for fiscal 2005 primarily due to an increase of 48.4% in the average volume of total interest-earning assets to Rs. 1,806.6 billion (US$41.9 billion) during fiscal 2006 from

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Rs. 1,217.7 billion (US$28.3 billion) during fiscal 2005. The overall yield on average interest-earning assets remained at nearly the same levels given that the decline in yield on advances to 8.9% for fiscal 2006 from 9.6% for fiscal 2005 was offset by the increase in yield on investments to 7.9% for fiscal 2006 from 6.3% for fiscal 2005.

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 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. The gains on sell down were about 9.1% of net interest income for fiscal 2006 (0.3% of average interest-earning assets) compared to 15.3 % of net interest income for fiscal 2005 (0.4% of average interest-earning assets).

Total interest expense increased by 48.5% to Rs. 101.0 billion (US$2.3 billion) during fiscal 2006 from Rs. 68.0 billion (US$1.6 billion) during fiscal 2005 primarily due to an increase of 47.0% in average interest-bearing liabilities to Rs. 1,795.2 billion (US$41.7 billion) in fiscal 2006 from Rs. 1,221.3 billion (US$28.3 billion) in fiscal 2005. Average deposits, with an average cost of 4.8% for fiscal 2006, constituted 69.9% of total average interest-bearing liabilities compared to 62.9% of the total average interest-bearing liabilities with a cost of 4.2% for fiscal 2005. The increase in average cost of deposits in fiscal 2006 was primarily due to the general increase in interest rates reflecting the tight liquidity scenario in the last quarter of fiscal 2006. The average cost of total borrowings including subordinated debt decreased to 7.7% in fiscal 2006 from 7.8% in fiscal 2005 primarily due to increase in foreign currency borrowings and repayment of high cost borrowings of ICICI.

Our net interest margin was 2.79% for fiscal 2006, the same level as for fiscal 2005 as the positive impact of equity capital raising in fiscal 2006 was offset by increased cost of deposits and a lower contribution of securitization gains.

Non-Interest Income

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

	Year Ended March 31,			
				2006/2005
	2005	**2006**	**2006**	**% Change**