

**News Release****October 24, 2006****Performance Review – Quarter ended September 30, 2006: 30% year-on-year growth in profit after tax**

The Board of Directors of ICICI Bank Limited (NYSE: IBN) at its meeting held at Mumbai today, approved the audited accounts of the Bank for the quarter ended September 30, 2006 (Q2-2007).

**Highlights**

- Operating profit excluding treasury income increased 65% in Q2-2007 to Rs. 1,325 crore (US\$ 288 million) from Rs. 804 crore (US\$ 175 million) in the quarter ended September 30, 2005 (Q2-2006).
- Operating profit increased 54% to Rs. 1,612 crore (US\$ 351 million) in Q2-2007 from Rs. 1,044 crore (US\$ 227 million) in Q2-2006.
- Profit after tax for Q2-2007 increased 30% to Rs. 755 crore (US\$ 164 million) from Rs. 580 crore (US\$ 126 million) for Q2-2006.
- Net interest income increased 47% to Rs. 1,577 crore (US\$ 343 million) for Q2-2007 from Rs. 1,070 crore (US\$ 233 million) for Q2-2006.
- Fee income increased 62% to Rs. 1,138 crore (US\$ 248 million) for Q2-2007 from Rs. 704 crore (US\$ 153 million) for Q2-2006.
- Profit after tax increased 24% to Rs. 1,375 crore (US\$ 299 million) for the six-month period ended September 30, 2006 (H1-2007) from Rs. 1,110 crore (US\$ 242 million) for the six-month period ended September 30, 2005 (H1-2006).
- Retail assets increased 57% to Rs. 107,679 crore (US\$ 23.4 billion) at September 30, 2006 from Rs. 68,537 crore (US\$ 14.9 billion) at September 30, 2005.
- Deposits increased 57% to Rs. 189,499 crore (US\$ 41.3 billion) at September 30, 2006 from Rs. 120,452 crore (US\$ 26.2 billion) at September 30, 2005.

## **Operating review**

### **Credit growth**

The Bank's net customer assets increased 47% to Rs. 163,785 crore (US\$ 35.7 billion) at September 30, 2006 compared to Rs. 111,514 crore (US\$ 24.3 billion) at September 30, 2005. The Bank maintained its growth momentum and market leadership in the retail segment. In H1-2007, the Bank's total retail disbursements were about Rs. 33,500 crore (US\$ 7.3 billion) including home loan disbursements of about Rs. 13,400 crore (US\$ 2.9 billion). Retail assets constituted 69% of advances and 66% of customer assets. The Bank is focusing on non-fund based products and services, as well as capitalising on opportunities presented by the domestic and international expansion of Indian companies. The Bank is also extending its reach in the small and medium enterprises segment.

### **Rural banking**

The Bank is rolling out its rural strategy, providing a comprehensive product suite encompassing credit, transaction banking, deposit, investment and insurance, through a range of channels. The Bank is focusing on rural retail lending for productive purposes, as well as rural infrastructure. The Bank's rural retail delivery channels include its own branches, as well as various partnerships, including micro-finance institution (MFI) partners. The Bank has also initiated banking correspondent models. The Bank's rural portfolio grew by about 70% on a year-on-year basis.

### **International operations**

The Bank now operates in 14 countries through branches, representative offices and wholly-owned subsidiaries. During the quarter, the Bank's Canadian subsidiary opened its sixth branch and the Bank opened a representative office in Indonesia. The loan portfolio of the Bank's international branches (including foreign currency financing to Indian companies) increased to about Rs. 15,000 crore (US\$ 3.3 billion) at September 30, 2006 from Rs. 9,600 crore (US\$ 2.1 billion) at September 30, 2005. The loan portfolio of the Bank's international banking subsidiaries (including foreign currency financing to Indian companies) increased to about Rs. 9,400 crore (US\$ 2.0 billion) at September 30, 2006 from Rs. 4,100 crore (US\$ 0.9 billion) at September 30, 2005. The Bank's remittance volumes grew by 74% in H1-2007 compared to H1-2006. The Bank has launched remittances services to Sri Lanka and the Philippines through its UK and Canada subsidiaries. ICICI Bank UK's unaudited profit after tax of for H1-2007 was US\$ 16.1 million (approximately Rs. 74 crore), translating into a return on equity of 21%.

**Capital adequacy**

The Bank's capital adequacy at September 30, 2006 was 14.3% (including Tier 1 capital adequacy of 9.4%), well above RBI's requirement of total capital adequacy of 9.0%. The Bank's unaudited capital adequacy estimated based on RBI's draft guidelines issued in February 2005 on implementation of the revised capital adequacy framework (Basel II), was about 14.9% (including Tier 1 capital adequacy of about 10.5%) at September 30, 2006.

**Asset quality**

At September 30, 2006, the Bank's net non-performing assets constituted 0.9% of customer assets against 1.0% at September 30, 2005. The Bank's net restructured loans at September 30, 2006 were Rs. 4,942 crore (US\$ 1.1 billion), down from Rs. 5,713 crore (US\$ 1.2 billion) at September 30, 2005.

**Key domestic subsidiaries**

ICICI Securities achieved a profit after tax of Rs. 35 crore (US\$ 8 million) in Q2-2007. ICICI Lombard General Insurance Company (ICICI Lombard) enhanced its leadership position with a market share of 35% among private sector general insurance companies and an overall market share of 12% in H1-2007. ICICI Lombard's unaudited profit after tax for Q2-2007 was Rs. 18 crore (US\$ 4 million).

ICICI Prudential Life Insurance Company (ICICI Prudential Life) continued to maintain its market leadership among private sector life insurance companies. Life insurance companies worldwide make losses in the initial years, in view of business set-up and customer acquisition costs in the initial years as well as reserving for actuarial liability. While the growing operations of ICICI Prudential Life had a negative impact of Rs. 112 crore (US\$ 24 million) on the Bank's consolidated profit after tax in Q2-2007 on account of the above reasons, the company's unaudited New Business Achieved Profit (NBAP) for Q2-2007 was Rs. 161 crore (US\$ 35 million) as compared to Rs. 100 crore (US\$ 22 million) in Q2-2006. NBAP is a metric for the economic value of the new business written during a defined period. It is measured as the present value of all the future profits for the shareholders, on account of the new business based on standard assumptions of mortality, expenses and other parameters. Actual experience could differ based on variance from these assumptions especially in respect of expense overruns in the initial years.

Prudential ICICI Asset Management Company continues to be among the top two asset management companies in India with assets under management of over Rs. 30,000 crore (US\$ 6.5 billion) at September 30, 2006.

### Summary Profit and Loss Statement

	Q2-2006	Q2-2007	Growth over Q2-2006	H1-2006	H1-2007	FY2006
						Rs. crore
Net interest income <sup>1</sup>	1,070	1,577	47%	2,039	3,052	4,709
Non-interest income (excluding treasury)	871	1,283	47%	1,779	2,473	4,056
- Fee income	704	1,138	62%	1,363	2,123	3,259
- Lease & other income	167	145	(13%)	416	350	797
Less:						
Operating expense	816	1,157	42%	1,587	2,237	3,547
Expenses on direct market agents (DMAs) <sup>1</sup>	257	327	27%	511	718	1,177
Lease depreciation	64	51	(20%)	128	102	277
<b>Core operating profit</b>	<b>804</b>	<b>1,325</b>	<b>65%</b>	<b>1,592</b>	<b>2,468</b>	<b>3,763</b>
Treasury income	240	287	20%	423	375	928
<b>Operating profit</b>	<b>1,044</b>	<b>1,612</b>	<b>54%</b>	<b>2,015</b>	<b>2,843</b>	<b>4,691</b>
Less: Provisions <sup>2,3</sup>	304	709	133%	602	1,192	1,594
<b>Profit before tax</b>	<b>740</b>	<b>903</b>	<b>22%</b>	<b>1,413</b>	<b>1,651</b>	<b>3,097</b>
Less: Tax	160	148	(8%)	303	276	557
<b>Profit after tax</b>	<b>580</b>	<b>755</b>	<b>30%</b>	<b>1,110</b>	<b>1,375</b>	<b>2,540</b>

1. DMA expense on automobile loans, which was earlier deducted from net interest income, is now included in "Expenses on direct marketing agents (DMAs)".
2. Includes premium amortisation on government securities: Rs. 184 crore in Q2-2006, Rs. 243 crore in Q2-2007, Rs. 339 crore in H1-2006, Rs. 510 crore in H1-2007 and Rs. 802 crore in FY2006.
3. Includes standard asset provisions of Rs. 24 crore in Q2-2006, Rs. 87 crore in Q2-2007, Rs. 40 crore in H1-2006, Rs. 134 crore in H1-2007 and Rs. 339 crore in FY2006.

### Summary Balance Sheet

Rs. crore

	Sept 30, 2005	Sept 30, 2006	Growth over Sept 30, 2005	March 31, 2006
<b>Assets</b>				
Cash balances with banks & SLR	54,555	84,540	55%	68,114
- Cash & bank balances	12,988	23,825	83%	17,040
- SLR investments	41,567	60,715	46%	51,074
Advances	107,071	155,403	45%	146,163
Investments	13,751	22,278	62%	20,473
Fixed & other assets	13,842	20,152	46%	16,639
<b>Total</b>	<b>189,219</b>	<b>282,373</b>	<b>49%</b>	<b>251,389</b>
<b>Liabilities</b>				
Networth	13,716	23,550	72%	22,206
- Equity capital	741	893	21%	890
- Reserves	12,975	22,657	75%	21,316
Preference capital	350	350	-	350
Deposits	120,452	189,499	57%	165,083
Erstwhile ICICI borrowings	15,411	11,400	(26%)	13,190
Other borrowings	26,760	40,201 <sup>1</sup>	50%	35,477
Other liabilities	12,530	17,372	39%	15,083
<b>Total</b>	<b>189,219</b>	<b>282,373</b>	<b>49%</b>	<b>251,389</b>

1. Includes perpetual debt callable with regulatory approval at the end of 10 years from issue, qualifying as Tier-1 capital, aggregating Rs. 2,271 crore.

Except for the historical information contained herein, statements in this Release which contain words or phrases such as 'will', 'would', 'indicating', 'expected to' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion in business, the impact of any acquisitions, the adequacy of our allowance for credit losses, technological implementation and changes, the actual growth in demand for banking products and services, investment income, cash flow projections, our exposure to market risks as well as other risks detailed in the reports filed by us with the United States Securities and Exchange Commission. ICICI Bank undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

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1 crore = 10.0 million

US\$ amounts represent convenience translations at US\$1 = Rs. 45.92.