



Performance Review: Q2-2007

October 24, 2006

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Highlights

Profitability

- 30% increase in profit after tax to Rs. 7.55 billion in Q2-2007 from Rs. 5.80 billion in Q2-2006
- 47% increase in net interest income to Rs. 15.77 billion in Q2-2007 from Rs. 10.70 billion in Q2-2006
- 62% increase in fee income to Rs. 11.38 billion in Q2-2007 from Rs. 7.04 billion in Q2-2006
- 65% increase in core operating profit to Rs. 13.25 billion in Q2-2007 from Rs. 8.04 billion in Q2-2006
- 24% increase in profit after tax to Rs. 13.75 bn in H1-2007 from Rs. 11.10 bn in H1-2006



Highlights

Balance sheet

- Robust year-on-year loan growth
 - 45% growth in total advances from Rs. 1,070.71 bn to Rs. 1,554.03 bn
 - 56% growth in loan portfolio of international branches from Rs. 96.25 bn to Rs. 150.25 bn, leveraging Indian corporate client base
 - 129% growth in loan portfolio of international subsidiaries from Rs. 41.47 bn to Rs. 94.28 bn
 - 57% growth in retail portfolio from Rs. 685.37 bn to Rs. 1,076.79 bn
- Deposit growth of 57% from Rs. 1,204.52 bn to Rs. 1,894.99 bn
- Net NPA ratio at 0.9% at September 30, 2006 compared to 1.0% at September 30, 2005



Hybrid capital issuances

- Raised US\$ 340 million through the first issue of foreign currency denominated hybrid tier-1 capital from India
 - US\$ 3.60 billion order-book with strong interest from investors across US, Europe and Asia
 - Priced at a spread of 194 basis points over LIBOR, below the tight end of the initial price guidance
- Raised Rs. 7.83 billion of hybrid tier-1 from the domestic market
- Raised Rs. 12.55 billion of upper tier-2 capital from the domestic market



Profit & loss statement

(Rs. in billion)

	FY- 2006	Q2- 2006	H1- 2006	Q1- 2007	Q2- 2007	H1- 2007	Q2-o-Q2 Growth
NII	47.09	10.70	20.39	14.75	15.77	30.52	47%
Non-interest income	40.56	8.71	17.79	11.90	12.83	24.73	47%
- Fee income	32.59	7.04	13.63	9.85	11.38	21.23	62%
- Others	7.97	1.67	4.16	2.05	1.45	3.50	(13%)
Core operating income	87.66	19.41	38.18	26.65	28.60	55.25	47%
Operating expenses	35.47	8.16	15.87	10.80	11.57	22.37	42%
DMA ¹ expenses	11.77	2.57	5.11	3.91	3.27	7.18	27%
Lease depreciation	2.77	0.64	1.28	0.51	0.51	1.02	(20%)
Core operating profit	37.63	8.04	15.92	11.44	13.25	24.68	65%

1. Represents commissions paid to direct marketing agents (DMAs) for origination of retail loans. These commissions are expensed upfront.



Profit & loss statement

(Rs. in billion)

	FY- 2006	Q2- 2006	H1- 2006	Q1- 2007	Q2- 2007	H1- 2007	Q2-o-Q2 growth
Core operating profit	37.63	8.04	15.92	11.44	13.25	24.68	65%
Treasury income	9.28	2.40	4.23	0.88	2.87	3.75	20%
Operating profit	46.91	10.44	20.15	12.31	16.12	28.43	54%
Provisions & w-off ¹	15.94	3.04	6.02	4.83	7.09	11.92	133%
Profit before tax	30.97	7.40	14.13	7.49	9.03	16.51	22%
Tax	5.57	1.60	3.03	1.29	1.48	2.76	(8%)
Profit after tax	25.40	5.80	11.10	6.20	7.55	13.75	30%

1. Includes premium amortisation on government securities of Rs. 2.43 bn in Q2-2007, Rs. 2.67 bn in Q1-2007, Rs. 8.02 bn in FY2006 and Rs. 1.84 bn in Q2-2006.



Balance sheet: Assets

(Rs. in billion)

	Sep 30, 2005	Mar 31, 2006	Jun 30, 2006	Sep 30, 2006	Y-o-Y growth
Cash balances with banks & SLR	545.55	681.14	810.76	845.40	55%
- Cash & bank balances	129.88	170.40	205.63	238.25	83%
- SLR investments	415.67	510.74	605.13	607.15	46%
Advances	1,070.71	1,461.63	1,471.84 ¹	1,554.03 ¹	45%
Other investments	137.51	204.73	208.26	222.78	62%
Fixed & other assets	138.42	166.39	171.79	201.52	46%
Total assets	1,892.19	2,513.89	2,662.65	2,823.73	49%

1. Net of sell-down / inter-bank placement of about Rs. 35.00 bn in Q2-2007 and Rs. 40.00 bn in Q1-2007.



Balance sheet: Liabilities

(Rs. in billion)

	Sep 30, 2005	Mar 31, 2006	Jun 30, 2006	Sep 30, 2006	Y-o-Y growth
Net worth	137.16	222.06	227.71	235.50	72%
- Equity capital	7.41	8.90	8.92	8.93	21%
- Reserves	129.75	213.16	218.79	226.57	75%
Preference capital	3.50	3.50	3.50	3.50	-
Deposits	1,204.52	1,650.83	1,830.06	1,894.99	57%
Borrowings	267.60	354.77	341.29	402.01	50%
eICICI borrowings	154.11	131.90	127.14	114.00	(26%)
Other liabilities	125.30	150.83	132.96	173.72	39%
Total liabilities	1,892.19	2,513.89	2,662.65	2,823.73	49%



Capital adequacy

	Mar 31, 2006		Jun 30, 2006		Sep 30, 2006	
	Rs. bn	%	Rs. bn	%	Rs. bn	%
Total Capital	278.43	13.35	280.20	12.46	335.03	14.34
- Tier I	191.82	9.20	193.45	8.60	219.20	9.38
- Tier II	86.61	4.15	86.75	3.86	115.82	4.96
Risk weighted assets	2,085.94		2,248.07		2,337.00	

Unaudited capital adequacy estimated based on RBI's draft guidelines on Basel II works out to about 14.9% (including Tier 1 capital adequacy of about 10.5%)



Key ratios

(Percent)

	FY 2006	Q2- 2006	H1- 2006	Q1- 2007	Q2- 2007	H1- 2007
Return on weighted average net worth	16.4	17.4	17.1	11.1 ¹	13.0 ¹	12.2
Weighted avg EPS (Rs.)	32.5	31.1	30.0	28.0	33.8	30.8
Book value (Rs.)	248.6	183.7	183.7	256.7	263.4	263.4
NIM	2.7	2.7	2.7	2.5	2.5	2.5
NIM, excluding sell-down gains	2.4	2.2	2.3	2.5	2.5	2.5
Cost ² to income	37.7	38.5	38.6	40.0	37.4	38.6
Cost ² to average assets	1.80	1.77	1.79	1.63	1.68	1.66
Fee to income	34.6	33.3	33.1	36.5	36.8	36.6

1. Considering impact of equity issue in December 2005.
2. Excludes DMA expenses.



Asset quality and provisioning

(Rs. in billion)

	Sep 30, 2005	Mar 31, 2006	Jun 30, 2006	Sep 30, 2006
Gross NPAs	40.40	29.63	32.67	37.01
Less: Cumulative w/offers & provisions	29.60	18.88	19.72	21.56
Net NPAs	10.80	10.75	12.95	15.45
Net NPA ratio	1.0%	0.7%	0.8%	0.9%

- Net retail NPAs: Rs. 10.52 bn
- Net restructured loans: Rs. 49.42 bn (Jun 30, 2006: Rs. 54.69 bn, Mar 31, 2006: Rs. 53.16 bn)



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Thank you

