

News Release**July 22, 2006****Performance Review – Quarter ended June 30, 2006: 17% year-on-year growth in profit after tax**

The Board of Directors of ICICI Bank Limited (NYSE: IBN) at its meeting held at Vadodara today, approved the audited accounts of the Bank for the quarter ended June 30, 2006 (Q1-2007).

Highlights

- Operating profit excluding treasury income increased 45% in Q1-2007 to Rs. 1,144 crore (US\$ 248 million) from Rs. 788 crore (US\$ 171 million) in Q1-2006.
- Operating profit increased 27% to Rs. 1,231 crore (US\$ 267 million) in Q1-2007 from Rs. 971 crore (US\$ 211 million) in Q1-2006.
- Profit after tax for Q1-2007 increased 17% to Rs. 620 crore (US\$ 135 million) from Rs. 530 crore (US\$ 115 million) for the quarter ended June 30, 2005 (Q1-2006).
- Net interest income increased 52% to Rs. 1,475 crore (US\$ 320 million) for Q1-2007 from Rs. 969 crore (US\$ 210 million) for Q1-2006.
- Fee income increased 50% to Rs. 985 crore (US\$ 214 million) for Q1-2007 from Rs. 658 crore (US\$ 143 million) for Q1-2006.
- Retail assets increased 59% to Rs. 98,687 crore (US\$ 21.4 billion) at June 30, 2006 from Rs. 62,063 crore (US\$ 13.5 billion) at June 30, 2005.
- Deposits increased 61% to Rs. 183,006 crore (US\$ 39.7 billion) at June 30, 2006 from Rs. 113,778 crore (US\$ 24.7 billion) at June 30, 2005.

Operating review***Credit growth***

The Bank's net customer assets increased 50% to Rs. 154,796 crore (US\$ 33.6 billion) at June 30, 2006 compared to Rs. 103,487 crore (US\$ 22.5 billion) at June 30, 2005. The Bank maintained its growth momentum and market leadership in the retail segment. In Q1-2007, the Bank's total retail disbursements were about Rs. 15,900 crore (US\$ 3.5 billion) including home loan disbursements of about Rs. 6,300 crore (US\$ 1.4 billion). Retail assets constituted 67% of advances and 64% 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's rural banking strategy seeks to adopt a holistic approach to the financial services needs of various segments of the rural population, by delivering a comprehensive product suite encompassing credit, transaction banking, deposit, investment and insurance, through a range of channels. The Bank's rural delivery channels include branches, internet kiosks, franchisees and micro-finance institution (MFI) partners. The Bank has launched savings products through the banking correspondent model in two states.

International operations

ICICI Bank continued to build on its existing presence in various geographies. In addition to providing credit and trade finance solutions to Indian companies, the Bank is expanding its international retail franchise through technology-based banking services. The Bank now operates in 13 countries through branches, representative offices and wholly-owned subsidiaries. During the quarter, the Bank's UK subsidiary opened a branch at Antwerp in Belgium. The loan portfolio of the Bank's international branches (including foreign currency financing to Indian companies) increased to about Rs. 13,400 crore (US\$ 2.9 billion) at June 30, 2006 from Rs. 7,000 crore (US\$ 1.5 bn) at June 30, 2005. The Bank continued to grow its remittance volumes and achieved a market share of about 21% in inward remittances into India.

Capital adequacy

The Bank's capital adequacy at June 30, 2006 was 12.5% (including Tier 1 capital adequacy of 8.6%), 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), would be about 12.8% (including Tier 1 capital adequacy of about 9.6%) at June 30, 2006.

Asset quality

The Bank's net restructured assets at June 30, 2006 were Rs. 5,469 crore (US\$ 1.2 billion), down from Rs. 6,209 crore (US\$ 1.3 billion) at June 30, 2005. At June 30, 2006, the Bank's net non-performing assets constituted 0.8% of customer assets against 2.0% at June 30, 2005.

Key domestic subsidiaries

ICICI Securities achieved a profit after tax of Rs. 24 crore (US\$ 5 million) in Q1-2007. ICICI Lombard General Insurance Company (ICICI Lombard) enhanced its leadership position with a market share of 36% among private sector general insurance companies and an overall market share of 12.5% in April-May 2006. ICICI Lombard achieved a profit after tax of Rs. 15 crore (US\$ 3 million) in Q1-2007.

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. 52 crore (US\$ 11 million) on the Bank's consolidated profit after tax in Q1-2007 on account of the above reasons, the company's unaudited New Business Achieved Profit (NBAP) for Q1-2007 was Rs. 186 crore (US\$ 40 million) as compared to Rs. 69 crore (US\$ 15 million) in Q1-2006. 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 became the largest asset management company in India with assets under management of over Rs. 30,000 crore (US\$ 6.5 billion) at June 30, 2006.

Summary Profit and Loss Statement
Rs. crore

	Q1-2006	Q1-2007	Growth over Q1-2006	FY2006
Net interest income ¹	969	1,475	52%	4,710
Non-interest income (excluding treasury)	907	1,190	31%	4,056
- <i>Fee income</i>	<i>658</i>	<i>985</i>	<i>50%</i>	<i>3,259</i>
- <i>Lease & other income</i>	<i>249</i>	<i>205</i>	<i>(18%)</i>	<i>797</i>
Less:				
Operating expense	771	1,080	40%	3,547
Expenses on direct market agents (DMAs)	254 ²	391 ²	54%	1,178 ²
Lease depreciation	64	51	(20%)	277
Core operating profit	788	1,144	45%	3,763
Treasury income	183	88	(52%)	928
Operating profit	971	1,231	27%	4,691
Less: Provisions	298 ³	483 ^{3,4}	62%	1,594 ³
Profit before tax	673	749	11%	3,097
Less: Tax	143	129	(10%)	557
Profit after tax	530	620	17%	2,540

- DMA expense on automobile loans, which was earlier deducted from net interest income, is now separately shown as an expense.*
- Includes DMA expense on automobile loans: Rs. 118 crore in Q1-2006, Rs. 164 crore in Q1-2007 and Rs. 523 crore in FY2006.*
- Includes premium amortisation on government securities: Rs. 155 crore in Q1-2006, Rs. 267 crore in Q1-2007 and Rs. 802 crore in FY2006.*
- Taking into account additional general provisions for standard assets of Rs. 47 crore pursuant to increase mandated by RBI in April 2006.*

Summary Balance Sheet
Rs. crore

	June 30, 2005	June 30, 2006	Growth over June 30, 2005	March 31, 2006
Assets				
Cash balances with banks & SLR	57,563	81,076	41%	68,114
- Cash & bank balances	13,037	20,563	58%	17,040
- SLR investments	44,526	60,513	36%	51,074
Advances	97,909	147,184	50%	146,163
Investments	13,183	20,826	58%	20,473
Fixed & other assets	12,572	17,179	37%	16,639
Total	181,227	266,265	47%	251,389
Liabilities				
Networth	13,108	22,771	74%	22,206
- Equity capital	739	892	21%	890
- Reserves	12,369	21,879	77%	21,316
Preference capital	350	350	-	350
Deposits	113,778	183,006	61%	165,083
Erstwhile ICICI borrowings	17,749	12,714	(28%)	13,190
Other borrowings	24,585	34,129	39%	35,477
Other liabilities	11,657	13,296	14%	15,083
Total	181,227	266,265	47%	251,389

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. 46.04.*