



Performance Review: Q2-2008

October 19, 2007

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Highlights

Profitability

- 33% increase in profit after tax to Rs. 10.03 billion in Q2-2008 from Rs. 7.55 billion in Q2-2007
- 52% increase in core operating profit to Rs. 17.12 billion in Q2-2008 from Rs. 11.29 billion in Q2-2007
- 34% increase in net interest income to Rs. 17.86 billion in Q2-2008 from Rs. 13.34 billion in Q2-2007
- 25% increase in fee income to Rs. 14.86 billion in Q2-2008 from Rs. 11.85 billion in Q2-2007



Highlights

Balance sheet

- 33% growth in total advances to Rs. 2,071.21 bn at September 30, 2007 from Rs. 1,554.03 bn at September 30, 2006
 - Retail loan growth at 22% y-o-y
 - Continued growth in loan portfolio of international branches with 146% y-o-y growth
- Deposit growth of 20% from Rs. 1,894.99 bn to Rs. 2,283.07 bn
 - CASA deposit growth of 38%



Profit & loss statement

(Rs. in billion)

	Q2-2007	Q2-2008	Q2-o-Q2 Growth	H1-2007	H1-2008	FY- 2007
NII ¹	13.34	17.86	33.9%	25.43	32.65	56.37
Non-interest income	13.30	18.97	42.7%	25.90	36.53	59.15
- Fee income	11.85	14.86	25.4%	22.40	29.14	50.12
- Others	1.45	4.11	184.6%	3.50	7.39	9.03
Core operating income	26.64	36.83	38.3%	51.33	69.18	115.52
Operating expenses	11.57	15.41	33.2%	22.37	30.20	49.79
DMA ² expenses	3.27	3.85	17.9%	7.18	7.68	15.24
Lease depreciation	0.51	0.45	-11.8%	1.02	0.88	1.88
Core operating profit	11.29	17.12	51.6%	20.76	30.42	48.61

1. Net of premium amortisation on government securities of Rs. 2.43 bn in Q2-2007, Rs. 2.10 bn in Q2-2008, Rs. 5.09 bn in H1-2007, Rs. 4.46 bn in H1-2008 and Rs. 9.99 bn in FY2007
2. Represents commissions paid to direct marketing agents (DMAs) for origination of retail loans. These commissions are expensed upfront.



Profit & loss statement

(Rs. in billion)

	Q2-2007	Q2-2008	Q2-o-Q2 growth	H1-2007	H1-2008	FY-2007
Core operating profit	11.29	17.12	51.6%	20.76	30.42	48.61
Treasury income	2.40	1.75	-27.2%	2.58	3.69	10.13
Operating profit	13.69	18.87	37.9%	23.34	34.11	58.74
Loan provisions	3.80	5.66	49.3%	5.49	10.96	14.95
General provisions	0.87	0.78	-10.3%	1.34	1.01	7.31
Profit before tax	9.02	12.43	37.7%	16.51	22.15	36.48
Tax	1.47	2.40	62.9%	2.76	4.37	5.38
Profit after tax	7.55	10.03	32.8%	13.75	17.78	31.10



Balance sheet: Assets

(Rs. in billion)

	Sep 30, 2006	Mar 31, 2007	Jun 30, 2007	Sep 30, 2007	Y-o-Y growth
Cash balances with banks & SLR	845.39	1,044.89	1,060.69	1,083.97	28.2%
- Cash & bank balances	238.25	371.21	296.48	340.25	42.8%
- SLR investments	607.14	673.68	764.20	743.72	22.5%
Advances	1,554.03	1,958.66	1,982.77	2,071.21	33.3%
Other investments	222.78	238.90	330.81	279.16	25.3%
Fixed & other assets	201.53	204.13	195.05	215.10	6.7%
Total assets	2,823.73	3,446.58	3,569.32	3,649.44	29.2%



Balance sheet: Liabilities

(Rs. in billion)

	Sep 30, 2006	Mar 31, 2007	Jun 30, 2007	Sep 30, 2007	Y-o-Y growth
Net worth	235.50	243.13	246.86	447.52	90.0%
- Equity capital	8.93	8.99	9.03	11.11	24.4%
- Reserves	226.57	234.14	237.83	436.41	92.6%
Preference	3.50	3.50	3.50	3.50	0.0%
Deposits	1,894.99	2,305.10	2,307.88	2,283.07	20.5%
Borrowings - domestic	356.98	385.17	362.56	369.39	3.5%
Borrowings – overseas branches	159.03	321.44	340.25	366.46	130.4%
Other liabilities	173.73	188.24	308.26	179.50	3.3%
Total liabilities	2,823.73	3,446.58	3,569.32	3,649.44	29.2%



Capital adequacy

	Mar 31, 2007		Jun 30, 2007		Sep 30, 2007	
	Rs. bn	%	Rs. bn	%	Rs. bn	%
Total Capital	338.95	11.69%	326.46	11.03% ¹	512.78	16.76% ¹
- Tier I	215.03	7.42%	209.48	7.08%	398.37	13.02%
- Tier II	123.92	4.27%	116.98	3.95%	114.41	3.74%
Risk weighted assets	2,899.93		2,959.41		3,060.11	

1. Excludes US\$ 750 million Upper Tier II issue made in Jan-2007 pending clarifications required by RBI on the clauses for principal and interest payment.



Key ratios

(Percent)

	Q2- 2007	Q1- 2008	Q2- 2008	FY 2007
Return on average net worth	13.0	13.0	11.5 ¹	13.4
Weighted avg EPS (Rs.)	33.8	34.6	36.3	34.8
Book value (Rs.)	263	273	400	270
NIM	2.13	1.95	2.23	2.19
Cost ² / income	40.6	43.7	40.4	40.2
Cost ² /average assets	1.7	1.7	1.7	1.8
Fee to income	41.6	42.2	39.0	40.5

1. RoE including profit of banking subsidiaries and excluding investment in insurance – 13.2%
2. Excludes DMA expenses



Asset quality and provisioning

(Rs. in billion)

	Mar 31, 2007	Jun 30, 2007	Sep 30, 2007
Gross NPAs	48.50	60.43	66.89
Less: Cumulative w/offers & provisions	28.31	33.01	36.53
Net NPAs	20.19	27.42	30.36
Net NPA ratio	0.98%	1.33%	1.41%

- Gross retail NPLs at Rs. 42.44 bn and net retail NPLs at Rs. 19.99 bn
- Net restructured loans of Rs. 46.98 bn



Life insurance

Market leadership

- Market leadership in the private sector with retail market share of 26.2%¹
- Market share including LIC: 9.6%¹

Highlights

- APE growth of 44.7% in H1-2008
 - On a high base of 124% growth in H1-2007
- Assets held Rs. 224.83 bn, of which 66.5% is equity
- Increased branch network from 583 at March 31, 2007 to 735 at September 30, 2007

Financial performance

- New Business Profit of Rs. 4.32 bn in H1-2008 compared to Rs. 3.47 bn in H1-2007
 - Reflecting NBP margin of about 19.7%

1. April 2007 - August 2007 on 'weighted received premium basis'



General insurance

Market leadership

- Market leadership in private sector with market share of 31.6%¹
 - Overall market share at 12.4%¹

Highlights

- 18% increase in GWP in Q2-2008: Up from 9% in Q1-2008
- Non-corporate business at 58% of gross premium in Q2-2008

Financial performance

- PAT of Rs. 0.81 bn in H1-2008 compared to Rs. 0.33 bn in H1-2007

1. April 2007 – August 2007



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Thank you

