



ICICI Bank Limited  
ICICI Bank Towers  
Bandra Kurla Complex  
Mumbai 400 051

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News Release

October 13, 2005

Performance Review – Quarter ended September 30, 2005: 31% 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 Indian GAAP accounts of the Bank for the quarter ended September 30, 2005 (Q2-2006).

### Highlights

- Profit after tax for Q2-2006 increased 31% to Rs. 580 crore (US\$ 132 million) from Rs. 442 crore (US\$ 100 million) for the quarter ended September 30, 2004 (Q2-2005).
- Net interest income increased 39% to Rs. 953 crore (US\$ 216 million) for Q2-2006 from Rs. 685 crore (US\$ 156 million) for Q2-2005.
- Fee income increased 31% to Rs. 704 crore (US\$ 160 million) for Q2-2006 from Rs. 537 crore (US\$ 122 million) for Q2-2005.
- Retail assets increased 73% to Rs. 68,537 crore (US\$ 15.6 billion) at September 30, 2005 from Rs. 39,609 crore (US\$ 9.0 billion) at September 30, 2004. The Bank has the largest retail asset portfolio among Indian banks and finance companies.
- Deposits increased 68% to Rs. 120,452 crore (US\$ 27.4 billion) at September 30, 2005 from Rs. 71,598 crore (US\$ 16.3 billion) at September 30, 2004.
- At September 30, 2005, the Bank's net non-performing assets constituted 0.97% of customer assets against 2.60% at September 30, 2004.
- Profit after tax increased 27% to Rs. 1,110 crore (US\$ 252 million) for the six months ended September 30, 2005 (H1-2006) from Rs. 873 crore (US\$ 198 million) for the six months ended September 30, 2004 (H1-2005).

## Operating review

### *Credit growth*

The Bank's net customer assets increased 45% to Rs. 111,514 crore (US\$ 25.3 billion) at September 30, 2005 compared to Rs. 76,659 crore (US\$ 17.4 billion) at September 30, 2004. The Bank maintained its growth momentum and market leadership in the retail segment. In H1-2006, the Bank's total retail disbursements were about Rs. 25,900 crore (US\$ 5.9 billion) including home loan disbursements of about Rs. 10,600 crore (US\$ 2.4 billion). Retail assets constituted 64% of advances and 61% of customer assets. The Bank is focusing on loan origination in the retail and agriculture segments and 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. The Bank's corporate, small and medium enterprise, rural and agri-business portfolio and the loan portfolio of its international branches (including foreign currency financing to Indian companies) increased 33% to about Rs. 38,500 crore (US\$ 8.7 bn) at September 30, 2005 from about Rs. 28,900 crore (US\$ 6.6 bn) at September 30, 2004.

### *International operations*

ICICI Bank continued to build on its existing presence in various geographies as well as enter new markets. 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's wholly-owned banking subsidiaries have four branches in the United Kingdom, five branches in Canada and two branches in Russia. The Bank has branches in Singapore and Bahrain and representative offices in Shanghai, Johannesburg, Dhaka, Dubai and New York. The Bank has received regulatory approval for setting up branches in Hong Kong and Sri Lanka and at the Dubai International Financial Center. The Bank continued to increase its market share in remittances and establish an international private banking franchise, focusing on the non-resident Indian community.

### *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.

### *Network*

The Bank had 583 branches and extension counters at September 30, 2005 as compared to 470 branches and extension counters at September 30, 2004.

### *Capital adequacy*

The Bank's capital adequacy at September 30, 2005 was 11.5% (including Tier-1 capital adequacy of 7.2%), compared to RBI's requirement of total capital adequacy of 9.0%.

### *Asset quality*

The Bank's net restructured assets at September 30, 2005 were Rs. 5,713 crore (US\$ 1.3 billion), down from Rs. 6,817 crore (US\$ 1.5 billion) at September 30, 2004. At September 30, 2005, the Bank's net non-performing assets constituted 0.97% of customer assets against 2.60% at September 30, 2004.

### *Group companies*

ICICI Securities achieved a profit after tax of Rs. 53 crore (US\$ 12 million) in Q2-2006 compared to a full year profit of Rs. 64 crore (US\$ 15 million) for the year ended March 31, 2005 (FY2005). ICICI Lombard General Insurance Company (ICICI Lombard) enhanced its leadership position among private sector general insurance companies with a market share of 30% in H1-2006. ICICI Lombard achieved a profit after tax of Rs. 12 crore (US\$ 3 million) in Q2-2006, after taking into account an impact of approximately Rs. 11 crore (US\$ 2 million) on account of the heavy rains in Mumbai in July 2005.

ICICI Prudential Life Insurance Company (ICICI Prudential Life) continued to maintain its market leadership among private sector life insurance companies. Life insurance companies worldwide require five to seven years to achieve breakeven, 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. 49 crore (US\$ 11 million) on the Bank's consolidated profit after tax in Q2-2006 on account of the above reasons, the company's unaudited New Business Achieved Profit (NBAP) for Q2-2006 was Rs. 100 crore (US\$ 23 million). 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. Internationally, life insurance companies in the growth phase are valued as a multiple of their NBAP.

ICICI Venture Funds Management Company's India Advantage Fund-I has closed 15 transactions over the last two years and has committed 80% of its corpus. ICICI Venture achieved a profit after tax of Rs. 18 crore (US\$ 4 million) in Q2-2006. Prudential ICICI Asset Management Company was the largest private sector mutual fund in India at September 30, 2005 with assets under management of over Rs. 21,500 crore (US\$ 4.9 billion).

#### Summary Profit and Loss Statement – Indian GAAP

	Rs. crore					
	Q2-2005	Q2-2006	Growth over Q2-2005	H1-2005	H1-2006	FY2005
Net interest income	685	953	39%	1,316	1,805	2,839
Non-interest income (excluding treasury)	713	871	22%	1,278	1,779	2,705
- Fee income	537	704	31%	955	1,362	2,098
- Lease & other income	176	167	(5%)	323	416	607
Treasury income	123	240	95%	216	423	711
Less:						
Operating expense	587	815	39%	1,151	1,586	2,517
Other DMA <sup>1</sup> expense	112	141	26%	196	277	485
Lease depreciation	69	64	(7%)	153	128	297
Provisions	195	304 <sup>2</sup>	56%	241	602 <sup>3</sup>	429
Profit before tax	558	740	33%	1,068	1,413	2,527
Less: Tax	115	160	39%	195	303	522
Profit after tax	442	580	31%	873	1,110	2,005

1. Direct marketing agencies / associates.
2. Includes Rs. 184 crore on account of amortization of premium on government securities.
3. Includes Rs. 339 crore on account of amortization of premium on government securities.
4. All figures have been rounded off to the nearest 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 adequacy of our allowance for credit



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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. 44.02.