

**News Release**

**January 19, 2008**

**Performance Review – Quarter ended December 31, 2007: 35% 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 unconsolidated Indian GAAP accounts of the Bank for the quarter ended December 31, 2007 (Q3-2008).

**Highlights**

- Profit after tax for Q3-2008 increased 35% to Rs. 1,230 crore (US\$ 312 million) from Rs. 910 crore (US\$ 231 million) for the quarter ended December 31, 2006 (Q3-2007).
- Operating profit excluding treasury income increased 37% in Q3-2008 to Rs. 1,977 crore (US\$ 502 million) from Rs. 1,442 crore (US\$ 366 million) for the quarter ended December 31, 2006 (Q3-2007).
- Net interest income increased 32% to Rs. 1,960 crore (US\$ 497 million) for Q3-2008 from Rs. 1,485 crore (US\$ 377 million) for Q3-2007.
- Fee income increased 33% to Rs. 1,785 crore (US\$ 453 million) for Q3-2008 from Rs. 1,345 (US\$ 341 million) for Q3-2007.
- Current and savings account deposits increased 33% to Rs. 62,494 crore (US\$ 15.9 billion) at December 31, 2007 from Rs. 47,062 crore (US\$ 11.9 billion) at December 31, 2006 resulting in an increase in CASA ratio to 27% at December 31, 2007.
- Total advances increased 25% to Rs. 215,517 crore (US\$ 54.7 billion) at December 31, 2007 from Rs. 172,763 crore (US\$ 43.8 billion) at December 31, 2006.
- Profit after tax for the nine months ended December 31, 2007 (9M-2008) increased 32% to Rs. 3,008 crore (US\$ 763 million) from Rs. 2,285 crore (US\$ 580 million) for the nine months ended December 31, 2006 (9M-2007).

## **Operating review**

### ***Deposit growth***

Current and savings account deposits increased 33% to Rs. 62,494 crore (US\$ 15.9 billion) at December 31, 2007 from Rs. 47,062 crore (US\$ 11.9 billion) at December 31, 2006. During this period, the Bank's total deposits increased 17% to Rs. 229,779 crore (US\$ 58.3 billion) at December 31, 2007 from Rs. 196,893 crore (US\$ 49.9 billion) at December 31, 2006. The Bank had 955 branches and extension counters and about 3,687 ATMs at December 31, 2007.

### ***Credit growth***

The Bank's total advances increased 25% to Rs. 215,517 crore (US\$ 54.7 billion) at December 31, 2007 from Rs. 172,763 crore (US\$ 43.8 billion) at December 31, 2006. The proportion of advances of the Bank's international branches in total advances increased from 12% at December 31, 2006 to 21% at December 31, 2007, reflecting effective synergies between the Bank's strong corporate franchise and its international presence. The Bank's retail advances were Rs. 132,311 crore (US\$ 33.6 billion) at December 31, 2007 and constituted 61% of total advances.

### ***International operations***

The Bank is present in 18 countries through wholly-owned subsidiaries, branches and representative offices. At December 31, 2007 the Bank's international operations accounted for about 23% of its consolidated banking assets.

ICICI Bank UK plc opened two additional branches in UK in Coventry and London taking the number of retail locations to nine. ICICI Bank Canada opened its seventh branch in Canada in the Greater Toronto Area.

### ***Capital adequacy***

The Bank's capital adequacy at December 31, 2007 was 15.8%<sup>1</sup> (including Tier-1 capital adequacy of 12.1%), well above RBI's requirement of total capital adequacy of 9.0%.

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<sup>1</sup> Excludes US\$ 750 million Upper Tier II issue made in January 2007 pending clarifications required by Reserve Bank of India on the clauses for principal and interest payment.

***Asset quality***

At December 31, 2007, the Bank's net non-performing assets constituted 1.47% of net customer assets.

**International funding plan**

At December 31, 2007, ICICI Bank's consolidated balance sheet size was USD 115 billion. From January to December 2007, ICICI Bank and ICICI Bank UK plc raised USD 6.7 billion in the international bond markets in dollar, euro and sterling currencies. This is used primarily for financing the expansion of Indian businesses, including their organic and inorganic growth internationally and their large investment plans in India. Going forward, the Bank seeks to continue to capitalize on these growth opportunities. Based upon an evaluation of funding opportunities and returns thereof, the Bank currently expects to raise approximately the same amount through bond issuances during calendar year 2008 subject to market conditions. The Bank currently expects to continue to diversify and evaluate alternative markets to complement its dollar, euro and sterling bond issuances. The balance international funding is likely to come from retail and corporate deposits, bank loan markets, multilateral sources and trade financing.

**Performance highlights of key subsidiaries**

ICICI Bank's unaudited consolidated profit after tax was Rs. 2,762 crore (US\$ 701 million) for 9M-2008 compared to Rs. 2,203 crore (US\$ 559 million) for the 9M-2007.

ICICI Prudential Life Insurance Company (ICICI Life) continued to maintain its market leadership among private sector life insurance companies with a private market share of 25.8% and an overall market share of 11.8% on the basis of new business weighted received premium. During April-November ICICI Life's new business weighted received premium increased by 67% as compared to industry growth of 14%. The growing operations of ICICI Life had a negative impact of Rs. 674 crore (US\$ 171 million) on the unaudited consolidated profit after tax of ICICI Bank in 9M-2008. However, ICICI Life's unaudited New Business Profit (NBP) in 9M-

2008 was Rs. 748 crore (US\$ 190 million)<sup>2</sup>. The assets held by ICICI Life increased from about Rs. 15,818 crore (US\$ 4.0 billion) at March 31, 2007 to Rs. 28,409 crore (US\$ 7.2 billion) at December 31, 2007.

ICICI Lombard General Insurance Company (ICICI General) maintained its leadership position with a market share of 31.9% among private sector general insurance companies and an overall market share of 12.7% during April-November 2007. ICICI General's premiums increased 17% to Rs. 2,722 crore (US\$ 691 million) in 9M-2008 despite the impact of de-tariffication. ICICI General's profit after tax increased by 134% to Rs. 115 crore (US\$ 29 million) in 9M-2008 from Rs. 49 crore (US\$ 12 million) in 9M-2007.

ICICI Securities' revenues for Q3-2008 and 9M-2008 were Rs. 257 crore (US\$ 65 million) and Rs. 527 crore (US\$ 134 million) respectively. The company's profit after tax for Q3-2008 and 9M-2008 was Rs. 71 crore (US\$ 18 million) and Rs. 108 crore (US\$ 27 million) respectively.

ICICI Prudential Asset Management Company's (ICICI AMC) assets under management (including portfolio management services and advisory assets) increased by 59% to Rs. 69,230 crore (US\$ 17.6 billion) at December 31, 2007 from Rs. 43,440 crore (US\$ 11.0 billion) at March 31, 2007. ICICI AMC's profit after tax increased by 127% to Rs. 75 crore (US\$ 19 million) in 9M-2008 from Rs. 33 crore (US\$ 8 million) in 9M-2007.

ICICI Venture Fund Management Company (ICICI Venture) is the largest private equity company in India with assets under management of about Rs. 9,600 crore (US\$ 2.4 billion). ICICI Venture's profit after tax for 9M-2008 was Rs. 52 crore (US\$ 13 million).

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<sup>2</sup> Life insurance companies worldwide make accounting losses in initial years due to business set-up and customer acquisition costs in the initial years and reserving for actuarial liability. Further, in India, amortization of acquisition costs is not permitted. These factors have resulted in statutory losses for ICICI Life since the company's inception, as its business has grown rapidly year on year. If properly priced, life insurance policies are profitable over the life of the policy, but at the time of sale, there is a loss on account of non-amortized expenses and commissions, generally termed as new business strain that emerges out of new business written during the year. New Business Profit (NBP) is an alternate measure of the underlying business profitability (as opposed to the statutory profit or loss) and relevant in the case of fast expanding companies like ICICI Life. NBP is the present value of the profits of the new business written during the year. It is based on standard economic and non-economic assumptions including risk discount rates, investment returns, mortality, expenses and persistency assumptions. Disclosure on economic assumptions are available in the annual report for the year ended March 31, 2007.

**Summary Profit and Loss Statement (as per unconsolidated Indian GAAP accounts)**
*Rs. crore*

	<b>Q3-2007</b>	<b>Q3-2008</b>	<b>Growth over Q3-2007</b>	<b>9M-2007</b>	<b>9M-2008</b>	<b>FY2007</b>
Net interest income <sup>1</sup>	1,485	1,960	32%	4,028	5,225	5,637
Non-interest income (excluding treasury)	1,671	2,145	28%	4,260	5,798	5,915
- Fee income	1,345	1,785	33%	3,585	4,699	5,012
- Lease & other income	326	360	10%	675	1,099	903
Less:						
Operating expense	1,288	1,665	29%	3,525	4,684	4,979
Expenses on direct market agents (DMAs) <sup>2</sup>	383	416	9%	1,101	1,184	1,524
Lease depreciation	42	47	12%	144	136	188
<b>Core operating profit</b>	<b>1,442</b>	<b>1,977</b>	<b>37%</b>	<b>3,518</b>	<b>5,019</b>	<b>4,861</b>
Treasury income	310	282	-9%	568	651	1,013
<b>Operating profit</b>	<b>1,752</b>	<b>2,259</b>	<b>29%</b>	<b>4,086</b>	<b>5,670</b>	<b>5,874</b>
Less: Provisions	667	760	14%	1,350	1,957	2,226
<b>Profit before tax</b>	<b>1,085</b>	<b>1,498</b>	<b>38%</b>	<b>2,736</b>	<b>3,713</b>	<b>3,648</b>
Less: Tax	175	268	53%	451	705	538
<b>Profit after tax</b>	<b>910</b>	<b>1,230</b>	<b>35%</b>	<b>2,285</b>	<b>3,008</b>	<b>3,110</b>

1. Net of premium amortisation on government securities of Rs. 2.24 bn in Q3-2007, Rs. 2.12 bn in Q3-2008, Rs. 7.33 bn in 9M-2007, Rs. 6.58 bn in 9M-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.
3. Prior period figures have been regrouped/re-arranged where necessary.

**Summary Balance Sheet**
*Rs. crore*

	<b>Dec 31, 2006</b>	<b>Dec 31, 2007</b>	<b>Growth over Dec 31, 2006</b>	<b>March 31, 2007</b>
<b>Assets</b>				
Cash balances with banks & SLR	82,428	107,362	30%	104,489
- Cash & bank balances	24,819	31,002	25%	37,121
- SLR investments	57,609	76,360	33%	67,368
Advances	172,763	215,517	25%	195,866
Other investments	21,924	28,952	32%	23,890
Fixed & other assets	18,717	24,869	33%	20,413
<b>Total</b>	<b>295,832</b>	<b>376,700</b>	<b>27%</b>	<b>344,658</b>
<b>Liabilities</b>				
Networth	24,445	46,514	90%	24,313
- Equity capital	894	1,112	24%	899
- Reserves	23,551	45,401	93%	23,414
Preference capital	350	350	0%	350
Deposits	196,893	229,779	17%	230,510
Erstwhile ICICI & other borrowings	58,819	81,627	39%	70,661
Other liabilities	15,325	18,430	20%	18,824
<b>Total</b>	<b>295,832</b>	<b>376,700</b>	<b>27%</b>	<b>344,658</b>

*Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', '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, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the actual growth in demand for banking and other financial products and services in the countries that we operate or where a material number of our customers reside, our ability to successfully implement our strategy, including our use of the Internet and other technology and our rural expansion, our ability to integrate recent or future mergers or acquisitions into our operations, our ability to manage the increased complexity of the risks we face following our rapid international growth, future levels of impaired loans, our growth and expansion in domestic and overseas markets, the adequacy of our allowance for credit and investment losses, technological changes, investment income, our ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to implement our dividend policy, the impact of changes in banking regulations and other regulatory changes in India and other jurisdictions on us, including on the assets and liabilities of ICICI, a former financial institution not subject to Indian banking regulations, the bond and loan market*

*conditions and availability of liquidity amongst the investor community in these markets, the nature of credit spreads, interest spreads from time to time, including the possibility of increasing credit spreads or interest rates, our ability to roll over our short-term funding sources and our exposure to credit, market and liquidity risks as well as other risks that are 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.*

*For further press queries please call Charudatta Deshpande at 91-22-2653 8208 or e-mail: [charudatta.deshpande@icicibank.com](mailto:charudatta.deshpande@icicibank.com).*

*For investor queries please call Rakesh Jha at 91-22-2653 6157 or Rupesh Kumar at 91-22-2653 7126 or email at [ir@icicibank.com](mailto:ir@icicibank.com).*

*1 crore = 10.0 million  
US\$ amounts represent convenience translations at US\$1= Rs. 39.42*