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

News Release **October 27, 2008**

Performance Review – Quarter ended September 30, 2008

- **Profit after tax of Rs. 1,014 crore; 39% increase over first quarter**
- **42% year-on-year increase in core operating profit**
- **12% year-on-year reduction in costs due to cost rationalization measures**
- **Capital adequacy of 14.01%**
- **CASA ratio increased to 30% from 25% a year ago**

The Board of Directors of ICICI Bank Limited (NYSE: IBN) at its meeting held at Mumbai today, approved the audited accounts of the Bank for the quarter ended September 30, 2008 (Q2-2009).

Highlights

- The profit after tax for Q2-2009 was Rs. 1,014 crore (US$ 216 million) compared to the profit after tax of Rs. 1,003 crore (US$ 214 million) for the quarter ended September 30, 2007 (Q2-2008).

- The profit after tax for Q2-2009 represents an increase of 39% over the profit after tax of Rs. 728 crore (US$ 155 million) in the quarter ended June 30, 2008 (Q1-2009).

- Core operating profit (operating profit excluding treasury) increased 42% to Rs. 2,437 crore (US$ 519 million) for Q2-2009 from Rs. 1,712 crore (US$ 365 million) for Q2-2008.

- Net interest income increased 20% to Rs. 2,148 crore (US$ 457 million) for Q2-2009 from Rs. 1,786 crore (US$ 380 million) for Q2-2008.

- Fee income increased 26% to Rs. 1,876 crore (US$ 399 million) for Q2-2009 from Rs. 1,486 crore (US$ 316 million) for Q2-2008.

- Operating expenses[1] decreased 12% to Rs. 1,688 crore (US$ 359 million) for Q2-2009 from Rs. 1,926 crore (US$ 410 million) for Q2-2008 due to the Bank's focus on efficiency improvement and cost rationalization. The cost/average asset ratio for Q2-2009 was 1.7% compared to 2.1% for Q2-2008, and the cost/income ratio for Q2-2009 was 42.5% compared to 50.5% for Q2-2008.

Operating review

Deposit growth

The Bank has adopted a conscious strategy of focusing on current and savings account deposits and reducing its wholesale term deposit base. Current and savings account deposits increased 16% to Rs. 66,914 crore (US$ 14.2 billion) at September 30, 2008 from Rs. 57,827 crore (US$ 12.3 billion) at September 30, 2007. Current and savings account (CASA) deposits constituted 30% of total deposits at September 30, 2008 compared to 25% at September 30, 2007. Total deposits declined marginally on a year-on-year basis due to the reduction in term deposits pursuant to the strategy adopted by the Bank. The Bank has significantly expanded its branch network to expand its reach and further enhance its deposit franchise. At October 22, 2008, the Bank had 1,400 branches and 4,530 ATMs.

Credit growth

Consolidated advances of the Bank and its banking subsidiaries and ICICI Home Finance Company increased 16% to Rs. 264,665 crore (US$ 56.4 billion) at September 30, 2008 from Rs. 227,583 crore (US$ 48.5 billion) at September 30, 2007.

International operations

ICICI Bank's international business continued to focus on:

- Building a retail deposit base which gives the Bank access to low cost deposits on a sustainable basis.

- Being the preferred financier and adviser for overseas expansion of Indian corporates and strengthening the global syndication network.

[1] Including direct market agency expenses.

- Being the preferred bank for non-resident Indians: The Bank's remittance volumes increased by 38.2% in Q2-2009 to about Rs. 11,946 crore (US$ 2.5 billion) compared to Q2-2008.

ICICI Bank Canada's profit after tax for the six months ended September 30, 2008 (H1-2009) was CAD 22 million. ICICI Bank Canada's capital position continued to be strong with a capital adequacy ratio of 15.4% at September 30, 2008. ICICI Bank Canada's deposit base increased by over CAD 1.0 billion during the quarter to CAD 4.85 billion at September 30, 2008, of which 86% was term deposits.

ICICI Bank UK's profit before mark to market impact and provision on investments was US$ 43 million for H1-2009. After the required provisioning charge in respect of its investment portfolio (including the mark-to-market impact of credit spread widening during the period), ICICI Bank UK reported a net loss of US$ 35 million. ICICI Bank UK's capital position continued to be strong with a capital adequacy ratio of 18.4% at September 30, 2008. ICICI Bank UK's deposit base was US$ 4.9 billion at September 30, 2008, of which 39% was term deposits. At September 30, 2008, ICICI Bank UK had zero net non-performing assets.

The Bank and its subsidiaries have entirely exited their non-India linked credit derivatives portfolio at no incremental loss over and above the provisions already held.

Capital adequacy

The Bank's capital adequacy at September 30, 2008 as per Reserve Bank of India's revised guidelines on Basel II norms was 14.01% and Tier-1 capital adequacy was 11.03%, well above RBI's requirement of total capital adequacy of 9.0% and Tier-1 capital adequacy of 6.0%.

Asset quality

At September 30, 2008, the Bank's net non-performing asset ratio was 1.8% on an unconsolidated basis. The consolidated net NPA ratio of the Bank and its subsidiaries was 1.6%. The specific provisions for non-performing assets (excluding the impact of farm loan waiver) were Rs. 868 crore (US$ 185 million) in Q2-2009 compared to Rs. 878 crore (US$ 187 million) in Q1-2009.

Performance highlights of insurance subsidiaries

ICICI Prudential Life Insurance Company (ICICI Life) increased its overall market share in retail new business weighted received premiums from 12.7% in the year ended March 31, 2008 (FY2008) to 13.7% during April-August 2008. New business weighted received premium increased by 22% in H1-2009 to Rs. 2,650 crore (US$ 564 million). While ICICI Life's results reduced the consolidated profit after tax of ICICI Bank by Rs. 466 crore (US$ 99 million) in H1-2009, ICICI Life's unaudited New Business Profit (NBP)[2] in H1-2009 was Rs. 522 crore (US$ 111 million). Assets held increased to Rs. 30,107 crore (US$ 6.4 billion) at September 30, 2008.

ICICI Lombard General Insurance Company (ICICI General) increased its overall market share from 11.9% in FY2008 to 12.5% during April-August 2008. ICICI General's premiums increased 12.2% on a year-on-year basis to Rs. 1,925 crore (US$ 410 million) in H1-2009.

[2] 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, 2008.

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

Summary Profit and Loss Statement (as per unconsolidated Indian GAAP accounts)

Rs. crore

	Q2-2008	Q1-2009	Q2-2009	FY2008
Net interest income[1]	1,786	2,090	2,148	7,304
Non-interest income	1,897	2,132	2,030	7,997
- Fee income	*1,486*	*1,958*	*1,876*	*6,627*
- Lease and other income	*411*	*174*	*154*	*1,369*
Less:				
Operating expense	1,541	1,634	1,543	6,429
Expenses on direct market agents (DMAs)[2]	385	228	145	1,543
Lease depreciation	45	51	53	182
Core operating profit	**1,712**	**2,308**	**2,437**	**7,147**
Treasury income	175	(594)	(153)	815
Operating profit	**1,887**	**1,714**	**2,285**	**7,961**
Less: Provisions	644	792[3]	924[4]	2,905
Profit before tax	**1,243**	**922**	**1,361**	**5,056**
Less: Tax	240	194	347	898
Profit after tax	**1,003**	**728**	**1,014**	**4,158**

1. *Net of premium amortisation on government securities of Rs. 210 crore in Q2-2008, Rs. 175 crore in Q2-2009 and Rs. 898 crore in FY2008.*
2. *Represents commissions paid to direct marketing agents (DMAs) for origination of retail loans. These commissions are expensed upfront.*
3. *Includes specific provision of Rs. 878 crore (with the total provisions being lower due to general provision write-back and farm loan waiver-related write-back of Rs. 85 crore).*
4. *Includes specific provision for non-performing assets (excluding the impact of farm loan waiver) of Rs. 868 crore.*
5. *Prior period figures have been regrouped/re-arranged where necessary.*

Summary Balance Sheet

Rs. crore

	September 30, 2007	September 30, 2008	March 31, 2008
Assets			
Cash & bank balances	34,025	35,613	38,041
Advances[1]	207,121	221,985	225,616
Investments	102,288	97,148	111,454
Fixed & other assets	21,510	30,225	24,684
Total	**364,944**	**384,970**	**399,795**
Liabilities			
Networth	44,752	48,645	46,470
- Equity capital	*1,111*	*1,113*	*1,113*
- Reserves	*43,641*	*47,532*	*45,358*
Preference capital	350	350	350
Deposits	228,307	223,402	244,431
CASA ratio	*25%*	*30%*	*26%*
Borrowings	73,585	94,849	86,399
Other liabilities	17,950	17,724	22,145
Total	**364,944**	**384,970**	**399,795**

1. Consolidated advances of the Bank and its overseas banking subsidiaries and ICICI Home Finance Company increased 16.3% to Rs. 264,665 crore at September 30, 2008 from Rs. 227,583 crore at September 30, 2007.

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, our rural expansion, our exploration of merger and acquisition opportunities, our ability to integrate recent or future mergers or acquisitions into our operations and manage the risks associated with such acquisitions to achieve our strategic and financial objectives, 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.

For investor queries please call Rupesh Kumar at 91-22-2653 7126 or email at ir@icicibank.com.

1 crore = 10.0 million
US$ amounts represent convenience translations at US$1= Rs. 46.965