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

**News Release** **October 30, 2009**

# Performance Review – Quarter ended September 30, 2009

- **18% sequential increase in standalone profit after tax to Rs. 1,040 crore for the quarter ended September 30, 2009 from Rs. 878 crore for the quarter ended June 30, 2009**
- **19% sequential decline in total provisions to Rs. 1,071 crore for the quarter ended September 30, 2009 from Rs. 1,324 crore for the quarter ended June 30, 2009**
- **8% sequential decrease in operating and direct marketing agency expenses to Rs. 1,379 crore for the quarter ended September 30, 2009 from Rs. 1,494 crore for the quarter ended June 30, 2009**
- **Current and savings account (CASA) ratio increased to 36.9% at September 30, 2009 from 30.0% at September 30, 2008 and 30.4% at June 30, 2009**
- **Strong capital adequacy ratio of 17.7% and Tier-1 capital adequacy ratio of 13.3%; Tier-1 capital adequacy ratio highest among large Indian banks**
- **76% increase in consolidated profit after tax to Rs. 1,145 crore for the quarter ended September 30, 2009 from Rs. 651 crore for the quarter ended September 30, 2008**

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

## Profit & loss account

- Profit after tax increased by 18% sequentially, to Rs. 1,040 crore (US$ 216 million) for the quarter ended September 30, 2009 (Q2-2010) from Rs. 878 crore (US$ 183 million) for the quarter ended June 30, 2009 (Q1-2010). Profit after tax for the quarter ended September 30, 2008 (Q2-2009) was Rs. 1,014 crore (US$ 211 million).

- Net interest margin increased from 2.4% in Q1-2010 to 2.5% in Q2-2010. Net interest income increased sequentially to Rs. 2,036 crore (US$ 423 million) for Q2-2010 from Rs. 1,985 crore (US$ 413 million) for Q1-2010. Net interest income was lower compared to Q2-2009 mainly due to the decrease in advances owing to the moderation in system credit growth, and decline in advances of overseas branches.

- Fee income increased sequentially to Rs. 1,387 crore (US$ 288 million) in Q2-2010 from Rs. 1,319 crore (US$ 274 million) in Q1-2010. Fee income is in line with the reduced investment and mergers & acquisition activity in the corporate sector, reflecting the change in market conditions in the second half of fiscal 2009.

- Operating expenses (including direct marketing agency expenses) decreased by 8% to Rs. 1,379 crore (US$ 287 million) in Q2-2010 from Rs. 1,494 crore (US$ 311 million) in Q1-2010. The Bank achieved a reduction in the cost/average asset ratio to 1.5% in Q2-2010 from 1.6% in Q1-2010.

- Total provisions decreased sequentially to Rs. 1,071 crore (US$ 223 million) in Q2-2010 from Rs. 1,324 crore (US$ 275 million) in Q1-2010.

**Balance sheet**

The Bank has made further progress in its strategy of strengthening its deposit franchise. This is reflected in the Bank's robust growth in savings and current account deposits and increase in the CASA ratio. The Bank continues to invest in expansion of its branch network to enhance its deposit franchise and create an integrated distribution network for both asset and liability products.

In line with the above strategy, the total deposits of the Bank were Rs. 197,832 crore (US$ 41.1 billion) at September 30, 2009, compared to Rs. 210,236 crore (US$ 43.7 billion) at June 30, 2009. During the quarter, the Bank's savings account deposits increased by Rs. 4,859 crore (US$ 1,010 million) and current account deposits increased by Rs. 4,094 crore (US$ 851 million) resulting in an improvement in the CASA ratio to 36.9% at September 30, 2009 from 30.0% at September 30, 2008 and 30.4% at June 30, 2009.

The branch network of the Bank stood at 1,520 at October 26, 2009. The Bank is in the process of implementing the 580 branch licenses received from Reserve Bank of India which would expand the branch network to about 2,000 branches, giving the Bank a wide distribution reach in the country.

The loan book of the Bank decreased to Rs. 190,860 crore (US$ 39.7 billion) at September 30, 2009 from Rs. 198,102 crore (US$ 41.2 billion) at June 30, 2009 mainly due to the decrease in the agricultural loan portfolio in line with the seasonal nature of the business, and repayments from the retail loan portfolio, partly offset by increase in corporate advances.

***Capital adequacy***

The Bank's capital adequacy at September 30, 2009 as per Reserve Bank of India's Basel II norms was 17.7% and Tier-1 capital adequacy was 13.3%, 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, 2009, the Bank's net non-performing asset ratio was at the same level as June 30, 2009 at 2.19%. Total provisions decreased sequentially by 19% to Rs. 1,071 crore (US$ 223 million) in Q2-2010 from Rs. 1,324 crore (US$ 275 million) in Q1-2010.

**Consolidated profits**

Consolidated profit after tax of the Bank increased by 76% from Rs. 651 crore (US$ 135 million) in Q2-2009 to Rs. 1,145 crore (US$ 238 million) in Q2-2010, driven primarily by the sharp reduction in losses of ICICI Prudential Life Insurance Company (ICICI Life) and increase in profit of other subsidiaries.

**Overseas banking subsidiaries**

ICICI Bank Canada's profit after tax for Q2-2010 was CAD 13.8 million. ICICI Bank Canada's capital position continued to be strong with a capital adequacy ratio of 23.2% at September 30, 2009. ICICI Bank UK's profit after tax for Q2-2010 was USD 12.6 million. ICICI Bank UK's capital position continued to be strong with a capital adequacy ratio of 16.3% at September 30, 2009.

**Insurance subsidiaries**

ICICI Prudential Life Insurance Company (ICICI Life) maintained its position as the largest private sector life insurer based on retail new business weighted received premium during the half year ended September 30, 2009. ICICI Life's total premium in Q2-2010 was Rs. 3,634 crore (US$ 756 million). ICICI Life's renewal premium in Q2-2010 increased by 28% compared to Q2-2009, reflecting the long term sustainability of the business. New business annualised premium equivalent (APE) in Q2-2010 was Rs. 1,212 crore (US$ 252 million). ICICI Life's unaudited New Business Profit (NBP) in Q2-2010 was Rs. 233 crore (US$ 48 million). Due to customer acquisition costs, which are not amortised, and reserving for actuarial liability, ICICI Life's statutory accounting results reduced the consolidated profit after tax of ICICI Bank by Rs. 51 crore (US$ 11 million) in Q2-2010[1] (compared to Rs. 228 crore (US$ 47 million) in Q2-2009). Assets held increased 66% from Rs. 30,107 crore (US$ 6.3 billion) at September 30, 2008 to Rs. 50,093 crore (US$ 10.4 billion) at September 30, 2009.

ICICI Lombard General Insurance Company (ICICI General) maintained its leadership in the private sector during the half year ended September 30, 2009. ICICI General's premium in Q2-2010 was Rs. 801 crore (US$ 167 million). ICICI General's profit after tax for Q2-2010 was Rs. 51 crore (US$ 11 million).

**Securities and asset management**

ICICI Prudential Asset Management Company's profit after tax for Q2-2010 was Rs. 48 crore (US$ 10 million) compared to Rs. 16 crore (US$ 3 million) in Q2-2009. ICICI Securities' profit after tax for Q2-2010 was Rs. 38 crore (US$ 8 million) compared to Rs. 10 crore (US$ 2 million) in Q2-2009.

[1] 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. 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 companies in their growth phase. 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 is available in the annual report for the year ended March 31, 2009.

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

*Rs. crore*

| | FY 2009 | | Q1-2009 | Q2-2009 | H1-2009 | Q1-2010 | Q2-2010 | H1-2010 |
|---|---|---|---|---|---|---|---|---|
| **Net interest income** | **8,367** | | **2,090** | **2,148** | **4,238** | **1,985** | **2,036** | **4,021** |
| **Non-interest income** | **7,603** | | **1,538** | **1,877** | **3,415** | **2,090** | **1,824** | **3,914** |
| *- Fee income* | *6,524* | | *1,958* | *1,876* | *3,834* | *1,319* | *1,387* | *2,706* |
| *- Lease and other income* | *636* | | *174* | *154* | *328* | *57* | *140* | *197* |
| *- Treasury income* | *443* | | *(594)* | *(153)* | *(747)* | *714* | *297* | *1,011* |
| Less: | | | | | | | | |
| Operating expense | 6,306 | | 1,634 | 1,543 | 3,177 | 1,467 | 1,358 | 2,825 |
| Direct market agent (DMA)[1] expense | 529 | | 228 | 145 | 373 | 27 | 21 | 48 |
| Lease depreciation | 210 | | 52 | 52 | 104 | 52 | 46 | 98 |
| **Operating profit** | **8,925** | | **1,714** | **2,285** | **3,999** | **2,529** | **2,435** | **4,964** |
| Less: Provisions | 3,808 | | 792 | 924 | 1,716 | 1,324 | 1,071 | 2,395 |
| **Profit before tax** | **5,117** | | **922** | **1,361** | **2,283** | **1,205** | **1,364** | **2,569** |
| Less: Tax | 1,359 | | 194 | 347 | 541 | 327 | 324 | 651 |
| **Profit after tax** | **3,758** | | **728** | **1,014** | **1,742** | **878** | **1,040** | **1,918** |

1. *Represents commissions paid to direct marketing agents (DMAs) for origination of retail loans. These commissions are expensed upfront.*
2. *Prior period figures have been re-grouped/re-arranged where necessary.*

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**Summary Balance Sheet**

*Rs. crore*

| | March 31, 2009 | September 30, 2008 | September 30, 2009 |
|---|---|---|---|
| **Assets** | | | |
| Cash & bank balances | 29,966 | 35,613 | 29,267 |
| Advances | 218,311 | 221,985 | 190,860 |
| Investments | 103,058 | 97,147 | 119,965 |
| Fixed & other assets | 27,966 | 30,225 | 26,282 |
| **Total** | **379,301** | **384,970** | **366,374** |
| **Liabilities** | | | |
| Networth | 49,533 | 48,645 | 51,258 |
| *- Equity capital* | *1,113* | *1,113* | *1,114* |
| *- Reserves* | *48,420* | *47,532* | *50,144* |
| Preference capital | 350 | 350 | 350 |
| Deposits | 218,348 | 223,402 | 197,832 |
| *CASA ratio* | *28.7%* | *30.0%* | *36.9%* |
| Borrowings | 92,805 | 94,849 | 99,773 |
| Other liabilities | 18,265 | 17,724 | 17,161 |
| **Total** | **379,301** | **384,970** | **366,374** |

*All financial and other information in this press release, other than financial and other information for specific subsidiaries where specifically mentioned, is on an unconsolidated basis for ICICI Bank Limited only unless specifically stated to be on a consolidated basis for ICICI Bank Limited and its subsidiaries. Please also refer to the statement of unconsolidated, consolidated and segmental results required by Indian regulations that has, along with this release, been filed with the stock exchanges in India where ICICI Bank's equity shares are listed and with the New York Stock Exchange and the US Securities Exchange Commission, and is available on our website* www.icicibank.com.

*Except for the historical information contained herein, statements in this release which contain words or phrases such as will" , "would", "aim", "aimed", "will likely result", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", "anticipate", "estimate", "estimating", "intend", "plan", "contemplate", "seek to", "seeking to", "trying to", "target", "propose to", "future", "objective", "goal", "project", "should", "can", "could", "may", "will pursue", 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 in or where a material number of our customers reside, our ability to successfully implement our strategy, including our retail deposit growth strategy, 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 non performing and restructured 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 state of the global financial system and systemic risks, the bond and loan market conditions and availability of liquidity amongst the investor community in these markets, the nature of credit spreads and 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.*

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*1 crore = 10.0 million*
*US$ amounts represent convenience translations at US$1= Rs. 48.10*