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

News Release **January 24, 2009**

Performance Review – Quarter ended December 31, 2008

- **Profit after tax of Rs. 1,272 crore; 25% increase over second quarter**
- **23% year-on-year increase in operating profit for the quarter ended December 31, 2008**
- **Strong capital adequacy ratio of 15.6%; highest among large Indian banks**
- **19% year-on-year reduction in costs due to cost rationalization measures**
- **Branch network increased to 1,416 branches**

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 December 31, 2008 (Q3-2009).

Highlights

- The profit after tax for Q3-2009 was Rs. 1,272 crore (US$ 261 million) which represents an increase of 25% over the profit after tax of Rs. 1,014 crore (US$ 208 million) in the quarter ended September 30, 2008 (Q2-2009). Profit after tax for the quarter ended December 31, 2007 (Q3-2008) was Rs. 1,230 crore (US$ 253 million).

- Operating profit for Q3-2009 was Rs. 2,771 crore (US$ 569 million) which represents an increase of 23% over operating profit of Rs. 2,259 crore (US$ 464 million) for Q3-2008.

- Net interest income for Q3-2009 was Rs. 1,990 crore (US$ 409 million) compared to the net interest income of Rs. 1,960 crore (US$ 402 million) for Q3-2008.

- The Bank earned treasury income of Rs. 976 crore (US$ 200 million) in Q3-2009, primarily by positioning its treasury strategy to benefit from the decline in yields on government bonds.

- Operating expenses decreased 19% to Rs. 1,680 crore (US$ 345 million) in Q3-2009 from Rs. 2,080 crore (US$ 427 million) for Q3-2008. The cost/average asset ratio for Q3-2009 was 1.8% compared to 2.2% for Q3-2008.

Operating review

During the current year, the Bank has pursued a strategy of lightening the balance sheet and prioritizing capital conservation, liquidity management and risk containment given the challenging economic environment. The Bank has also placed strong emphasis on efficiency improvement and cost rationalization. During Q3-2009, the Bank continued with this strategy, while also taking advantage of market opportunities to increase its treasury income. In line with the above strategy, the loan book of the Bank stood at Rs. 212,521 crore (US$ 43.6 billion) at December 31, 2008. Current and savings account (CASA) deposits constituted 27.4% of total deposits at December 31, 2008 compared to 27.2% at December 31, 2007.

Branch network

The Bank continues to expand its branch network to enhance its deposit franchise and create an integrated distribution network for both asset and liability products. The branch network of the Bank has increased from 755 branches at March 31, 2007 to 1,416 branches at January 23, 2009. The Bank has also received Reserve Bank of India's approval to set up 580 branches which would expand the branch network to about 2,000 branches, giving the Bank a wide distribution reach in the country.

Capital adequacy

The Bank's capital adequacy at December 31, 2008 as per Reserve Bank of India's revised guidelines on Basel II norms was 15.6% and Tier-1 capital adequacy was 12.1%, well above RBI's requirement of total capital adequacy of 9.0% and Tier-1 capital adequacy of 6.0%.

Asset quality

At December 31, 2008, the Bank's net non-performing asset ratio was 1.95% on an unconsolidated basis. The consolidated net non-performing advances ratio was about 1.73%.

Performance highlights of banking subsidiaries

ICICI Bank Canada saw an increase of about CAD 550 million in retail term deposits during Q3-2009. ICICI Bank Canada's customer base increased from about 270,000 at September 30, 2008 to over 291,000 customers at December 31, 2008. ICICI Bank Canada had liquidity of about CAD 1.1 billion at December 31, 2008. ICICI Bank Canada's profit after tax for 9M-2009 was CAD 32.9 million. ICICI Bank Canada's capital adequacy ratio was 16.1% at December 31, 2008.

ICICI Bank UK saw an increase of about USD 530 million in retail term deposits during Q3-2009. ICICI Bank UK's customer base increased from about 258,000 at September 30, 2008 to over 281,000 customers at December 31, 2008. ICICI Bank UK had liquidity of about USD 1.0 billion at December 31, 2008. After accounting for the gains on buyback of bonds and mark-to-market provisions on the investment portfolio, ICICI Bank UK's profit after tax for 9M-2009 was USD 1.4 million. ICICI Bank UK's capital position continued to be strong with a capital adequacy ratio of 18.6% at December 31, 2008.

Performance highlights of insurance subsidiaries

ICICI Prudential Life Insurance Company (ICICI Life) maintained its market leadership in the private sector with an overall market share of 12.0% in retail new business weighted received premium during the nine month period ended December 31, 2008 (9M-2009). ICICI Life's total premium increased by 28% to Rs 9,918 crore (US$ 2.0 billion) in 9M-2009. ICICI Life's renewal premium increased by 75%, reflecting the long term sustainability of the business. ICICI Life's unaudited New Business Profit (NBP) in 9M-2009 was Rs. 712 crore (US$ 146 million). Due to the business set-up and 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. 565 crore (US$ 116 million) in 9M-2009[1]. Assets held increased to Rs. 28,445 crore (US$ 5.8 billion) at December 31, 2008.

ICICI Lombard General Insurance Company (ICICI General) maintained its leadership in the private sector with an overall market share of 12.2% during April-November 2008. ICICI General's premiums increased 4.1% on a year-on-year basis to Rs. 2,722 crore (US$ 559 million) in 9M-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. 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 is available in the annual report for the year ended March 31, 2008.

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

Rs. crore

	Q3-2008	Q2-2009	Q3-2009	FY2008
Net interest income[1]	1,960	2,148	1,990	7,304
Non-interest income	2,427	1,877	2,515	8,811
- Fee income	*1,785*	*1,876*	*1,347*	*6,627*
- Lease and other income	*360*	*154*	*192*	*1,369*
- Treasury income	*282*	*(153)*	*976*	*815*
Less:				
Operating expense	1,665	1,543	1,577	6,429
Expenses on direct market agents (DMAs)[2]	416	144	103	1,543
Lease depreciation	47	53	54	182
Operating profit	**2,259**	**2,285**	**2,771**	**7,961**
Less: Provisions	760	924	1,008	2,905
Profit before tax	**1,498**	**1,361**	**1,763**	**5,056**
Less: Tax	268	347	491	898
Profit after tax	**1,230**	**1,014**	**1,272**	**4,158**

1. *Net of premium amortisation on government securities of Rs. 212 crore in Q3-2008, Rs. 175 crore in Q2-2009, Rs. 169 crore in Q3-2009 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. *Prior period figures have been regrouped/re-arranged where necessary.*

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Summary Balance Sheet

Rs. crore

	December 31, 2007	December 31, 2008	March 31, 2008
Assets			
Cash & bank balances	31,002	27,083	38,041
Advances	215,517	212,521	225,616
Investments	105,312	106,538	111,454
Fixed & other assets	24,869	28,268	24,684
Total	**376,700**	**374,410**	**399,795**
Liabilities			
Networth	46,514	50,035	46,470
- Equity capital	1,112	*1,113*	*1,113*
- Reserves	45,401	*48,922*	*45,357*
Preference capital	350	350	350
Deposits	229,779	209,065	244,431
CASA ratio	*27.2%*	*27.4%*	*26.1%*
Borrowings	81,627	99,069	86,399
Other liabilities	18,430	15,891	22,145
Total	**376,700**	**374,410**	**399,795**

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 audited 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', '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.*

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1 crore = 10.0 million
US$ amounts represent convenience translations at US$1= Rs. 48.71