

**News Release****April 25, 2009****Performance Review – Year ended March 31, 2009**

- **Dividend of Rs. 11 per share proposed, same as previous year**
- **Profit before tax of Rs. 5,117 crore for the year ended March 31, 2009 compared to Rs. 5,056 crore for the year ended March 31, 2008**
- **12% year-on-year increase in operating profit for the year ended March 31, 2009**
- **14% year-on-year reduction in costs due to cost rationalization measures**
- **Current and savings account (CASA) ratio increased to 28.7% at March 31, 2009 from 26.1% at March 31, 2008**
- **Increase of Rs. 5,286 crore in CASA deposits in quarter ended March 31, 2009**
- **Strong capital adequacy ratio of 15.5% and Tier-1 capital adequacy ratio of 11.8% after proposed dividend; Tier-1 capital adequacy ratio highest among large Indian banks**

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 year ended March 31, 2009.

**Profit & loss account**

- Profit before tax for the year ended March 31, 2009 (FY2009) was Rs. 5,117 crore (US\$ 1,009 million), compared to Rs. 5,056 crore (US\$ 997 million) for the year ended March 31, 2008 (FY2008).
- Profit after tax for FY2009 was Rs. 3,758 crore (US\$ 741 million) compared to Rs. 4,158 crore (US\$ 820 million) for FY2008 due to the higher effective tax rate on account of lower proportion of income taxable as dividends and capital gains.
- Net interest income increased 15% from Rs. 7,304 crore (US\$ 1,440 million) for FY2008 to Rs. 8,367 crore (US\$ 1,650 million) for FY2009. While the advances declined marginally year-on-year, the net interest income increased due to improvement in net interest margin from 2.2% in FY2008 to 2.4% in FY2009.

- Operating expenses (including direct marketing agency expenses) decreased 14% to Rs. 6,835 crore (US\$ 1,348 million) in FY2009 from Rs. 7,972 crore (US\$ 1,572 million) in FY2008. The cost/average asset ratio for FY2009 was 1.8% compared to 2.2% for FY2008.
- Profit before tax for the quarter ended March 31, 2009 (Q4-2009) was Rs. 1,071 crore (US\$ 211 million) compared to Rs. 1,343 crore (US\$ 265 million) for the quarter ended March 31, 2008 (Q4-2008), primarily due to lower level of fee income at Rs. 1,343 crore (US\$ 265 million) in Q4-2009 compared to Rs. 1,928 crore (US\$ 380 million) in Q4-2008, partly offset by lower operating expenses and higher net interest income. The lower level of fee income was due to reduced investment and acquisition financing activity in the corporate sector and lower level of fees from distribution of retail financial products, reflecting the adverse conditions in global and Indian financial markets.
- Profit after tax for Q4-2009 was Rs. 744 crore (US\$ 147 million) compared to Rs. 1,150 crore (US\$ 227 million) for Q4-2008.

### **Balance sheet**

During the year, the Bank has pursued a strategy of prioritizing capital conservation, liquidity management and risk containment given the challenging economic environment. This is reflected in the Bank's strong capital adequacy and its focus on reducing its wholesale term deposit base and increasing its CASA ratio. The Bank is maintaining excess liquidity on an ongoing basis. The Bank has also placed strong emphasis on efficiency improvement and cost rationalization. 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. 218,348 crore (US\$ 43.0 billion) at March 31, 2009, compared to Rs. 244,431 crore (US\$ 48.2 billion) at March 31, 2008. The reduction in term deposits by Rs. 24,970 crore (US\$ 4.9 billion) was primarily due to the Bank's conscious strategy of paying off wholesale deposits. During Q4-2009, total deposits increased by Rs. 9,283 crore (US\$ 1.8 billion), of which Rs. 5,286 crore (US\$ 1.0 billion), or about 57%, was in the form of CASA deposits. The CASA ratio improved to 28.7% of total deposits at March 31, 2009 from 26.1% at March 31, 2008.

The branch network of the Bank has increased from 755 branches at March 31, 2007 to 1,438 branches at April 24, 2009. The Bank is also in the process of opening 580 new branches which would expand the branch network to about 2,000 branches, giving the Bank a wide distribution reach in the country.

In line with the strategy of prioritizing capital conservation and risk containment, the loan book of the Bank decreased marginally to Rs. 218,311 crore (US\$ 43.0 billion) at March 31, 2009 from Rs. 225,616 crore (US\$ 44.5 billion) at March 31, 2008.

### ***Capital adequacy***

The Bank's capital adequacy at March 31, 2009 as per Reserve Bank of India's revised guidelines on Basel II norms was 15.5% and Tier-1 capital adequacy was 11.8%, well above RBI's requirement of total capital adequacy of 9.0% and Tier-1 capital adequacy of 6.0%. The above capital adequacy takes into account the impact of dividend recommended by the Board.

### ***Asset quality***

At March 31, 2009, the Bank's net non-performing asset ratio was 1.96%. During the year the Bank restructured loans aggregating to Rs. 1,115 crore (US\$ 220 million).

### **Dividend on equity shares**

The Board has recommended a dividend of Rs. 11 per equity share (equivalent to US\$ 0.43 per ADS) for FY2009. The declaration and payment of dividend is subject to requisite approvals. The record/book closure dates will be announced in due course.

### **Overseas banking subsidiaries**

ICICI Bank Canada saw an increase of about CAD 1.75 billion in term deposits during FY2009 while its customer accounts increased from about 200,000 at March 31, 2008 to over 280,000 at March 31, 2009. ICICI Bank Canada continued to maintain liquidity of about CAD 850.0 million. ICICI Bank Canada's profit after tax for FY2009 was CAD 33.9 million. ICICI Bank Canada's capital position continued to be strong with a capital adequacy ratio of 19.9% at March 31, 2009.

ICICI Bank UK saw an increase of about USD 1.80 billion in retail term deposits during FY2009 due to which the proportion of retail term

deposits in total deposits increased from 16% at March 31, 2008 to 58% at March 31, 2009. ICICI Bank UK's customer base increased from about 210,000 at March 31, 2008 to over 310,000 customers at March 31, 2009. ICICI Bank UK continued to maintain liquidity of about USD 1.0 billion. After accounting for the gains on buyback of bonds and mark-to-market and impairment provisions on the investment portfolio, ICICI Bank UK's profit after tax for FY2009 was USD 6.8 million. ICICI Bank UK's capital position continued to be strong with a capital adequacy ratio of 18.4% at March 31, 2009.

### **Insurance subsidiaries**

ICICI Prudential Life Insurance Company (ICICI Life) maintained its market leadership in the private sector with an overall market share of 11.8% based on retail new business weighted received premium during April 2008-February 2009. ICICI Life's total premium increased by 13% to Rs. 15,356 crore (US\$ 3.0 billion) in FY2009. ICICI Life's renewal premium increased by 61%, reflecting the long term sustainability of the business. ICICI Life's unaudited New Business Profit (NBP) in FY2009 was Rs. 1,004 crore (US\$ 198 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. 577 crore (US\$ 114 million) in FY2009<sup>1</sup> (compared to Rs. 1,032 crore (US\$ 203 million) in FY2008). The expense ratio has decreased from 14.9% in FY2008 to 11.8% in FY2009. Assets held at March 31, 2009 were Rs. 32,788 crore (US\$ 6.5 billion) compared to Rs. 28,578 crore (US\$ 5.6 billion) at March 31, 2008.

ICICI Lombard General Insurance Company (ICICI General) maintained its leadership in the private sector with an overall market share of 11.7% during April 2008-February 2009. ICICI General's premiums increased 3% on a year-on-year basis to Rs. 3,457 crore (US\$ 682 million) in FY2009. ICICI General's profit after tax for FY2009 was Rs. 24 crore (US\$ 5 million).

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<sup>1</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 is available in the annual report for the year ended March 31, 2008.

Consolidated profit after tax of the Bank increased by 18% from Rs. 636 crore (US\$ 125 million) in Q4-2008 to Rs. 748 crore (US\$ 147 million) in Q4-2009 and by 5% from Rs. 3,398 crore (US\$ 670 million) in FY2008 to Rs. 3,577 crore (US\$ 705 million) at FY2009.

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

	<i>Rs. crore</i>			
	<b>Q4-2008</b>	<b>Q4-2009</b>	<b>FY2008</b>	<b>FY2009</b>
Net interest income <sup>1</sup>	<b>2,079</b>	<b>2,139</b>	<b>7,304</b>	<b>8,367</b>
Non-interest income	<b>2,362</b>	<b>1,674</b>	<b>8,811</b>	<b>7,604</b>
- Fee income	1,928	1,343	6,627	6,524
- Lease and other income	270	117	1,369	637
- Treasury income	164	214	815	443
Less:				
Operating expense	1,746	1,552	6,429	6,306
Expenses on direct market agents (DMAs) <sup>2</sup>	358	53	1,543	529
Lease depreciation	46	52	182	210
<b>Operating profit</b>	<b>2,291</b>	<b>2,156</b>	<b>7,961</b>	<b>8,925</b>
Less: Provisions	948	1,085	2,905	3,808
<b>Profit before tax</b>	<b>1,343</b>	<b>1,071</b>	<b>5,056</b>	<b>5,117</b>
Less: Tax	193	327	898	1,359
<b>Profit after tax</b>	<b>1,150</b>	<b>744</b>	<b>4,158</b>	<b>3,758</b>

1. Net of premium amortisation on government securities of Rs. 240 crore in Q4-2008, Rs. 898 crore in FY2008, Rs. 162 crore in Q4-2009 and Rs. 725 crore in FY2009.
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>March 31, 2008</b>	<b>March 31, 2009</b>
<b>Assets</b>		
Cash & bank balances	38,041	29,966
Advances	225,616	218,311
Investments	111,454	103,058
Fixed & other assets	24,684	27,966
<b>Total</b>	<b>399,795</b>	<b>379,301</b>
<b>Liabilities</b>		
Networth	46,470	49,533
- <i>Equity capital</i>	<i>1,113</i>	<i>1,113</i>
- <i>Reserves</i>	<i>45,357</i>	<i>48,420</i>
Preference capital	350	350
Deposits	244,431	218,348
<i>CASA ratio</i>	<i>26.1%</i>	<i>28.7%</i>
Borrowings	86,399	92,805
Other liabilities	22,145	18,265
<b>Total</b>	<b>399,795</b>	<b>379,301</b>

*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](http://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. 50.72*