



ICICI Bank: Strategy & performance

November 2003

Contents

- Indian economy and opportunities
- Our strategy
- Financial highlights



Indian economy - strong fundamentals

- Average GDP growth of 5.0% over the past 5 years
- Inflation dropped from about 10% in the early 1990s to about 3.2% in fiscal 2003
- Comfortable external position
 - Forex reserves of about US\$ 91.30 billion as at October 17, 2003
 - External debt reduced from 27.0% of GDP in fiscal 1996 to 20.9% in fiscal 2002
 - Current account surplus of 0.7% in 2003 as compared to deficit of 1.7% in fiscal 1996



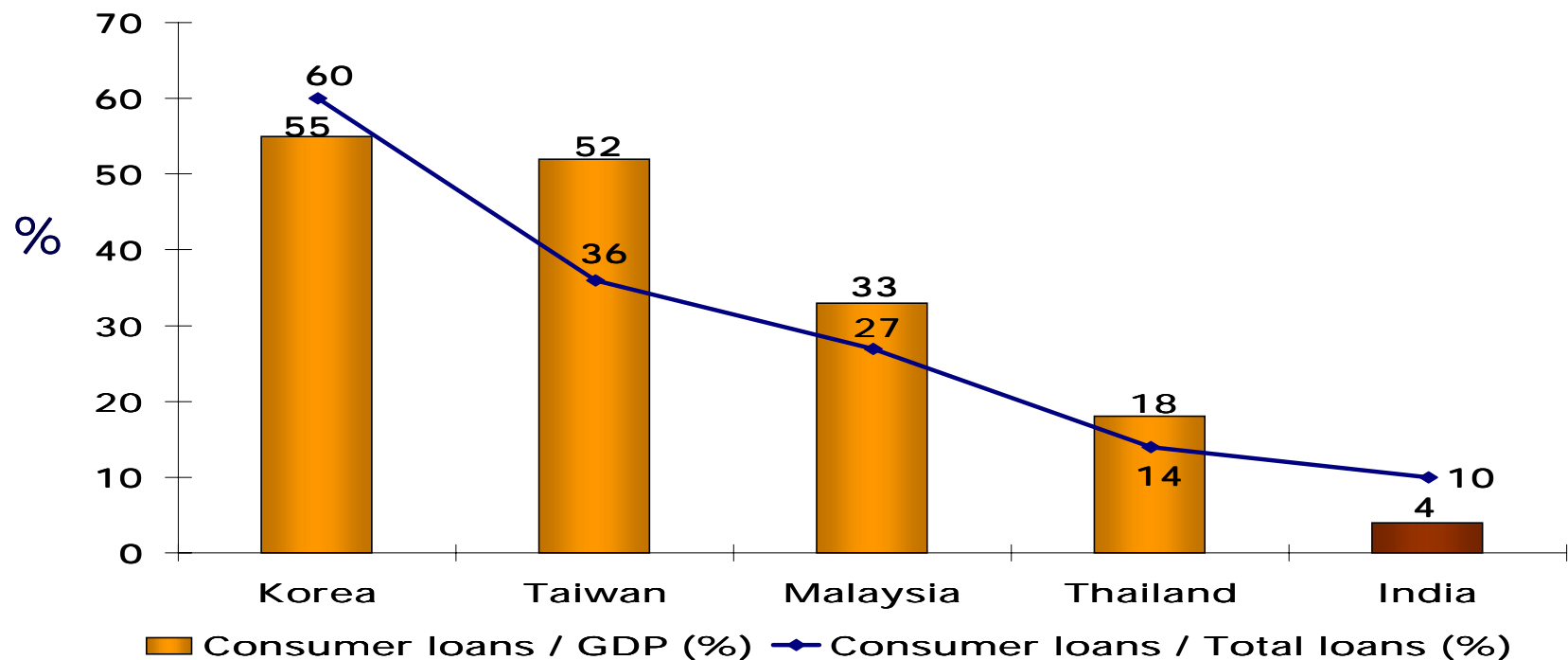
Diversified composition, robust growth

Sector	Sectoral share of GDP	Projected growth FY2004 (%)
Services	56.1	7.3
Industry	21.8	5.0
Agriculture	22.1	10.7
GDP		7.4

Source: CMIE



The retail credit opportunity



Source: SSKI, CLSA

Strong economic fundamentals driving retail growth...



Retail credit drivers

Changing demographic profile



- Middle & high income households increased from 11.6 million in fiscal 1995 to 25.7 million in fiscal 2002

Declining retail loan interest rates



- Interest rates on residential mortgages have reduced by 7% over last 4 years

Increasing availability



- Entry of banks has led to increased competition and coverage
- Increasing use of technology further enhancing reach and accessibility

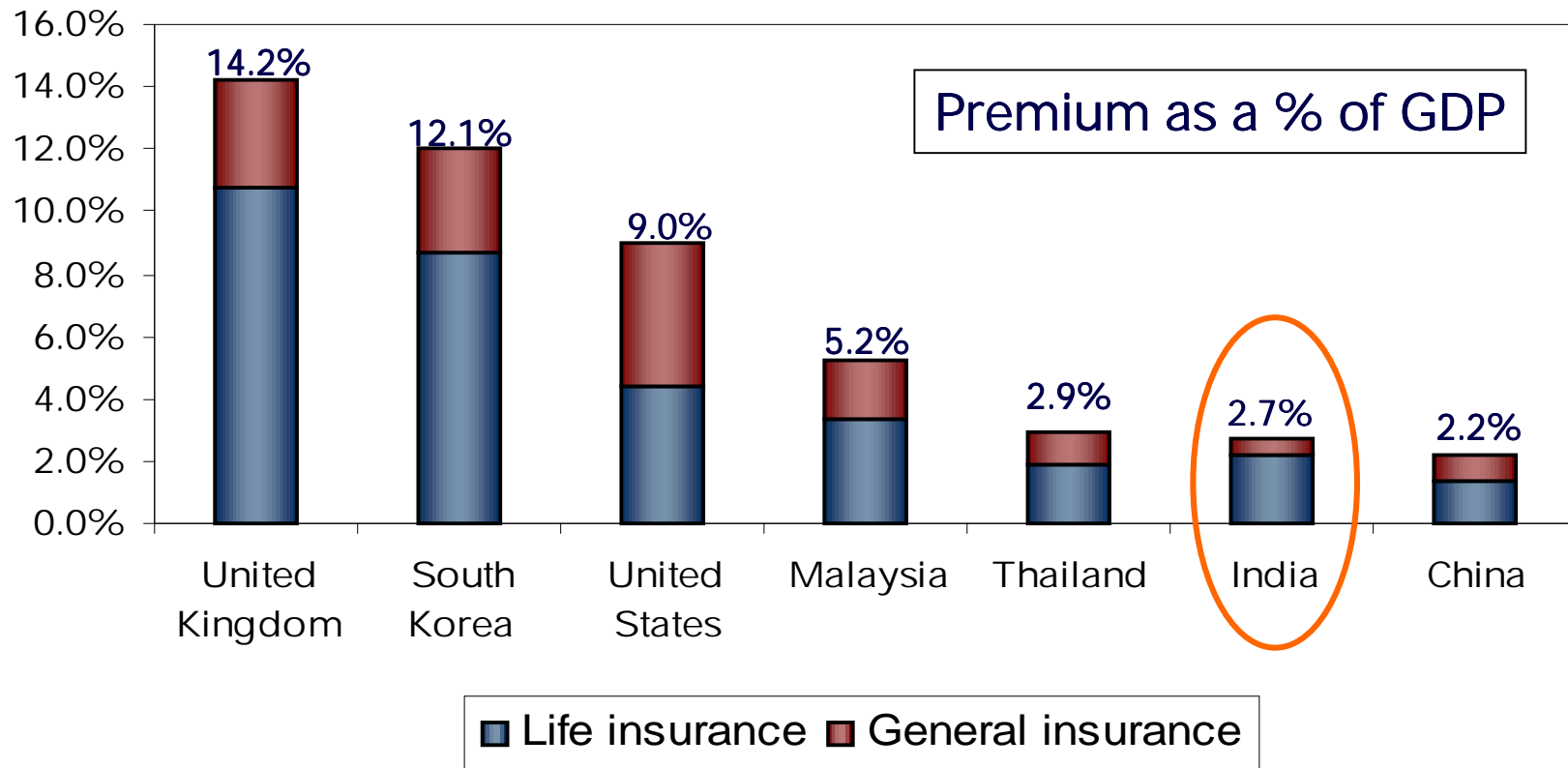


Changing profile of corporate banking

- Change in corporate focus - improving efficiency
 - Better asset utilisation and financial management
 - Limited new capacity creation
- Increasing disintermediation in top tier segment
- However, several opportunities for banks
 - Technology-driven fee-based services
 - Treasury and risk management products
 - Facilitating resource raising by corporates through syndication, securitisation and market-making
 - New approach to SME lending
 - Sophisticated banking services
 - Scientific portfolio construction and management



Financial services potential: insurance



Source: Swiss Re, Economic Research & Consulting (June 2002)

...the opening up of the sector provides a major opportunity for financial services players



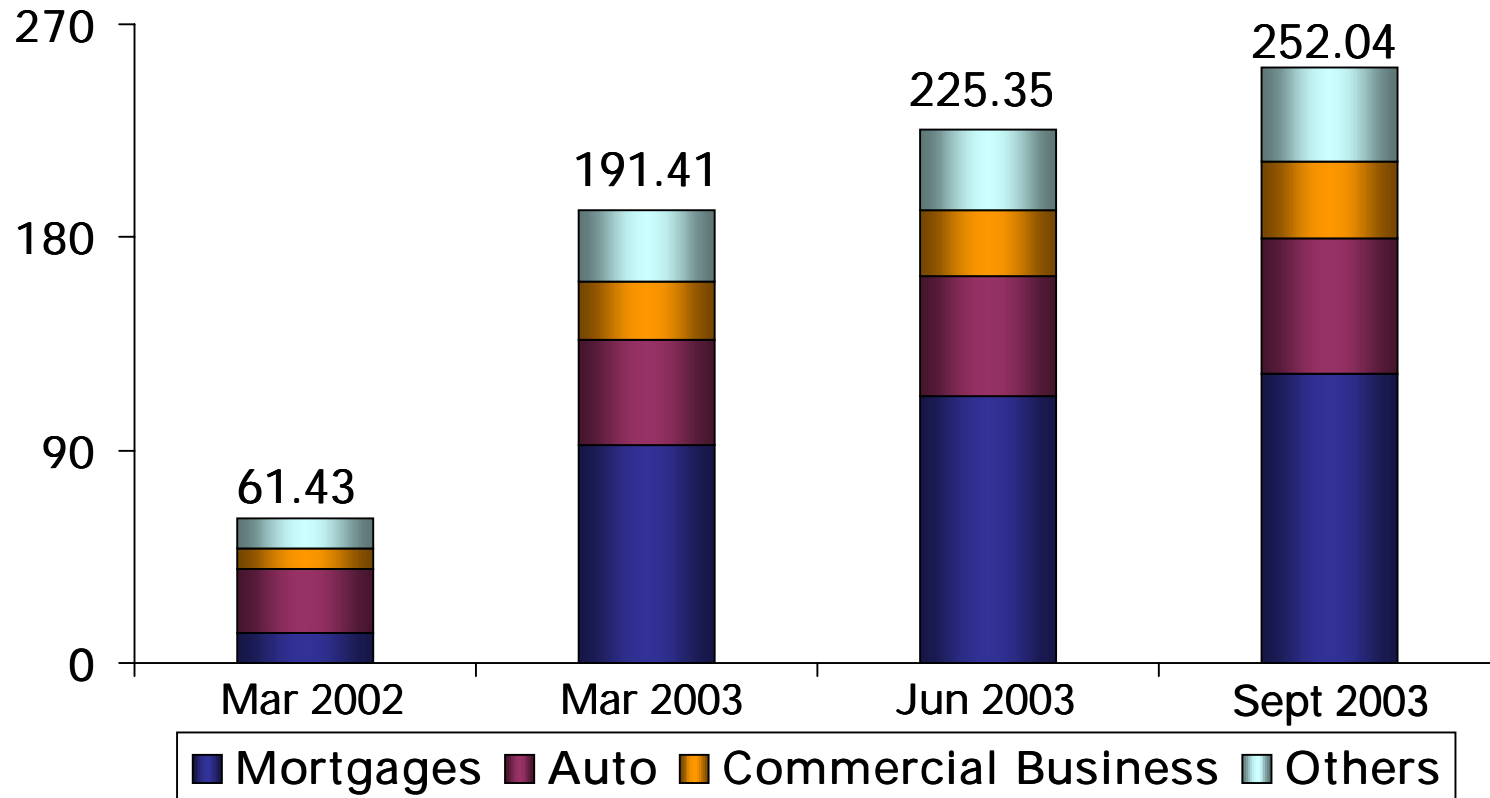
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Leveraging the retail credit opportunity...

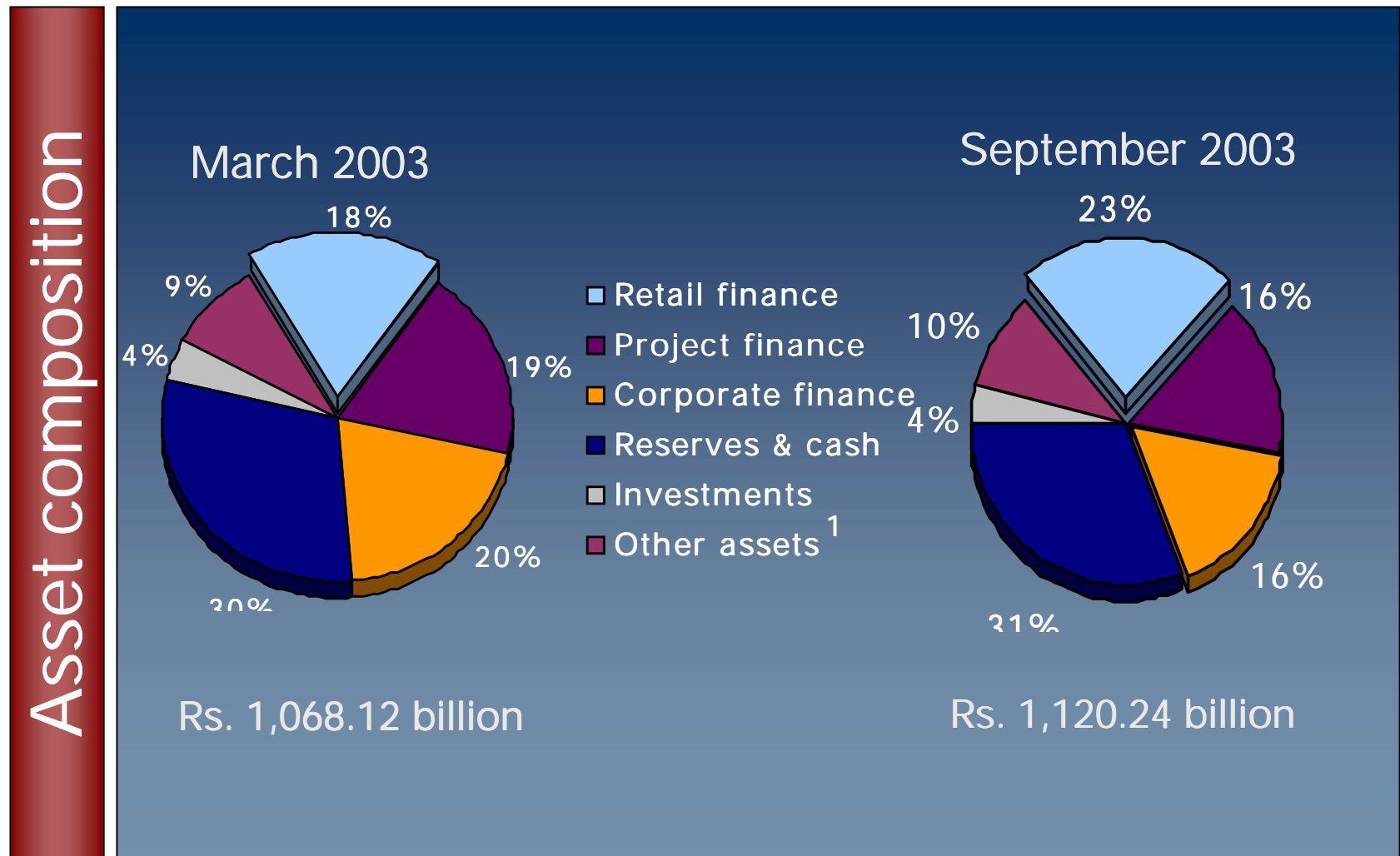
Rs. in billion



...market leadership in retail credit



Retail constitutes 23% of balance sheet



1. Includes advance tax, deferred tax & other current assets



Multiple channels...

Channel	Usage March 2000	Usage July 2003	Change
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451 branches & ECs

94%

28%



1,725 ATMs

3%

51%



4.8 mn Internet customers

2%

10%



1,750 seat call centres

1%

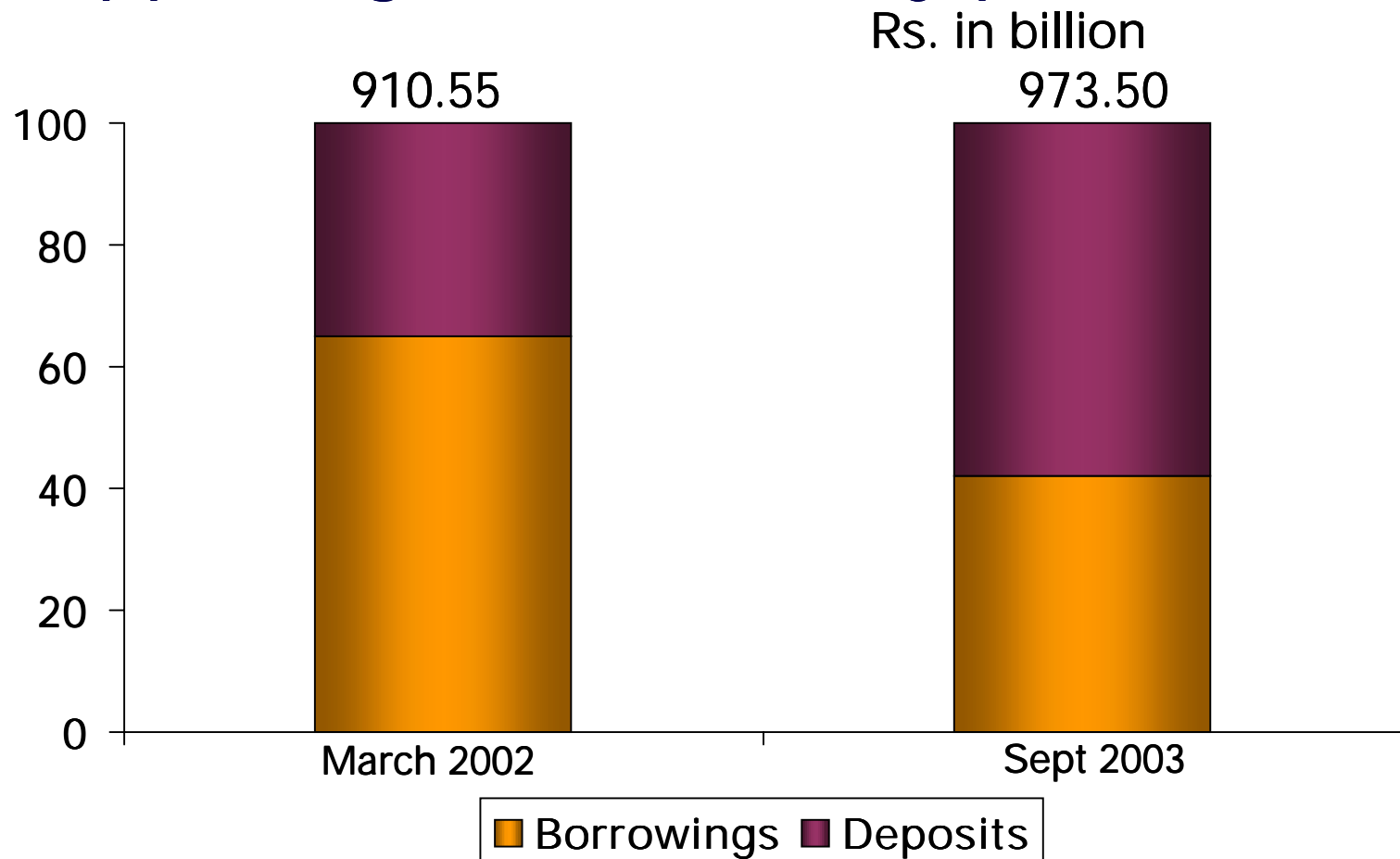
11%



*...migration to technology
channels – open 24 x 7*



...supporting shift in liability profile



...market leadership in incremental deposits



Corporate banking

Term loans	Working capital	Fee-based services	Treasury & market making
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- Shift from “lender” to “banker”
- Use of technology to offer superior delivery capabilities in transaction banking
- Capitalising on market linkages to offer integrated credit and markets solutions
- Strong focus on client profitability and proactive portfolio management



Life insurance

Market share

- Maintained leadership in private sector
- Market share of 33.5% during April-August 2003

Reach

- Presence in 40 locations
- About 25,800 agents
- 11 bancassurance partners

Portfolio mix

- Linked products constituted 77% of Annualised Premium Equivalent in H1-2004

Financial performance

- New business achieved profits (NBAP) of Rs. 0.62 bn in H1-2004 compared to Rs. 0.71 bn in FY2003



General insurance

Market share

- Highest share of gross written premium among private players in H1-2004

Reach

- Presence in 58 locations, up from 35 in March 2003

Portfolio mix

- Fire & engineering segment with low loss ratios accounts for about 67% of portfolio

Financial performance

- Underwriting profit achieved
- Profit before tax of Rs.115 mn in H1-2004



Diversification: International

Landscape

- The globalisation of India and Indians
 - Growing exports
 - Vast Indian diaspora
 - Indian companies establishing international operations

Our strategy

- Focus on India-linked opportunities in the first stage
 - Unique proposition as an Indian bank with international standards
- Presence in UK, Canada, Singapore, US, China & UAE



Significant progress in asset resolution

Positive developments

- Operationalisation of CDR Forum
- Enactment of SARFAESI Act
- Upturn in key commodity sectors

Our strategy

- Restructure appropriately scaled, viable projects
- Effect change of management if necessary
- Exit small, unviable exposures
- Use legal recourse as effective deterrent

...success of restructuring reflected in upgradations



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Highlights

ICICI Bank

- 41% increase in profit after tax to Rs. 4.02 bn compared to Rs. 2.85 bn in Q2-2003
- Improvement in net interest margin to 1.7% for H1-2004 compared to 1.4% for FY2003
- Equity capital gains of Rs. 2.40 bn in H1-2004
 - Capitalising on favourable market conditions to unlock value from historic long-term investment portfolio



Highlights

ICICI Bank

- 110% year-on-year growth in retail portfolio, now constituting 39% of customer assets
- Deposit growth of 18% in H1-2004
 - Deposits constitute 59% of funding
- 25% reduction in restructured loans
 - Satisfactory performance of accounts as per restructured terms



Profit & loss statement

ICICI Bank

	(Rs. in billion)						
	FY 2003	Q1- 2003	Q2- 2003	H1- 2003	Q1- 2004	Q2- 2004	H1- 2004
NII	13.71 ¹	3.36	3.07	6.43	4.16	4.50	8.66
Non-interest income	20.20	4.60	5.30	9.90	6.44	8.62	15.06
- Fee income	8.47	1.95	2.09	4.04	2.36	2.60	4.96
- Treasury	5.00	0.97	1.53	2.50	2.61	4.60	7.21
Of which: Equity	1.09	0.11	-	0.11	0.76	1.64	2.40
- Lease income	5.37	1.38	1.37	2.75	1.12	1.13	2.25
- Others	1.36	0.30	0.31	0.61	0.35	0.29	0.64
Operating income	33.91	7.96	8.37	16.33	10.60	13.12	23.72

1. Dividend on mutual fund Rs. 0.53 bn
excluded from NII and included in treasury



Profit & loss statement

ICICI Bank

	(Rs. in billion)						
	FY 2003	Q1- 2003	Q2- 2003	H1- 2003	Q1- 2004	Q2- 2004	H1- 2004
Operating income	33.91	7.96	8.37	16.33	10.60	13.12	23.72
Operating expenses	15.35	3.51	3.65	7.16	4.63	4.96 ¹	9.59
Other DMA expense	1.62	0.13	0.38	0.51	0.58	0.69	1.27
Lease depreciation	3.14	0.79	0.78	1.57	0.73	0.76	1.49
Operating profit	13.80	3.53	3.56	7.09	4.66	6.71	11.37

1. Includes Rs. 0.07 bn of ERO expense amortisation.



Profit & loss statement

ICICI Bank

(Rs. in billion)

	FY 2003	Q1- 2003	Q2- 2003	H1- 2003	Q1- 2004	Q2- 2004	H1- 2004
Operating profit	13.80	3.53	3.56	7.09	4.66	6.71	11.37
Profit on sale of ICICI Bank shares	11.91	-	11.91	11.91	-	-	-
Provisions / (write- back) incl. addl. provision	17.91	0.71	17.34	18.05	0.85	2.18	3.03
Tax, net of deferred tax	(4.26)	0.29	(4.72)	(4.43)	0.41	0.51	0.92
Profit after tax	12.06	2.53	2.85	5.38	3.40	4.02	7.42



Balance sheet: Assets

ICICI Bank

	(Rs. in billion)				
	Mar 31, 2002	Sep 30, 2002	Mar 31, 2003	Jun 30, 2003	Sep 30, 2003
Cash, balances with banks & SLR	355.78	292.23	320.72	338.30	347.39
- Cash & bank balances	127.86	51.79	64.89	68.01	60.70
- SLR investments	227.92	240.44	255.83	270.29	286.69
Advances	470.35	488.87	532.79	543.80	541.27
Of which : Retail	61.25	120.21	191.32	227.62	252.05
Debentures & bonds	64.36	57.00	56.90	60.08	59.50
Other investments	66.63	44.79	41.89	41.39	45.84
Fixed assets	42.39	40.82	40.61	39.68	40.23
Other assets	41.55	73.09	75.21	75.16	86.01
Total assets	1,041.06	996.80	1,068.12	1,098.41	1,120.24



Balance sheet: Liabilities

ICICI Bank

	(Rs. in billion)				
	Mar 31, 2002	Sep 30, 2002	Mar 31, 2003	Jun 30, 2003	Sep 30, 2003
Net worth	62.45	67.83	69.33	72.73	76.81
- Equity capital	6.13	6.13	6.13	6.13	6.13
- Reserves	56.32	61.70	63.20	66.61	70.69
Preference capital	3.50	3.50	3.50	3.50	3.50
Deposits	320.85	359.47	481.69	538.53	568.80
- Savings & savings linked ¹	67.71	85.49	106.52	114.55	129.47
- Current & current linked ¹	38.04	48.30	54.04	65.86	72.05
- Term	215.10	225.68	321.13	358.13	367.28
ICICI borrowings	582.10	480.49	372.50	349.32	329.94
Other borrowings	7.60	7.92	68.02	63.86	74.76
Other liabilities	64.56	77.59	73.08	70.47	66.43
Total liabilities	1,041.06	996.80	1,068.12	1,098.41	1,120.24

1. Includes value-added accounts linked to savings and current accounts.



Key ratios

ICICI Bank

	(Per cent)			
	FY 2003	Q1- 2004	Q2- 2004	H1- 2004
Return on assets	1.15	1.24	1.45	1.35
Return on net worth	18.3	19.2	21.7	20.6
EPS (Rs.)	19.7	22.2	26.2	24.2
NIM	1.4	1.7	1.8	1.7
Cost of deposits	6.8	6.0	5.6	5.8
Cost to income	49.9	46.9	39.6 ¹	42.8 ¹
Book value per share (Rs.)	113.1	118.7	125.2	125.2

1. Excludes Rs. 0.07 bn of ERO expense amortisation.



Consolidated profits

ICICI Bank and subsidiaries

	(Rs. in billion)				
	FY 2003	H1- 2003	Q1- 2004	Q2- 2004	H1- 2004
ICICI Bank standalone profit	12.06	5.38	3.40	4.02	7.42
Add:					
- ICICI Securities	1.08	0.45	0.63	0.33	0.96
- ICICI Venture	0.13	0.07	0.04	0.06	0.10
- ICICI Prudential Life	(1.09)	(0.50)	(0.26)	(0.37)	(0.63)
- ICICI Lombard	0.02	0.01	0.05	0.02	0.07
Less:					
- Dividend and other adjustments	0.68	0.35	0.49	0.45	0.94
Consolidated profit	11.52	5.06	3.37	3.61	6.98



Asset quality and provisioning

ICICI Bank

	(Rs. in billion)		
	March 31, 2003	June 30, 2003	Sep 30, 2003
Corporate standard assets	444.22	419.32	383.79
- Restructured corporate standard assets	92.87	108.42	81.16
- Other corporate standard assets	351.35	310.90	302.63
Provisions against corporate standard assets (including restructured)	24.38	23.25	20.52
Gross NPAs	84.14	86.75	87.65
Less: cumulative write-offs	25.26	25.55	24.77
Less: cumulative provisions	27.37	29.21	31.60
Net NPAs	31.51	31.99	31.28
Provision cover on NPAs	62.6%	63.1%	64.3%

Net NPA ratio 4.8%



Top 10 industry-wise exposure

ICICI Bank

(% to total)		
Industry	March 31, 2003	Sept 30, 2003
Power	10.1	8.8
Iron & steel	9.6	8.5
Other services	8.5	7.7
Telecom	5.2	6.2
Engineering	3.5	4.3
Textiles	4.9	3.7
Crude petroleum & refining	5.4	2.9
Electronics	2.7	2.7
Metal & metal products	2.4	2.2
Total exposure (Rs. bn)	840.59	940.27

1) Exposure is net of write-offs and provisions



Top 10 industry-wise net NPLs

ICICI Bank

Industry	(% to total)	
	March 31, 2003	Sept 30, 2003
Textiles	16.3	16.2
Iron & Steel	13.3	11.0
Chemicals	8.7	7.6
Man-made fibres	9.8	7.4
Metal & metal products	6.9	5.8
Engineering	8.9	4.9
Electronics	2.0	4.2
Services	4.8	3.4
Paper & paper products	3.0	2.8
Food-processing	3.2	2.7



Capital adequacy

ICICI Bank

	Mar 31, 2003		Sep 30, 2003	
	Rs. bn	%	Rs. bn	%
Total capital	91.46	11.10	93.84	11.15
- Tier I	58.07	7.05	59.49	7.07
- Tier II	33.39	4.05	34.35	4.08
Total risk weighted assets	823.81		841.81	

1. Deferred tax asset netted off as per RBI guidelines Rs. 4.63 bn at Sep 30, 2003 .This treatment had a negative impact of 55 basis points on Tier-1 capital adequacy.
2. Unamortised ERO expense of Rs. 1.83 bn deducted from Tier-1 capital.





Thank you



Interest income

ICICI Bank

(Rs. in billion)

	FY 2003	Q1- 2003	Q2- 2003	H1- 2003	Q1- 2004	Q2- 2004	H1- 2004
Advances	60.16	14.68	14.71	29.39	15.69	14.78	30.47
Investments	28.57 ¹	8.06	7.40	15.46	6.01	6.58	12.59
Balances with RBI, banks and others	4.42	1.22	0.69	1.91	0.86	0.53	1.39
Total interest income	93.15	23.96	22.80	46.76	22.56	21.89	44.45

- Interest income is net of HTM premium amortisation and auto loan DMA commission

1. Excludes dividend on mutual fund Rs. 0.53 bn

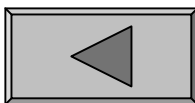


Interest expense

ICICI Bank

(Rs. in billion)

	FY 2003	Q1- 2003	Q2- 2003	H1- 2003	Q1- 2004	Q2- 2004	H1- 2004
Deposits	24.80	5.97	5.79	11.76	7.27	7.38	14.65
RBI / inter- bank borrowings	1.83	0.47	0.43	0.90	0.87	0.70	1.57
Bonds, ICICI borrowings & others	52.81	14.16	13.51	27.67	10.26	9.31	19.57
Total interest expense	79.44	20.60	19.73	40.33	18.40	17.39	35.79



Operating expenses

ICICI Bank

	(Rs. in billion)						
	FY 2003	Q1- 2003	Q2- 2003	H1- 2003	Q1- 2004	Q2- 2004	H1 - 2004
Salary	4.03	0.89	0.97	1.86	1.18	1.26	2.44
Rents, taxes & lighting	1.12	0.28	0.29	0.57	0.35	0.39	0.74
Printing & stationery	0.75	0.13	0.17	0.30	0.21	0.23	0.44
Postage & courier	1.04	0.23	0.22	0.45	0.32	0.36	0.68
Repairs & maintenance	1.45	0.40	0.37	0.77	0.45	0.48	0.93
Insurance	0.25	0.05	0.05	0.10	0.09	0.09	0.18
Bank charges	0.23	0.05	0.06	0.11	0.07	0.06	0.13
Depreciation	1.91	0.42	0.48	0.90	0.59	0.65	1.24
Others	4.57	1.06	1.04	2.10	1.37	1.44	2.81
Operating expenses	15.35	3.51	3.65	7.16	4.63	4.96	9.59

