



# ICICI Bank: Strategy & Performance

June 2004

# The ICICI group today

Diversified universal banking group

Largest private sector bank

Largest consumer credit provider

Largest private sector life insurer

Largest private sector general insurer

Over 10 million retail customer accounts

Building a global presence



# Capitalising on a range of opportunities...

## Retail lending

- Existing under-penetration: only 5% of GDP
- Economic growth & upward migration of income levels driving retail finance growth
- Estimated annual market growth at 40%

## Insurance

- Life insurance premia at 2% of GDP
- Only 23% of insurable population covered

## Infrastructure

- Renewed policy focus
- Sustainable public-private partnership model

## Industrial resurgence

- Restructured and competitive manufacturing sector



# ...underpinned by certain key strengths

## Scale

- Second-largest bank in India
- Presence across all financial products
- Supported growth with capital raising

## Technology

- Technology-enabled products and processes
- Technology-agnostic: low-cost scalable platforms

## Human capital

- Vast talent pool
- Strong performance-driven work ethic
- Focus on innovation

## Brand

- Among the top two financial brands in India
- Leveraged across products and services throughout the group



# India's leading consumer bank

(Rs. in billion)

	March 31, 2003	March 31, 2004	Growth in FY2004
Outstanding retail assets	191.41	334.23	75%
Retail deposits	238.24	381.91	60%
Total customer base (in million)	6.6	10.0	52%



# Dominance in retail credit

(Rs. in billion)

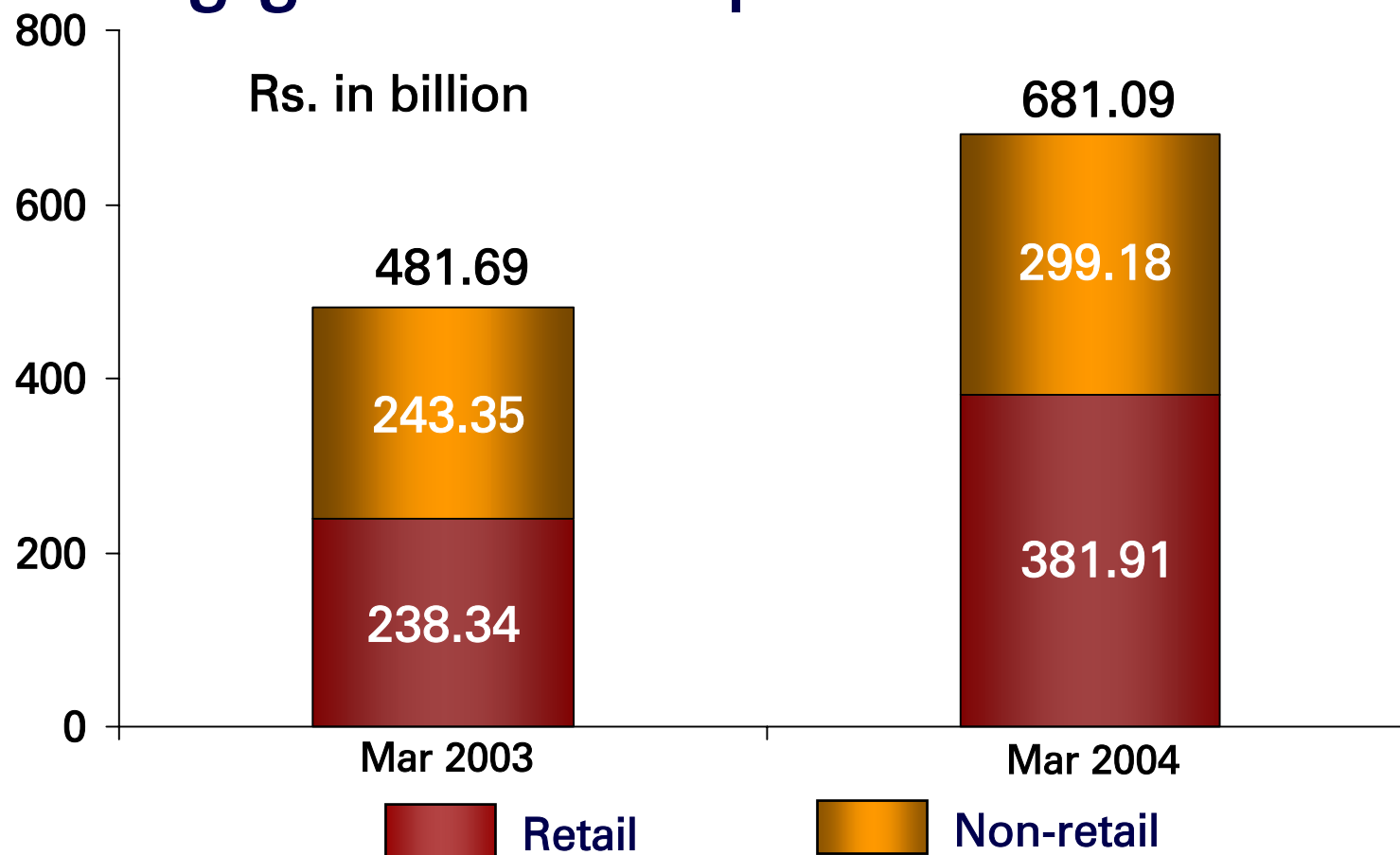
Product	Industry volumes FY2004	ICICI Bank's volumes	ICICI Bank's market share
Mortgage	470.00	132.82	28%
Auto	200.00	72.79	36%
Commercial	190.00	47.17	25%
Personal/ Consumer	105.00	30.92	29%
Two-wheeler	35.00	13.38	38%
Total	1,000.00	297.08	30%
Credit cards <sup>2</sup>	10.0	2.3	23%

1. Industry data based on market estimates

2. Cards in force (million)



# Strong growth in deposits

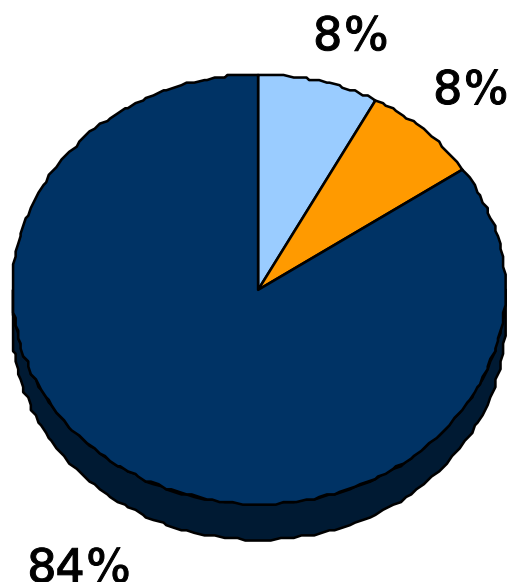


*ICICI Bank had 9.0% share in incremental deposits and a 9.8% share in incremental retail deposits in FY2004*



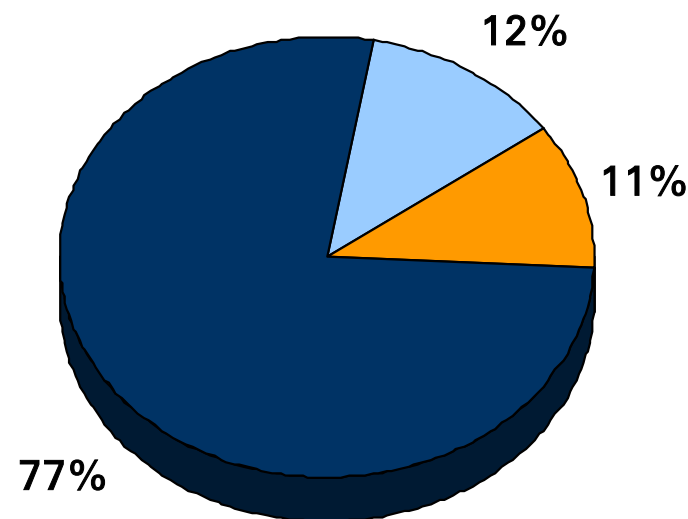
# Increasing share of demand deposits...

March 31, 2003



Rs. 481.69 billion

March 31, 2004



Rs. 681.09 billion

*Low-cost deposits constituted 41% of incremental deposits*





# Corporate banking

Client focus	Client segment-specific strategies
	Strategy based on origination and sell down
Technology	Online delivery capability for 70% of core finance functions
	Customised technology integration solutions for 34% of top 100 corporates
Markets	Provider of integrated risk solutions to corporates
	A leading player in debt arrangement, primary CP market and USD/INR options



# Milestones achieved in securitisation

- Ranked # 1 placement house by PRIME for debt private placement

- Largest ever retail securitisation deals in Indian financial markets

Mortgage backed securitisation  
(MBS) – Rs. 3.64 billion

Asset backed securitisation  
(ABS) – Rs. 10.60 billion

- Innovative structures like time tranching and prepayment protected issues placed

- Rs. 107.00 billion of assets securitised in FY2004



# Roll out of international presence

Indian OBU

- OBU Launched in August 2003

China

- Rep Office launched in September 2003

Singapore

- OBU launched in September 2003

UAE

- Rep Office launched in October 2003

UK

- Subsidiary launched in November 2003

Canada

- Subsidiary launched in December 2003

Bahrain

- OBU to be launched by June 2004

- Application process underway for representative offices in South Africa and Bangladesh & subsidiary in Russia
- RBI approval for branches in USA and Sri Lanka received
- Rollout of alliances with leading banks



# Life insurance

## Market share

- Maintained leadership in private sector
- Retail market share of 36%\* during FY2004

## Reach

- Presence in 54 locations
- About 32,700 agents
- 13 bancassurance partners

## Bancassurance

- Contributed 20% of annualised premium equivalent
- ICICI Bank's share in bancassurance was 42%

## Financial performance

- Net premium of Rs. 10.04 billion in FY2004
- New business achieved profits (NBAP) of Rs. 2.04 billion in FY2004

\*Excludes group business



# General insurance

## Market share

- Maintained leadership in private sector
- Market share of 22% during FY2004

## Reach

- Presence in 63 locations, up from 35 in March 2003

## Portfolio mix

- Profitable, low-risk fire & engineering segment about 60% of portfolio
- Focus on retail products such as travel, home and motor

## Financial performance

- Underwriting profit of Rs. 167.8 million and PAT of Rs. 317.7 million in FY2004
- ROE of 19.5%



# Investment banking

## Corporate finance

- Significant increase in revenues in FY2004
- Top rank by value of deals in M&A and private equity in FY2004

## Fixed income

- Continued profit momentum despite lower decline in interest rates
- Trading profits at Rs. 1.84 billion in FY2004

## Equities

- Over 200% y-o-y increase in revenues in FY2004
- “Best Indian brokerage” and “Best Indian bond house” by Asiamoney

## Financial performance

- 45% y-o-y increase in PAT to Rs. 1.65 bn in FY2004
- RoE of 40% in FY2004



# Financial performance



# Key profitability indicators

	Q4-2003	Q4-2004	FY2003	FY2004	Y-o-y growth (%)
PAT (Rs. bn)	3.38	4.55	12.06	16.37	36%
NII (Rs. bn)	3.85	5.28	13.71 <sup>2</sup>	18.79	37%
Fee income (Rs. bn)	2.27	3.74	8.47	11.75	39%
NIM (%)	1.6 <sup>1</sup>	1.9 <sup>1</sup>	1.4	1.8	-
Cost of deposits (%)	6.2	5.0	6.8	5.4	-
RoA (%)	1.3 <sup>1</sup>	1.5 <sup>1</sup>	1.2	1.4	-
RoE (%)	19.2 <sup>1</sup>	23.0 <sup>1</sup>	18.3	21.8	-
EPS (Rs.)	22.0 <sup>1</sup>	29.5 <sup>1</sup>	19.7	26.7	35%

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





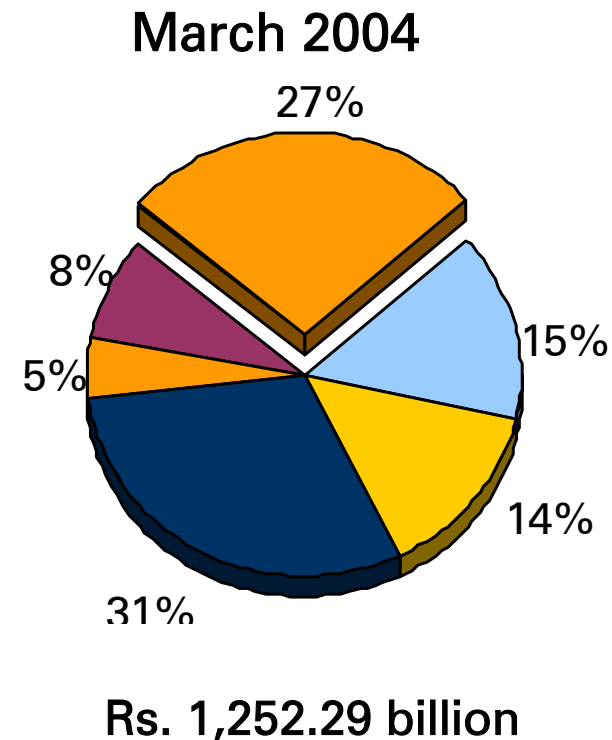
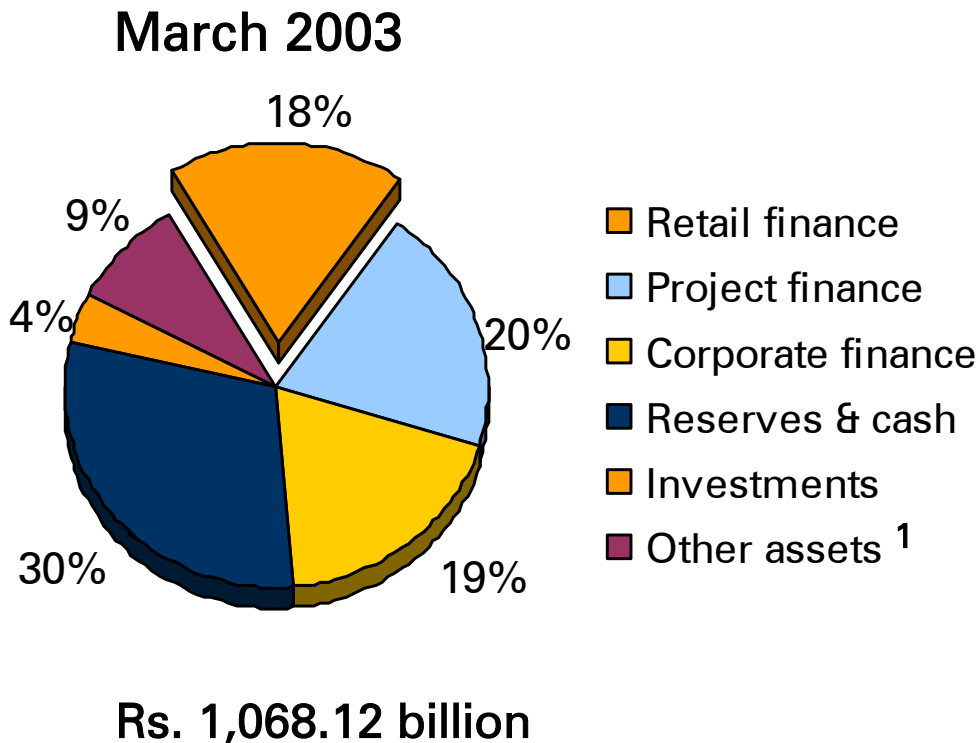
# Balance sheet: Assets

ICICI Bank

	(Rs. in billion)			
	Mar 31, 2002	Mar 31, 2003	Mar 31, 2004	% Change
Cash, balances with banks & SLR	355.78	320.72	383.89	19.7%
- Cash & bank balances	127.86	64.89	84.71	30.5%
- SLR investments	227.92	255.83	299.18	16.9%
Advances	470.35	532.79	620.96	16.5%
<i>Of which : Retail</i>	<i>61.25</i>	<i>191.32</i>	<i>334.23</i>	<i>74.7%</i>
Debentures & bonds	64.36	56.90	55.49	(2.5%)
Other investments	66.63	41.89	72.76	73.7%
Fixed assets	42.39	40.61	40.56	(0.1%)
Other assets	41.55	75.21	78.63	4.5%
<b>Total assets</b>	<b>1,041.06</b>	<b>1,068.12</b>	<b>1,252.29</b>	<b>17.2%</b>



# Retail constitutes 27% of balance sheet



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



# Balance sheet: Liabilities

ICICI Bank

(Rs. in billion)

	Mar 31, 2002	Mar 31, 2003	Mar 31, 2004	% Change
Net worth	62.45	69.33	80.10	15.5%
- Equity capital	6.13	6.13	6.16	0.5%
- Reserves	56.32	63.20	73.94	17.0%
Preference capital	3.50	3.50	3.50	-
Deposits	320.85	481.69	681.09	41.4%
ICICI borrowings	582.10	372.50	283.52	(23.9%)
Other borrowings	7.60	68.02	114.93	69.0%
Other liabilities	64.56	73.08	89.15	22.0%
<b>Total liabilities</b>	<b>1,041.06</b>	<b>1,068.12</b>	<b>1,252.29</b>	<b>17.2%</b>



# Key ratios

ICICI Bank

	(Per cent)					
	FY 2003	Q1- 2004	Q2- 2004	Q3- 2004	Q4- 2004	FY 2004
Return on assets	1.2	1.2	1.5	1.6	1.5	1.4
Return on net worth	18.3	19.2	21.7	22.8	23.0	21.8
EPS (Rs.)	19.7	22.2	26.2	28.6	29.7	26.7
NIM	1.4	1.7	1.8	1.9	1.9	1.8
Cost to income	49.9	46.9	39.6	40.5	43.9	42.9
Cost to average assets	1.46	1.69	1.80	1.79	1.73	1.76



# Consolidated profits

## ICICI Bank and subsidiaries

	(Rs. in billion)					
	FY 2003	Q1-2004	Q2-2004	Q3-2004	Q4-2004	FY 2004
ICICI Bank standalone profit	12.06	3.40	4.02	4.40	4.55	16.37
Add:						
- ICICI Securities	1.08	0.63	0.33	0.32	0.37	1.65
- ICICI Venture	0.13	0.04	0.06	0.07	0.09	0.26
- ICICI Prudential Life	(1.09)	(0.26)	(0.37)	(0.50)	(0.51)	(1.64) <sup>1</sup>
- ICICI Lombard	0.02	0.05	0.02	0.05	0.12	0.24 <sup>1</sup>
Less:						
- Dividend and other adjustments	0.68	0.49	0.45	(0.07)	0.20	1.08
Consolidated profit	11.52	3.37	3.61	4.41	4.42	15.80

1. ICICI Bank's proportionate (74%) share in the profit after tax of ICICI Prudential Life and ICICI Lombard.



# Asset quality and provisioning

ICICI Bank

(Rs. billion)

	Mar 31, 2003	Jun 30, 2003	Sept 30, 2003	Dec 31, 2003	Mar 31, 2004
Gross NPAs	84.14	86.75	87.65	87.43	67.15
Less: Cumulative w/offs & provisions	52.63	54.76	56.37	55.57	46.78
Net NPAs	31.51	31.99	31.28	31.89	20.37
Provision cover on NPAs	62.6%	63.1%	64.3%	63.5%	69.7%

- Net NPA ratio at 2.87%
- Net restructured assets of Rs. 66.29 bn at March 31, 2004, as compared to peak net restructured assets of Rs. 104.91 bn at June 30, 2003



# Capital adequacy

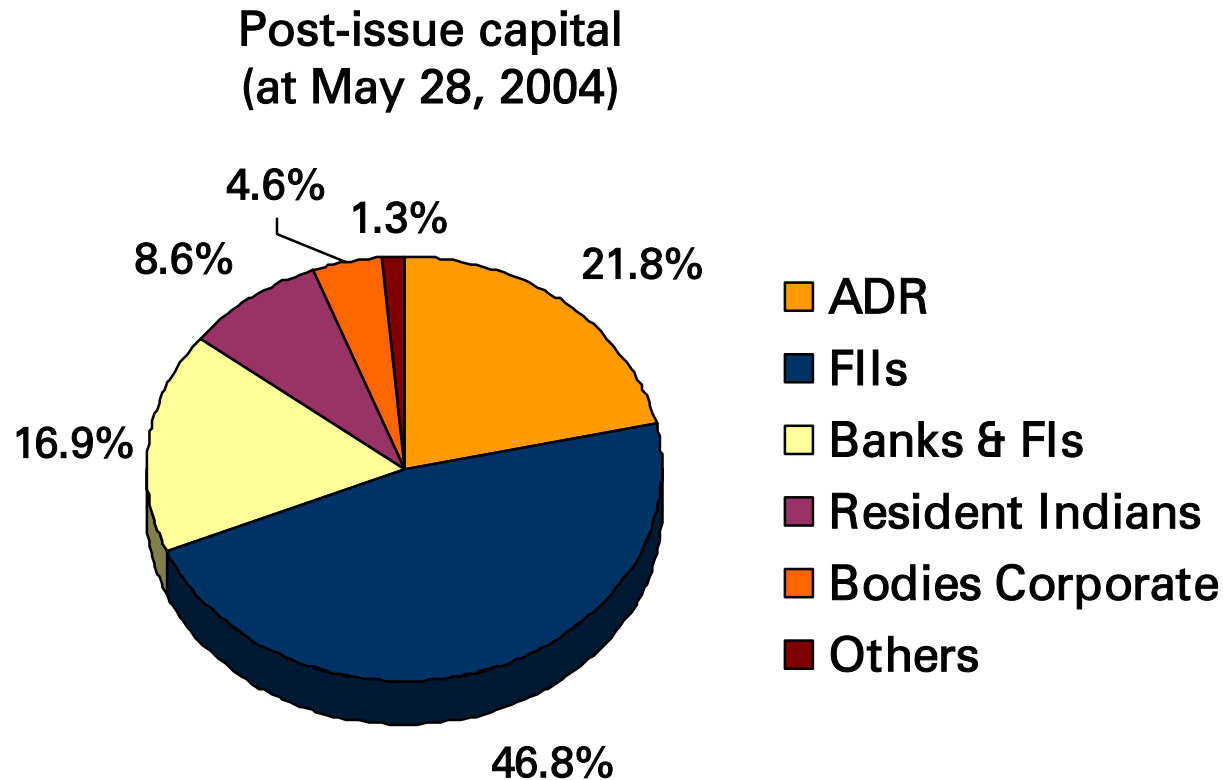
ICICI Bank

	Mar 31, 2003		Mar 31, 2004	
	Rs. bn	%	Rs. bn	%
Total Capital	91.46	11.10	94.01	10.36
- Tier I	58.07	7.05	55.25	6.09
- Tier II	33.39	4.05	38.76	4.27
Total risk weighted assets	823.81		907.34	

1. *Deferred tax asset netted off as per RBI guidelines Rs. 4.43 bn at Mar 31, 2004 with negative impact of 49 basis points on Tier-1 capital adequacy.*
2. *Unamortised ERO expense of Rs. 1.65 bn deducted from Tier-1 capital.*
3. *Pro forma capital adequacy after taking into account the fresh issue of equity shares and including impact of dividend was 15.60% at March 31, 2004.*



# Shareholding pattern



Paid-up capital Rs. 7.34 billion





# Safe Harbour

*Except for the historical information contained herein, statements in this Release which contain words or phrases such as 'will', 'would', 'indicating', '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 to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion in business, the adequacy of our allowance for credit losses, technological implementation and changes, the actual growth in demand for banking products and services, investment income, cash flow projections, our exposure to market risks as well as other risks 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.*



Thank you



# Profit & loss statement

ICICI Bank

(Rs. in billion)

	FY 2003	Q4- 2003	Q1- 2004	Q2- 2004	Q3- 2004	Q4- 2004	FY 2004
NII	13.71 <sup>1</sup>	3.85	4.16	4.50	4.85	5.28	18.79
Non-interest income	20.20	4.62	6.44	8.62	8.13	7.46	30.65
- Fee income	8.47	2.27	2.36	2.60	3.05	3.74	11.75
- Treasury	5.00	0.70	2.61	4.60	3.81	2.12	13.14
- Lease income	5.37	1.30	1.12	1.13	0.95	1.03	4.22
- Others	1.36	0.35	0.35	0.29	0.32	0.57	1.54
<b>Operating income</b>	<b>33.91</b>	<b>8.47</b>	<b>10.60</b>	<b>13.12</b>	<b>12.98</b>	<b>12.74</b>	<b>49.44</b>

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	Q4- 2003	Q1- 2004	Q2- 2004	Q3- 2004	Q4- 2004	FY 2004
Operating income	33.91	8.47	10.60	13.12	12.98	12.74	49.44
Operating expenses	15.35	4.30	4.63	4.96	5.10	5.29	19.99
Other DMA expense	1.62	0.56	0.58	0.69	0.73	0.93	2.94
Lease depreciation	3.14	0.80	0.73	0.76	0.62	0.69	2.79
<b>Operating profit</b>	<b>13.80</b>	<b>2.81</b>	<b>4.66</b>	<b>6.71</b>	<b>6.52</b>	<b>5.83</b>	<b>23.72</b>



*Operating expenses*

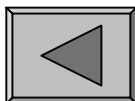


# Profit & loss statement

ICICI Bank

(Rs. in billion)

	FY 2003	Q4- 2003	Q1- 2004	Q2- 2004	Q3- 2004	Q4- 2004	FY 2004
<b>Operating profit</b>	<b>13.80</b>	<b>2.81</b>	<b>4.66</b>	<b>6.71</b>	<b>6.52</b>	<b>5.83</b>	<b>23.72</b>
Profit on sale of ICICI Bank shares	11.91	-	-	-	-	-	-
Provisions / (write- back) incl. addl. provision	17.91	(0.44)	0.85	2.18	1.37	0.30	4.70
Tax, net of deferred tax	(4.26)	(0.13)	0.41	0.51	0.75	0.98	2.65
<b>Profit after tax</b>	<b>12.06</b>	<b>3.38</b>	<b>3.40</b>	<b>4.02</b>	<b>4.40</b>	<b>4.55</b>	<b>16.37</b>



# Interest income

ICICI Bank

	(Rs. in billion)					
	FY 2003	Q1- 2004	Q2- 2004	Q3- 2004	Q4- 2004	FY 2004
Advances	60.16	15.69	14.78	14.66	15.61	60.74
Investments	28.57 <sup>1</sup>	6.01	6.58	6.24	5.49	24.32
Balances with RBI, banks and others	4.42	0.86	0.53	1.01	1.48	3.88
Total interest income	93.15	22.56	21.89	21.91	22.58	88.94

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

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



# Interest expense

ICICI Bank

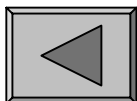
	(Rs. in billion)					
	FY 2003	Q1- 2004	Q2- 2004	Q3- 2004	Q4- 2004	FY 2004
Deposits	24.80	7.27	7.38	7.61	7.97	30.23
RBI / inter- bank borrowings	1.83	0.87	0.70	0.42	0.30	2.29
Bonds, ICICI borrowings & others	52.81	10.26	9.31	9.04	9.03	37.63
Total interest expense	79.44	18.40	17.39	17.07	17.30	70.15



# Spreads

ICICI Bank

	(Per cent)						
	FY 2003	Q4- 2003	Q1- 2004	Q2- 2004	Q3- 2004	Q4- 2004	FY- 2004
Yield on interest- earning assets (1)	10.2	10.3	9.5	9.1	8.9	8.5	9.0
- <i>SLR yield</i>	<i>7.3</i>	<i>6.4</i>	<i>6.4</i>	<i>6.3</i>	<i>5.8</i>	<i>5.5</i>	<i>6.0</i>
Cost of funds (2)	8.9	8.8	7.8	7.3	6.9	6.5	7.1
- <i>Cost of deposits</i>	<i>6.8</i>	<i>6.2</i>	<i>6.0</i>	<i>5.6</i>	<i>5.3</i>	<i>5.0</i>	<i>5.4</i>
Spread (1) – (2)	1.3	1.5	1.7	1.8	2.0	2.0	1.9
NIM	1.4	1.6	1.7	1.8	1.9	1.9	1.8





# Operating expenses

ICICI Bank

(Rs. in billion)

	FY 2003	Q4- 2003	Q1- 2004	Q2- 2004	Q3- 2004	Q4- 2004	FY 2004
Salary	4.03	1.19	1.18	1.26	1.45	1.57	5.46
Rents, taxes & lighting	1.12	0.27	0.35	0.39	0.36	0.39	1.49
Printing & stationery	0.75	0.22	0.21	0.23	0.22	0.21	0.87
Postage & courier	1.04	0.36	0.32	0.36	0.36	0.38	1.42
Repairs & maintenance	1.45	0.36	0.45	0.48	0.50	0.46	1.89
Insurance	0.25	0.08	0.09	0.09	0.07	0.09	0.34
Bank charges	0.23	0.07	0.07	0.06	0.07	0.05	0.25
Depreciation	1.91	0.56	0.59	0.65	0.69	0.69	2.62
Others	4.57	1.18	1.37	1.44	1.39	1.45	5.65
<b>Operating expenses</b>	<b>15.35</b>	<b>4.29</b>	<b>4.63</b>	<b>4.96</b>	<b>5.11</b>	<b>5.29</b>	<b>19.99</b>

