



ICICI Bank: Strategy and Performance

September 2004

Contents

- Opportunities and strategy
 - Corporate banking
 - Retail banking
 - International banking
 - Insurance subsidiaries
- Financial performance



ICICI Bank: Key themes

ICICI Bank
today

- Second-largest bank in India
- Leadership position across the spectrum of financial services
- Significant progress in international foray
- Well-capitalised to support growth
- Strong core operating performance

Range of
opportunities

- Emerging corporate investment trends
 - Resurgence in manufacturing sector
 - Renewed focus on infrastructure
 - Credit and fee income opportunities
- Continued robust growth in retail credit and insurance



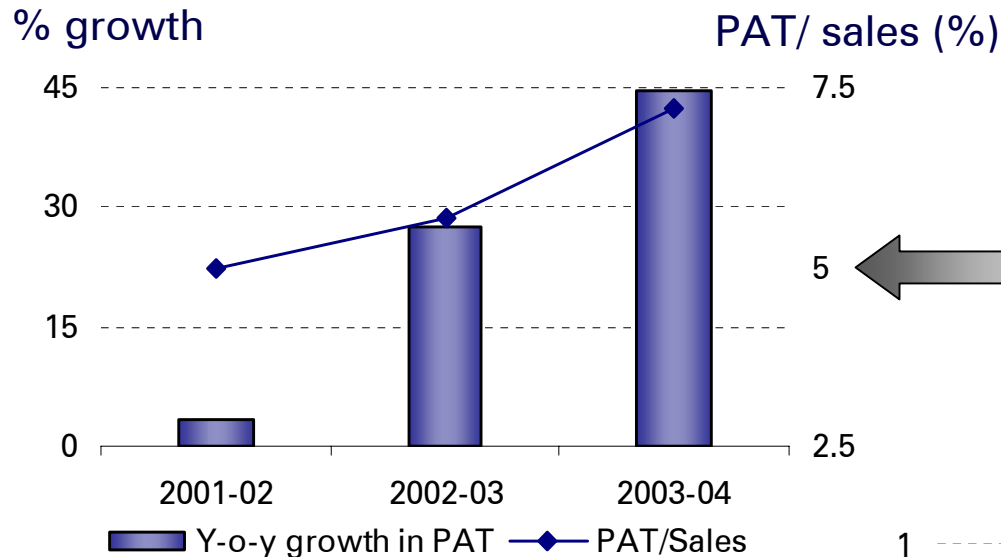
Resurgence of the manufacturing sector

- Prolonged period of restructuring and repositioning
 - Early 1990s: capitalising on domestic demand
 - Mid- to late 1990s: restructuring to achieve world-class efficiency
 - 2000: Articulation of international competitiveness
- Key transformational trends
 - Increasing deployment of technology
 - Declining interest rates
 - Deleveraging and organic capital generation
 - Constantly improving quality standards

...large productivity improvements with limited investment

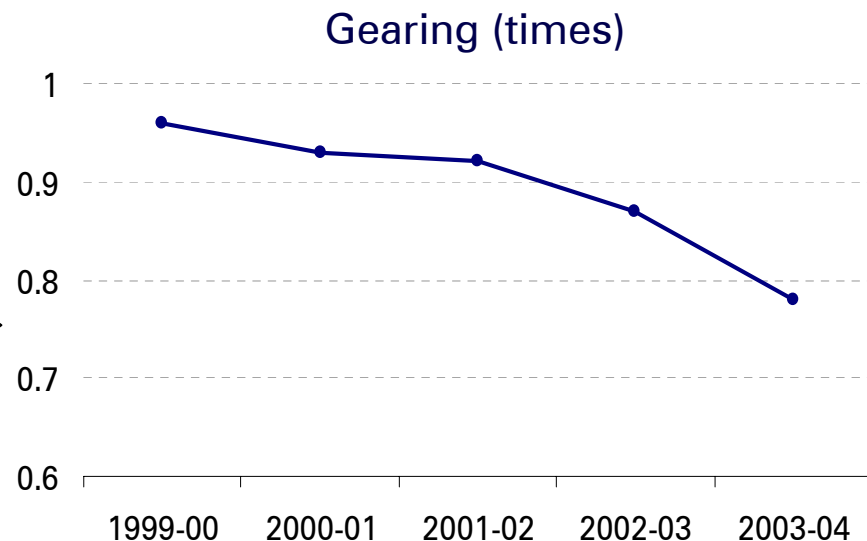


Improving efficiency



Increased profitability of the private corporate sector¹

Improving debt/equity ratios



¹ Data for all private sector manufacturing companies
Source: CMIE

Our corporate banking strategy

Outlook

- Estimated investments of Rs. 1.9 trillion in 300 leading public and private sector corporates over the medium term
- Significant investments in power, telecom, oil & gas, metals, roads, ports and textiles

Our strategy

- Leveraging on balance sheet strength and strong corporate relationships
 - Capitalising on fee income opportunities
- Focus on origination, syndication and structuring
- Dynamic management of portfolio
 - Focus on sell downs and avoiding concentration of exposure



Corporate banking technology and quality focus

Technology highlights

- Online delivery capability for 70% of core finance functions of a corporate client
- Customised technology integration solutions for 37% of top 100 corporates
- First bank to offer electronic solutions for statutory levies

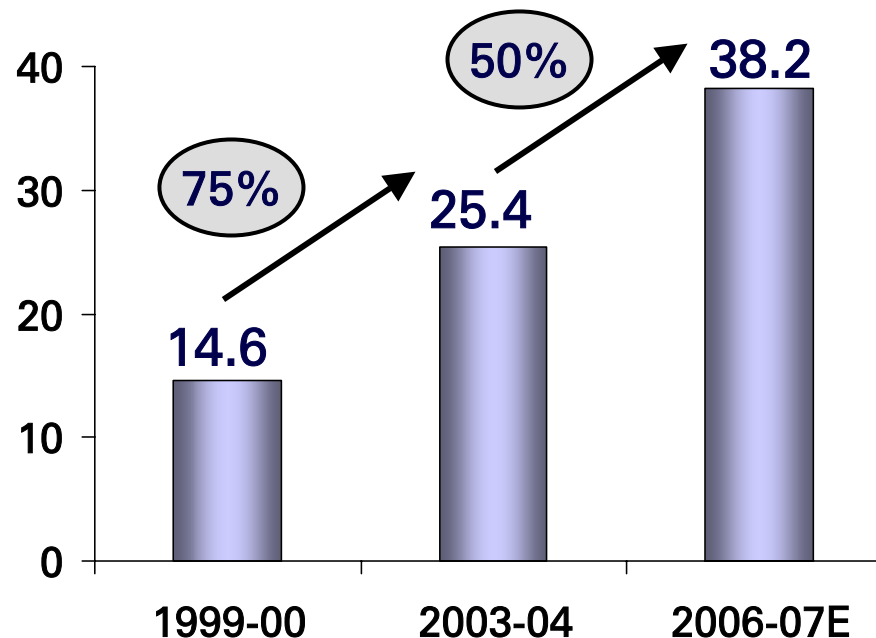
Focus on quality

- Focus on quality institutionalised
- Six sigma initiatives implemented across all processes
- Quick turnaround on customer queries



Retail credit drivers

Upper middle & high income urban households (in million)¹



- Retail credit at about 7-8% of India's GDP
- About 55% of population is between 15-54 years

¹ Derived from Tata Statistical Outline of India 2003-04

The retail finance opportunity

Retail growth driven by rapid growth in target segments and under penetration of financing

Product	Y-o-y growth in industry sales	% financed	ICICI Bank's market share (in % financed)
Home	35%	65%	31%
Auto	25%	80%	37%
Two-wheeler	15%	40%	34%

Source: CRISIL and ICICI Bank estimates



Outstripping competition in retail (Rs. in billion)

Product	Monthly industry volumes ^{1,2}	ICICI Bank's volumes ¹	ICICI Bank's market share
Mortgage	49.30	15.00	31%
Auto	23.35	8.50	37%
Commercial	11.60	3.64	32%
Personal	10.25	2.50	25%
Two-wheeler	4.80	1.60	34%
Total	99.30	31.24	31%
Credit cards (no.)	340,000	100,000	29%

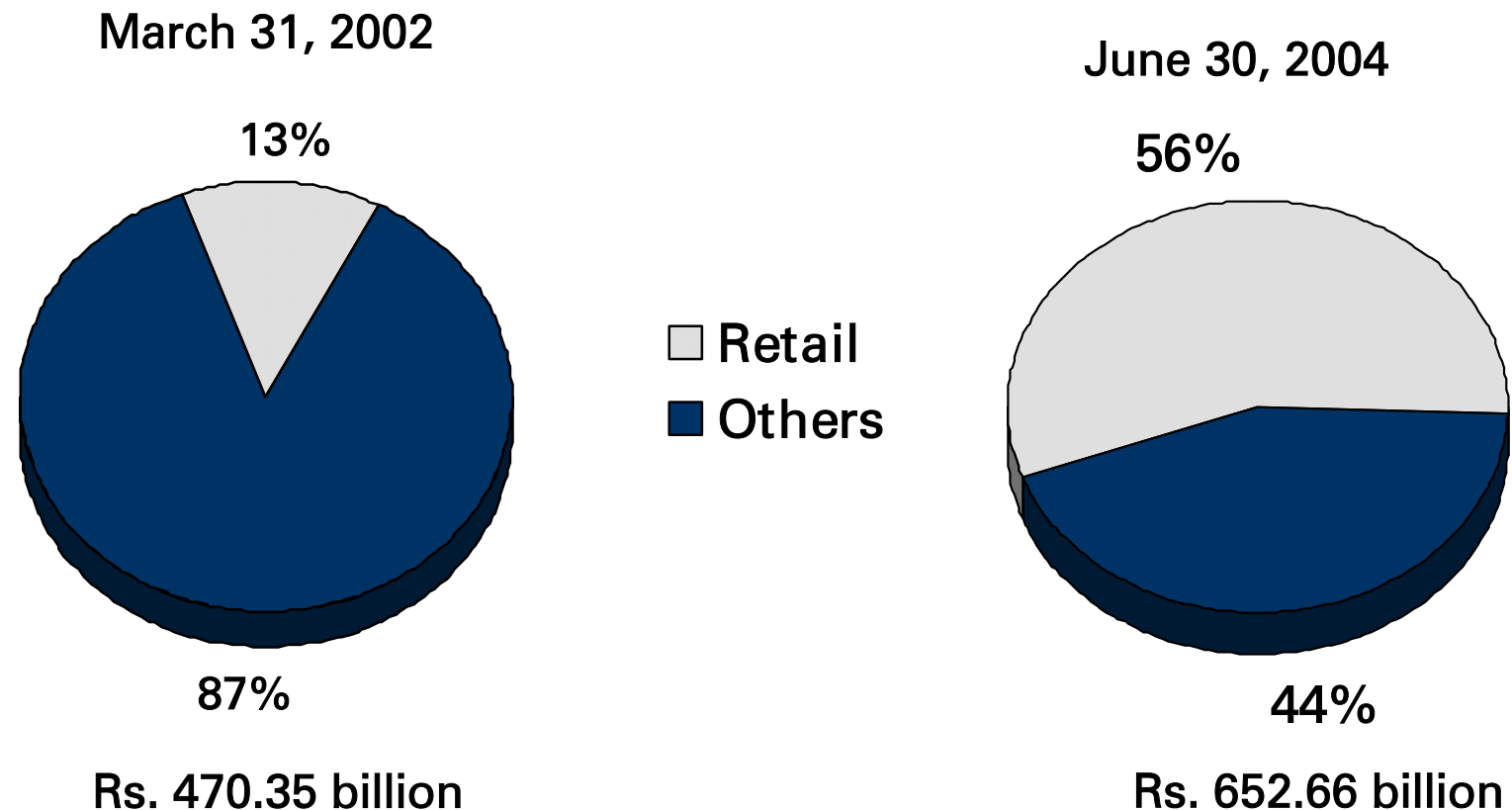
1. Average monthly volumes in July and August 2004

2. Industry data based on market estimates

...significantly strengthened leadership in mortgages



Increasing share of retail advances



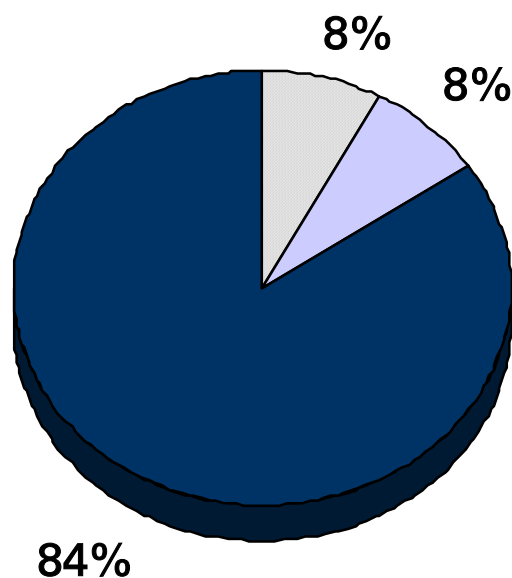
Stringent credit practices

- Separation of credit from sales
- Centralised product and policy approvals
- Structured field investigation process
- Strong fraud controls
 - Ongoing sampling checks, verification of external agencies
- Proactive collections process and management of repossessed collateral
- Robust analytics capabilities for analysing portfolio as an input to fine-tuning credit norms



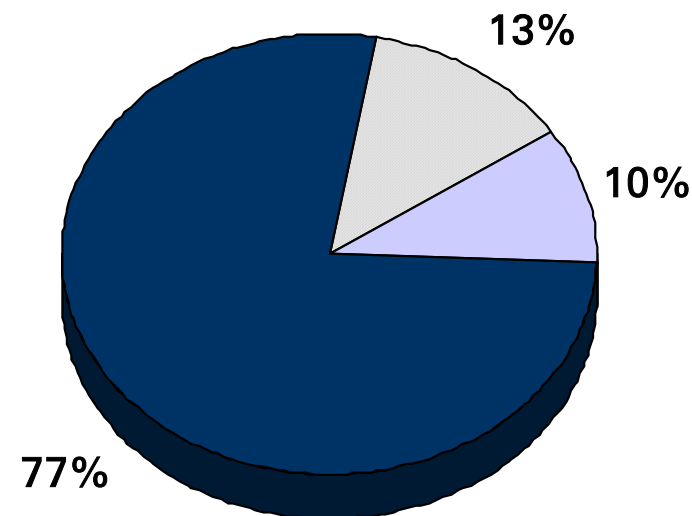
Increasing share of demand deposits...

March 31, 2003



Rs. 481.69 billion

June 30, 2004

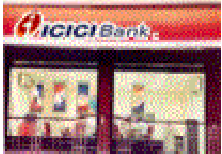





Rs. 667.80 billion

■ Savings
■ Current
■ Term



Successful channel migration

Channel	Usage March 2000	Usage May 2004	Change
 Branches & ECS	94%	27%	↓
 ATMs	3%	46%	↑
 Internet & Mobile	2%	17%	↑
 Call centre	1%	10%	↑



Our international initiative

Objectives

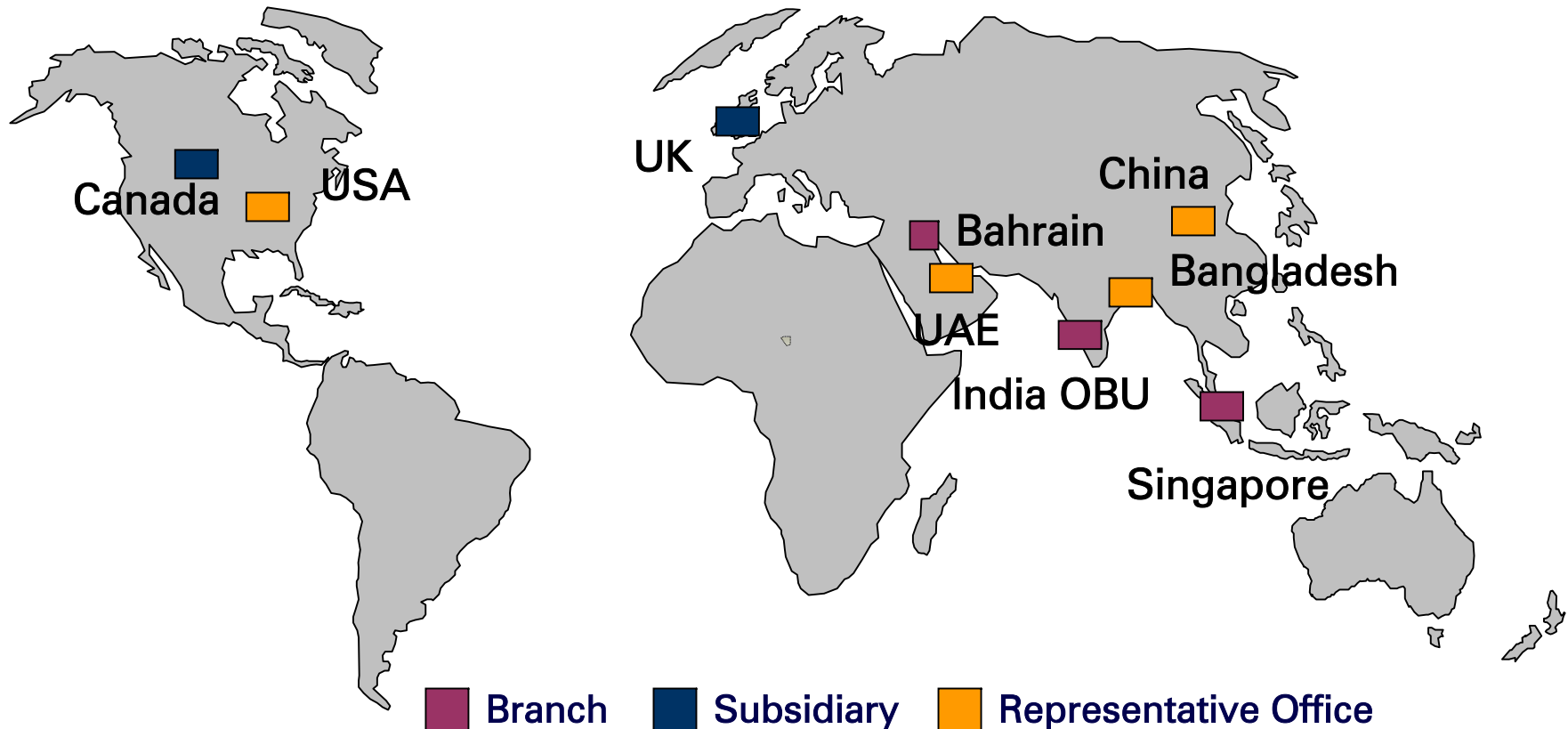
- Follow the customer and cater to his cross border needs
- Diversify risks across geographies
- Accelerate growth and sustain profitability

Strategy

- Initial expansion into major NRI markets
- Consolidate presence in existing locations and identify additional growth opportunities
- Build a scalable model for global rollout



Our international presence



- Representative office to be launched in South Africa shortly
- Application process underway for subsidiary in Russia
- RBI approval for branches in USA and Sri Lanka received



Insurance subsidiaries

Life insurance

- Largest private sector life insurance company in India
- 34% market share in private sector in Q1-2005 based on incremental premiums
- New business achieved profits (NBAP) of Rs. 0.60 billion in Q1-2005 (Rs. 2.04 billion in FY2004)

General insurance

- Largest private sector general insurance company in India
- 24% market share in private sector in Q1-2005
- Achieved underwriting profit in the first full year of operations
- PAT of Rs. 198.2 million in Q1-2005 (Rs. 64.0 million in Q1-2004)
- RoE of 26.0% in Q1-2005



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Key profitability indicators

	FY2004	Q1-2004	Q1-2005	Growth (%)
PAT (Rs. bn)	16.37	3.40	4.31	27%
NII (Rs. bn)	19.87	4.55	6.31	39%
Fee income (Rs. bn)	11.75	2.36	4.18	77%
NIM (%)	1.9	1.9 ¹	2.3 ¹	-
Cost of deposits (%)	5.4	6.0 ¹	4.5 ¹	-
RoA (%)	1.4	1.2 ¹	1.4 ¹	-
RoE (%)	21.8	19.2 ¹	17.9 ¹	-
EPS (Rs.)	26.7	22.2 ¹	24.1 ¹	-

1. Annualised.



Profit & loss statement

(Rs. in billion)

	FY2004	Q1-2004	Q1-2005	Growth %
NII	19.87	4.55	6.31	38.7%
Non-interest income	17.51	3.83	5.65	47.5%
- Fee income	11.75	2.36	4.18	77.1%
- Lease income	4.22	1.12	1.03	-8.0%
- Others	1.54	0.35	0.44	25.7%
Core operating income	37.38	8.38	11.96	42.7%
Operating expense	19.99	4.63	5.64	21.8%
Other DMA expense	2.93	0.58	0.85	46.6%
Lease depreciation	2.79	0.73	0.84	14.9%
Core operating profit	11.66	2.44	4.63	89.8%



Profit & loss statement

(Rs. in billion)

	FY2004	Q1-2004	Q1-2005	Growth %
Core operating profit	11.66	2.44	4.63	89.8%
Treasury income	13.14	2.61	0.93	-64.4%
Operating profit	24.81	5.05	5.56	10.2%
Provisions / (write-back)	5.79	1.24	0.46	-62.9%
Profit before tax	19.02	3.81	5.10	34.0%
Tax	2.65	0.41	0.79	92.7%
Profit after tax	16.37	3.40	4.31¹	26.9%

1. Positive impact of Rs. 290 mn on account of mark-to-market of rupee derivatives in line with market practice and RBI guidelines, given rapidly growing volumes



Key ratios

(Percent)

	FY2004	Q1-2004 ¹	Q1-2005 ¹
Return on assets	1.4	1.2	1.4
Return on net worth	21.8	19.2	17.9
EPS (Rs.)	26.7	22.2	24.1 ²
NIM	1.9	1.9	2.3
Cost to income	41.9	45.2	46.8
Cost to average assets	1.8	1.7	1.8
Fee to income	27.5	23.9	34.7

1. Annualised
2. Weighted average for the period



Asset quality and provisioning

(Rs. in billion)

	Mar 31, 2003	Mar 31, 2004	Jun 30, 2004
Gross NPAs	84.14	67.15	65.41
Less: Cumulative w/offs & provisions	52.63	46.78	45.30
Net NPAs	31.51	20.37	20.11
Provision cover on NPAs	62.6%	69.7%	69.3%

- Net NPA ratio at 2.7%
- Net restructured assets of Rs. 72.64 bn at June 30, 2004, down from peak level of Rs. 104.91 billion at June 30, 2003



Capital adequacy

	Mar 31, 2004		June 30, 2004	
	Rs. bn	%	Rs. bn	%
Total Capital	94.01	10.36	146.12	15.21
- Tier I	55.25	6.09	89.90	9.36
- Tier II	38.76	4.27	56.22	5.85
Total risk weighted assets	907.34		960.07	

- Deferred tax asset netted off as per RBI guidelines Rs. 5.16 bn at June 30, 2004 with negative impact of 48 basis points on Tier-1 capital adequacy
- Unamortised ERO expense of Rs. 1.56 bn deducted from Tier-1 capital
- IFR of Rs. 7.30 bn is considered in Tier-2 capital



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

