
ICICI Group: Strategy and Performance

September 2007



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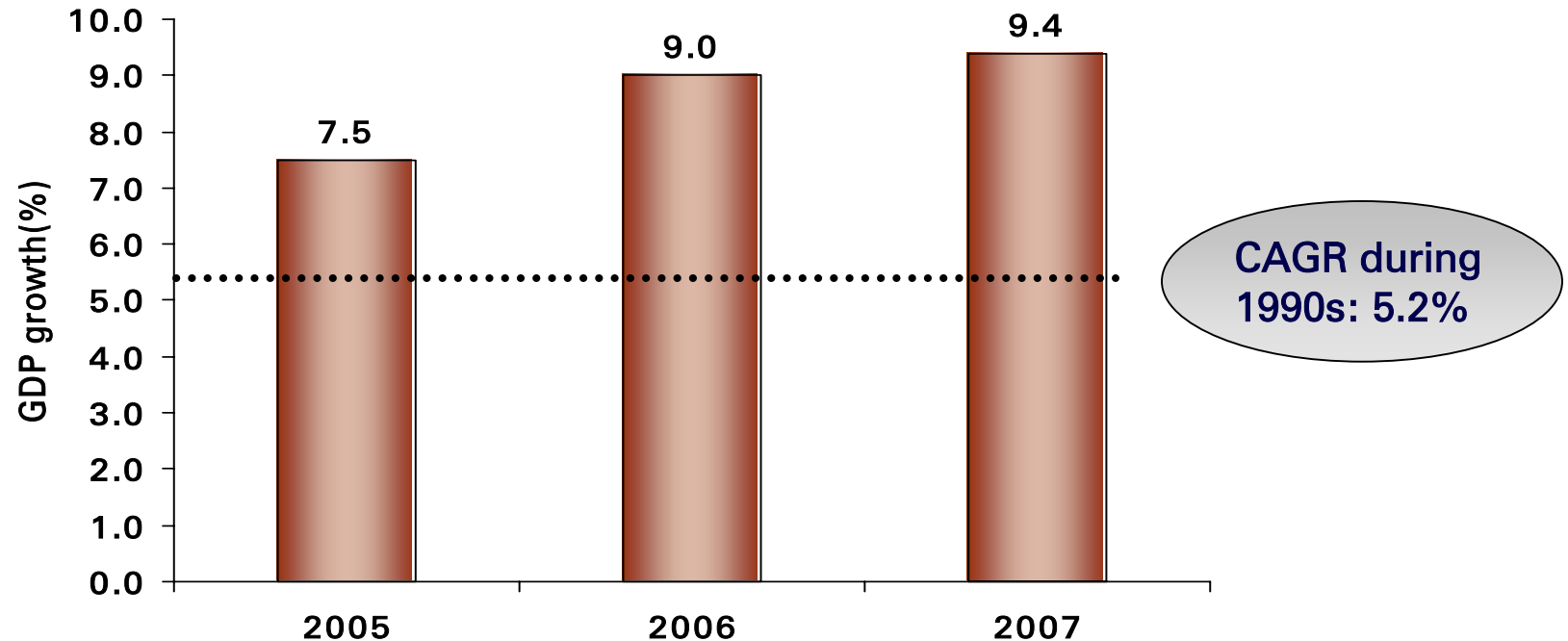
Opportunities & Strategy

Key Subsidiaries

Financial Performance



India: on a high growth trajectory



Services sector growth	Industrial sector momentum	Globalisation
Favourable demographics	Knowledge capital	Rural potential



Consumption and Investment

Consumption

- Households in Rs. 90,000-Rs. 1,000,000 income bracket expected to increase from 53.0 mn (28% of total) in 2002 to 108.0 mn (46%) in 2010¹
- Share of population in deprived class to drop by more than half by 2025 with more than 291 mn people expected to rise out of poverty and enter middle class

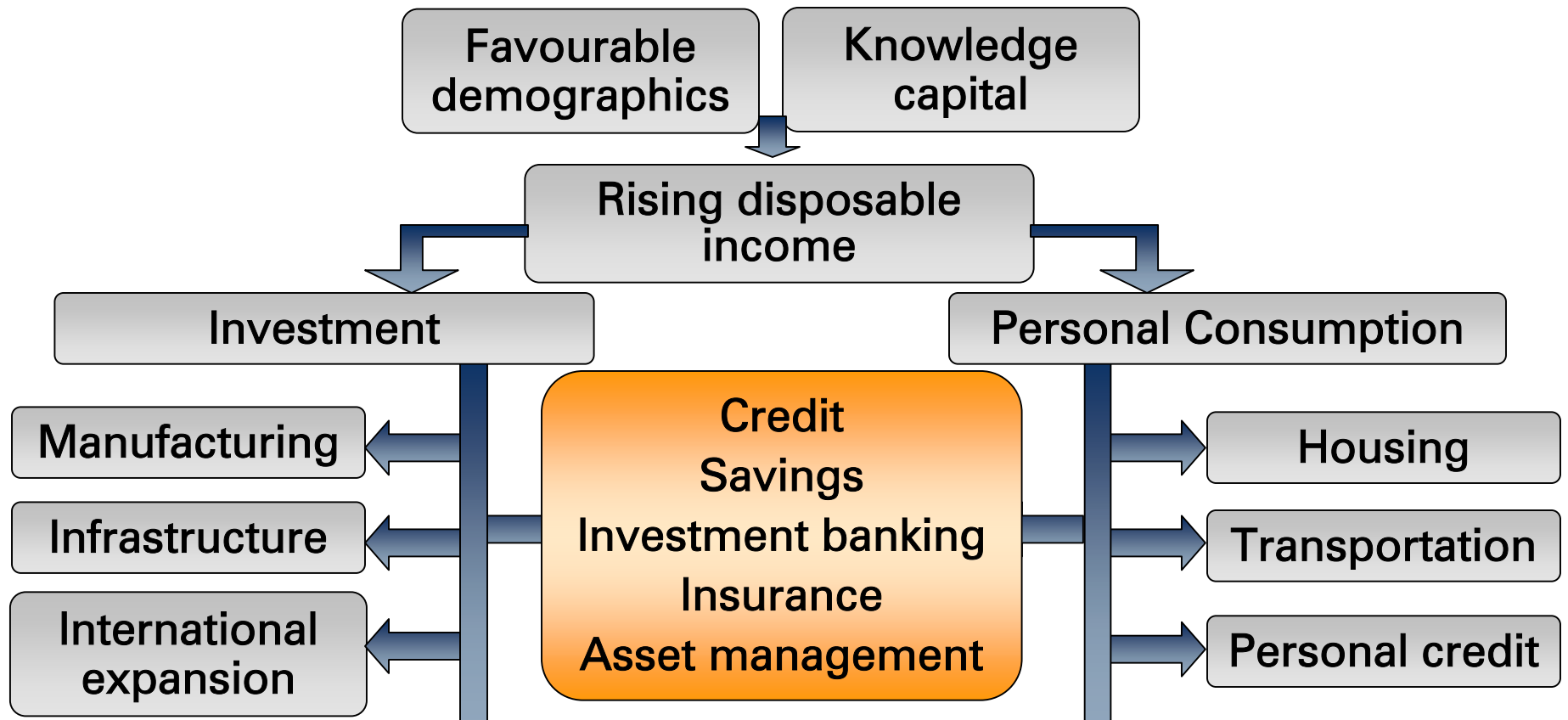
Investment

- Strong corporate performance with high cash accruals; large investment pipeline in both manufacturing and infrastructure
- Increasing volume of cross border M&As: Volume of outbound M&A at US\$ 21.2 bn in CY2006⁽²⁾

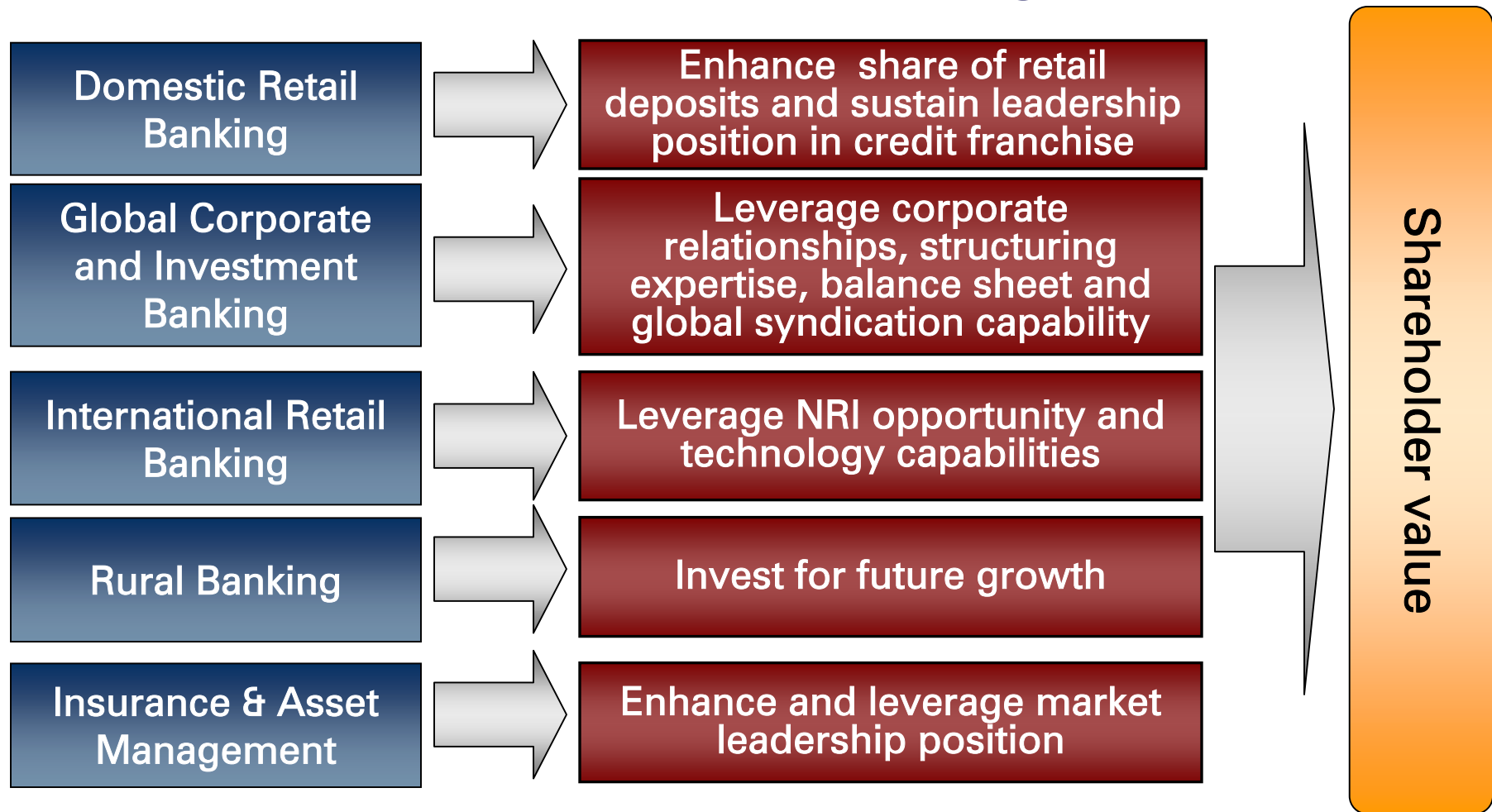
1. National Council For Applied Economic Research
2. Source: Bloomberg, Including Tata Corus deal announced in December 2006



Multiple opportunities in financial services



The ICICI Group: Our strategy



...multi-specialist financial services group



Our retail banking platform

Credit

- Leadership position with demonstrated pricing power
- Full range of products distributed through in-house network and external agent force
- Centralized credit & operations

Deposits

- Superior deposit gathering franchise: highest savings account deposit per branch in the industry
- Low cost, scalable technology architecture: only 10% of transactions occur at branches

Fee income

- Diversified fee income streams: loans, cards, transaction banking & distribution
- Focus on cross sell of insurance and asset management products



Innovative SME business model

Deposits and transaction banking

- Innovative deposit product for SMEs:
Roaming current account
- Comprehensive non-fund based product suite: trade, cash management, foreign exchange and risk management

Focused lending

- Market Segmentation based on risk profile: industry clusters, corporate channel partners and other SMEs
- Lending predominantly focused on
 - Pre-selected clusters
 - Corporate linkages
 - Parameterisation



Corporate & investment banking

Origination

- Leveraging domestic corporate relationships
- Project appraisal capabilities
- M&A advisory

Structuring

- Structuring skills
- Balance sheet support – domestic and international

Syndication

- India and global distribution capability
- Focus on risk diversification and return optimization

Combined with efficient transaction banking and treasury products

Ranked #1 in India syndicated loans



International banking

International retail banking

- Focus on fee and liability generation
 - India linked products for NRIs; distribution of third party investment products
 - Platform to capture large remittance flows into India and in other corridors; Market share of 28% in remittances into India
 - Technology-driven direct banking platform in UK and Canada

International franchise snapshot

- Presence in 18 countries outside India
 - North America, UK, Europe, Russia, Middle-east, South Africa, South-East & North Asia
- International assets account for 20% of consolidated banking assets
- Profitability with scale: ICICI Bank UK profit after tax of US\$ 18.7 mn in Q1-2008

Largest international balance sheet among Indian banks



Rural banking: Investing for future growth

Comprehensive channel strategy

- Strategy to comprehensively cover an identified rural geography with branches, partnerships & technology based channels
- Branches at major agricultural markets
- Franchisees, internet kiosks, MFI & corporate partners

Comprehensive product strategy

- Multi-product suite for catering to various customer segments: farmer financing, agri-businesses, commodity-based financing and micro-credit
- Savings and investment products
- Insurance



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Life insurance

Market leadership

- Market leadership in the private sector with a retail market share of 25.7%¹

Highlights

- New business annualised premium equivalent growth of 12% in Q1-2008
 - Reflecting base effect of accelerated market growth in Q1-2007
 - Robust growth seen in July 2007
- Robust renewal streams: 44% of total premium
- Assets held Rs. 184.75 bn, of which about 61% is equity

Financial performance

- New Business Achieved Profit of Rs. 1.65 bn in Q1-2008, reflecting NBAP margin of 19.7%

1. For Q1-2008 on 'weighted received new business premium basis'



General insurance

Market leadership

- Market leadership in private sector with market share of 30.7%¹

Highlights

- 9% growth in gross written premium (GWP) to Rs. 8.87 bn in Q1-2008
 - GWP increased by 20% in the retail segment but was flat in corporate segment due to impact of de-tariffing
- Non-corporate business at 51% of GWP

Financial performance

- Profit after tax of Rs. 453.7 mn in Q1-2008

1. For Q1-2008



Asset management

Market leadership

- Among the top two mutual funds in India
- Funds under management (FUM) of Rs. 506.59 bn
- Market share of 10.8%¹

Highlights

- Equity assets increased by 16.2% in the quarter ended June 30, 2007
 - Equity assets constitute 34.4% of overall FUM

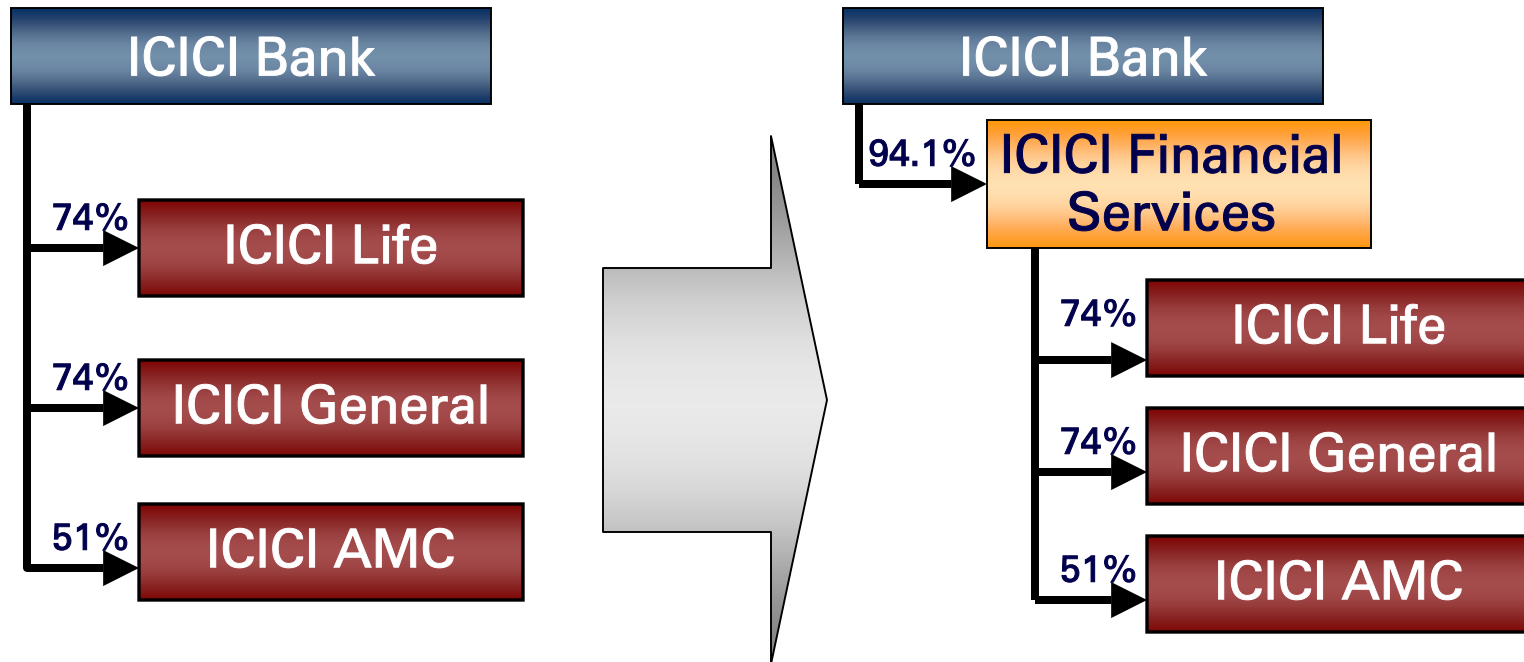
Financial performance

- Profit after tax of Rs. 276.0 mn in Q1-2008 compared to Rs. 160.4 mn in Q1-2007

1. As on August 31, 2007



Demonstrating value creation



- New subsidiary to raise capital for meeting future capital requirements of insurance subsidiaries
- Received definitive offers for investment of Rs. 26.50 bn for 5.9% stake, valuing the company at Rs. 446.00 bn on post-issue basis
- Proposal subject to regulatory approvals



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Profit & loss statement

(Rs. in billion)

	FY 2007	Q1-2007	Q1-2008	Q-o-Q Growth
NII	66.36	14.75	17.14	16.2%
Non-interest income	59.14	12.60	17.55	39.4%
- Fee income ¹	50.12	10.55	14.28	35.3%
- Others (including dividend from subsidiaries)	9.02	2.05	3.27	59.5%
Core operating income	125.50	27.35	34.69	26.8%
Operating expenses	49.79	10.80	14.79	37.0%
DMA ² expenses	15.24	3.91	3.83	(2.2%)
Lease depreciation	1.88	0.50	0.43	(14.0%)
Core operating profit	58.59	12.14	15.64	28.8%

1. Includes merchant forex income and margin on customer derivative transactions
2. Represents commissions paid to direct marketing agents (DMAs) for origination of retail loans. These commissions are expensed upfront



Profit & loss statement

(Rs. in billion)

	FY 2007	Q1-2007	Q1-2008	Q-o-Q Growth
Core operating profit	58.59	12.14	15.64	28.8%
Treasury income	10.14	0.18	1.95	-
Less: Premium amort on SLR	9.99	2.67	2.35	(11.7%)
Operating profit	58.74	9.65	15.24	57.9%
Provisions & w-off	22.26	2.16	5.52 ¹	155.5%
Profit before tax	36.48	7.49	9.72	29.8%
Tax	5.38	1.29	1.97	52.7%
Profit after tax	31.10	6.20	7.75	25.0%

1. Includes impact of higher proportion of non-collateralised loans in the retail portfolio and seasoning of the retail portfolio



Balance sheet: Assets

(Rs. in billion)

	Mar 31, 2007	June 30, 2006	June 30, 2007	Y-o-Y growth
Cash balances with banks & SLR	1,044.89	810.76	1,060.69	30.8%
- Cash & bank balances	371.21	205.63	296.49	44.2%
- SLR investments	673.68	605.13	764.20	26.3%
Advances	1,958.66	1,471.84	1,982.77 ¹	34.7%
Other investments	238.90	208.27	330.81	58.8%
Fixed & other assets	204.13	171.78	195.05	13.5%
Total assets	3,446.58	2,662.65	3,569.32	34.1%

1. Net of sell-down of about Rs. 38.50 bn in Q1-2008



Balance sheet: Liabilities

(Rs. in billion)

	Mar 31, 2007	June 30, 2006	June 30, 2007	Y-o-Y growth
Net worth	243.13	227.70	246.86	8.4%
- Equity capital	8.99	8.92	9.03	1.2%
- Reserves	234.14	218.78	237.83	8.7%
Preference	3.50	3.50	3.50	-
Deposits	2,305.10	1,830.06	2,307.88	26.1%
Borrowings - domestic	385.17	334.26	362.56	8.5%
Borrowings – overseas branches	321.44	134.17	340.25	153.6%
Other liabilities	188.24	132.96	308.27	131.9%
Total liabilities	3,446.58	2,662.65	3,569.32	34.1%



Capital adequacy

	Mar 31, 2007		June 30, 2006		June 30, 2007	
	Rs. bn	%	Rs. bn	%	Rs. bn	%
Total Capital	338.95	11.69	280.20	12.46	326.46	11.03
- Tier I	215.03	7.42	193.45	8.60	209.48 ¹	7.08
- Tier II	123.92 ²	4.27	86.75	3.86	116.98 ²	3.95
Risk weighted assets	2,899.93		2,248.07		2,959.41	

1. Does not include capital raised through public issue in India and American Depositary Share offering, which would be reflected in the quarter ending September 30, 2007
2. Excludes US\$ 750 million Upper Tier II issue made in Jan-2007 pending clarifications required by RBI on the clauses for principal and interest payment. If this is included in Tier II capital, total capital adequacy ratio would be 12.06%



Key ratios

(Percent)

	FY2007	Q1-2007	Q1-2008
Return on average networth	13.4	11.1	13.0 ¹
Weighted avg EPS (Rs.)	34.8	27.8	34.6
Book value (Rs.)	269.8	254.4	272.9
NIM	2.6	2.5	2.3 ²
Cost ³ / income	40.2	44.3	43.7
Cost ³ / average assets	1.75	1.63	1.74
Fee to income	40.5	43.3	42.2

1. RoE including profit of banking subsidiaries and excluding investment in insurance – 15.9%
2. Impact of higher cash reserve ratio (CRR) and non-payment of interest on CRR resulted in NIM being lower by 20 bps as compared to Q1-2007 and Q4-2007
3. Excludes DMA expenses



Asset quality and provisioning

(Rs. in billion)

	Mar 31, 2007	June 30, 2007
Gross NPAs	48.50	60.43
Less: Cumulative w/offs & provisions	28.31	33.01
Net NPAs	20.19	27.42
Net NPA ratio	1.0%	1.3%

- Gross retail NPLs as on June 30, 2007: Rs. 38.67 bn (of which 54% were non-collateralised)
- Net retail NPLs as on June 30, 2007: Rs. 19.43 bn (of which 46% were non-collateralised)
- Net restructured loans: Rs. 49.26 bn (Mar 31, 2007: Rs. 48.83 bn)

Increase in NPAs reflects portfolio ageing, lower growth and changing portfolio mix



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 impact of any acquisitions, 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

