

News Release**October 31, 2003****Performance Review – Half-year ended September 30, 2003**

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 half-year ended September 30, 2003 (H1-2004). The Board also approved the audited consolidated accounts for the period.

Highlights

- Profit after tax increased 41% to Rs. 402 crore (US\$ 88 million) for the quarter ended September 30, 2003 (Q2-2004) from Rs. 285 crore (US\$ 62 million) for the quarter ended September 30, 2002 (Q2-2003).
- Net interest income increased 47% to Rs. 450 crore (US\$ 98 million) for Q2-2004 from Rs. 307 crore (US\$ 67 million) for Q2-2003.
- Retail assets increased 110% to Rs. 25,205 crore (US\$ 5.5 billion) at September 30, 2003 from Rs. 12,021 crore (US\$ 2.6 billion) at September 30, 2002.
- Net restructured loans declined 25% to Rs. 7,856 crore (US\$ 1.7 billion) at September 30, 2003 from Rs. 10,491 crore (US\$ 2.3 billion) at June 30, 2003.

Operating review***Retail credit growth***

The Bank maintained its growth momentum in the retail segment, with retail assets increasing to Rs. 25,205 crore (US\$ 5.5 billion) at September 30, 2003. The Bank's net customer assets at September 30, 2003 were about Rs. 64,500 crore (US\$ 14.1 billion). Retail assets constituted 39% of customer assets. While leveraging and enhancing its strong origination capabilities, the Bank continued to focus on securitisation of its customer assets. This has enabled the Bank to optimise resource and capital utilisation and diversify the composition of its asset portfolio. During H1-2004, the total sell-down/ securitisation of assets was about Rs. 5,300 crore (US\$ 1.2 billion).

Continuing shift towards more stable funding base

The Bank's deposits increased 18% to Rs. 56,880 crore (US\$ 12.4 billion) at September 30, 2003 from Rs. 48,169 crore (US\$ 10.5 billion) at March 31, 2003, compared to the banking system's deposit growth of about 6.7% during the same period. During H1-2004, the Bank repaid about Rs. 4,250 crore (US\$ 927 billion) of erstwhile ICICI's liabilities as they fell due in accordance with their terms of repayment. At September 30, 2003, deposits constituted 58% of the Bank's funding compared to 42% at September 30, 2002. The Bank's average cost of deposits for the quarter was 5.6%.

International initiatives

ICICI Bank has opened an offshore branch in Singapore, offshore banking unit in Mumbai and representative offices in Shanghai and the United Arab Emirates. The Bank's subsidiary in Canada has been incorporated and its subsidiary in the United Kingdom is now operational. In October 2003, the Bank raised US\$ 300 million through an issue of Eurobonds in the international markets, repayable at the end of five years.

Successful conclusion of Early Retirement Option

In Q2-2004, ICICI Bank offered an Early Retirement Option (ERO) to its employees, which was exercised by 1,495 employees. The total cost of the Option was Rs. 190 crore (US\$ 43 million). Reserve Bank of India (RBI) has permitted the Bank to amortise the cost of the option over a period of five years, commencing from Q2-2004.

Significant progress in asset resolution

The Bank's net restructured assets at September 30, 2003 were Rs. 7,856 crore (US\$ 1.7 billion), a decline of Rs. 2,635 crore (US\$ 574 million) since June 30, 2003. At September 30, 2003, the Bank's net non-performing assets were Rs. 3,128 crore (US\$ 681 million), constituting 4.8% of customer assets.

Stable capital position

ICICI Bank's capital adequacy at September 30, 2003 was 11.15% (including Tier-1 capital adequacy of 7.07%), well above RBI's requirement of 9.0%.

Audited consolidated accounts

The consolidated profit after tax was Rs. 698 crore (US\$ 152 million) in H1-2004 as compared to Rs. 506 crore (US\$ 110 million) in H1-2003.

ICICI Securities' profit after tax increased 113% to Rs. 96 crore (US\$ 21 million) in H1-2004 from Rs. 45 crore (US\$ 10 million) in H1-2003. ICICI Lombard General Insurance Company (ICICI Lombard) earned an underwriting profit and achieved a profit after tax of Rs. 9 crore (US\$ 2 million) in H1-2004. ICICI Prudential Life Insurance Company (ICICI Prudential Life) continued to maintain its market leadership among private sector life insurance companies. Life insurance companies worldwide require five to seven years to achieve breakeven, in view of business set-up and customer acquisition costs in the initial years as well as reserving for actuarial liability. Faster-growing companies typically record higher losses in the initial years; the profit streams after breakeven is achieved are expected to be correspondingly higher. While the growing operations of ICICI Prudential Life had a negative impact of Rs. 63 crore (US\$ 14 million) on the Bank's reported consolidated profit after tax in H1-2004 on account of the above reasons, the company's unaudited New Business Achieved Profit (NBAP) for H1-2004 was Rs. 62 crore (US\$ 13 million), as compared to Rs. 71 crore (US\$ 15 million) for the full year ended March 31, 2003 (FY2003). NBAP represents the present discounted value of future profit streams from new policies written by the company during the quarter, calculated on the basis of certain assumptions as to mortality and other parameters.

1 crore = 10.0 million

US\$ amounts represent convenience translations at US\$1= Rs. 45.87.

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.



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