



ICICI Bank: Strategy and Performance

Kotak Institutional Equities – Goldman
Sachs Conference
February 2004

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Agenda

The India opportunity

ICICI Bank



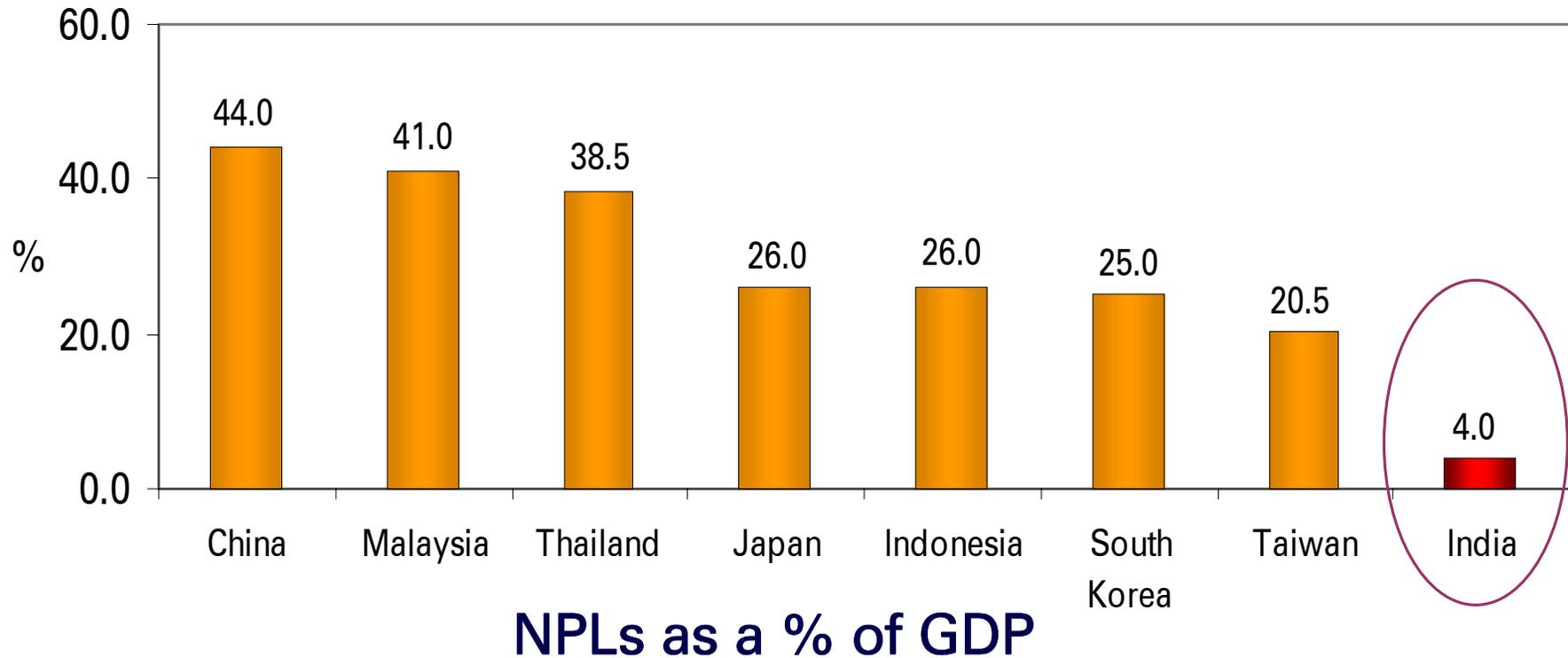
Diversified and robust economy

Sector	Sectoral share of GDP	Growth – Q1-FY2004 (%)	Growth – Q2-FY2004 (%)
Services	56.1	7.4	9.8
Industry	21.8	5.8	6.3
Agriculture	22.1	1.7	7.4
GDP		5.7	8.4

...sustained services growth, industrial resurgence and strong agricultural performance taking GDP growth above 8%



Healthy financial system

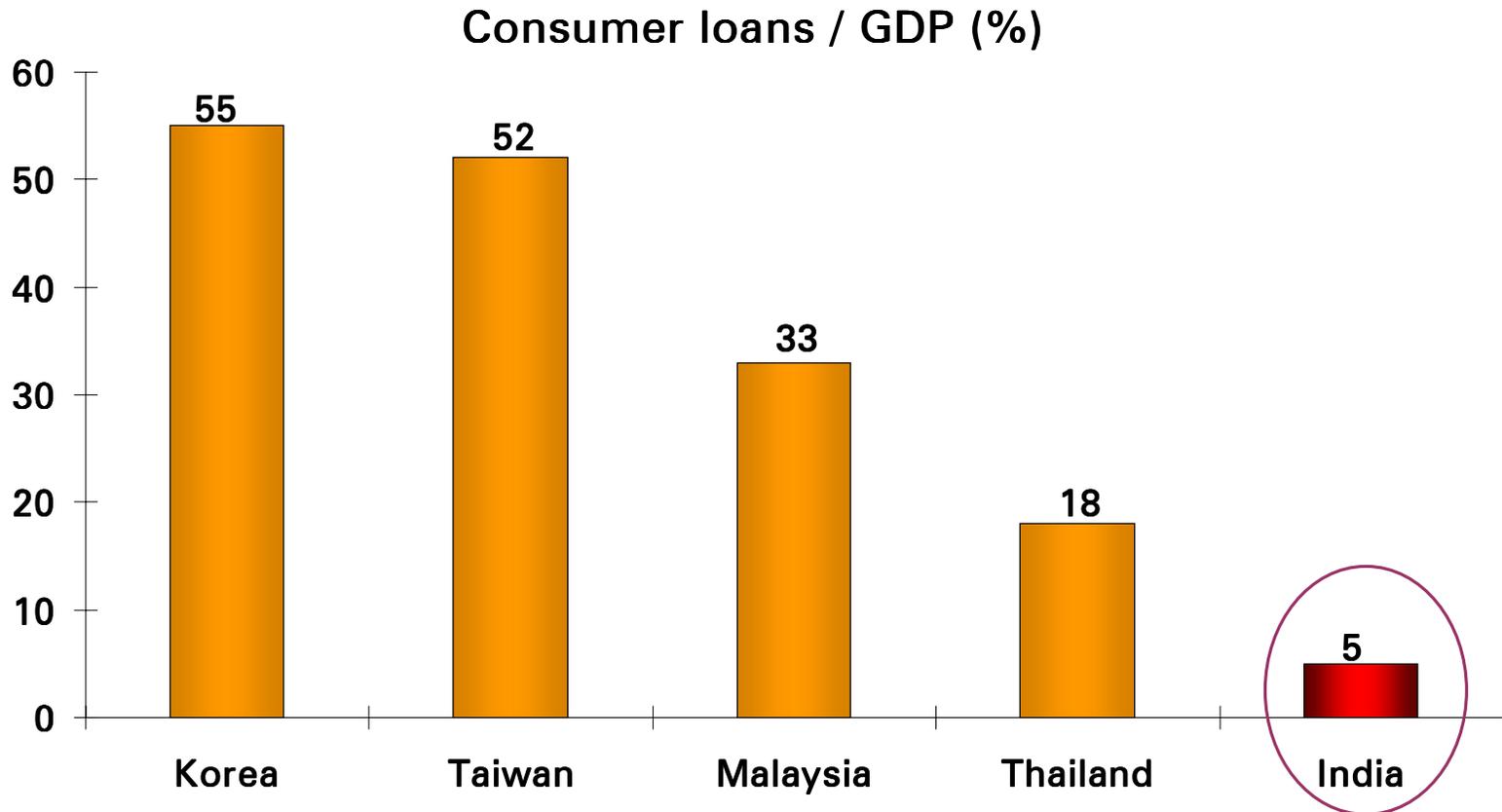


Indian banks are now well-positioned to capitalise on emerging growth opportunities...

Source: E&Y Report, 2002; RBI



Consumer finance opportunity



..penetration currently low, with growth driven by strong fundamentals...



Strong drivers of consumer credit growth

- Robust economic growth
- Changing demographic profile
 - 69% of the population under 35 years
- Declining retail loan interest rates
 - Interest rates on residential mortgages have reduced by 7% (i.e. by half) over last 4 years
- Increasing convenience in access to credit
 - Entry of banks and use of technology enhancing reach and accessibility

...a US\$ 20 bn market, growing at over 30% annually

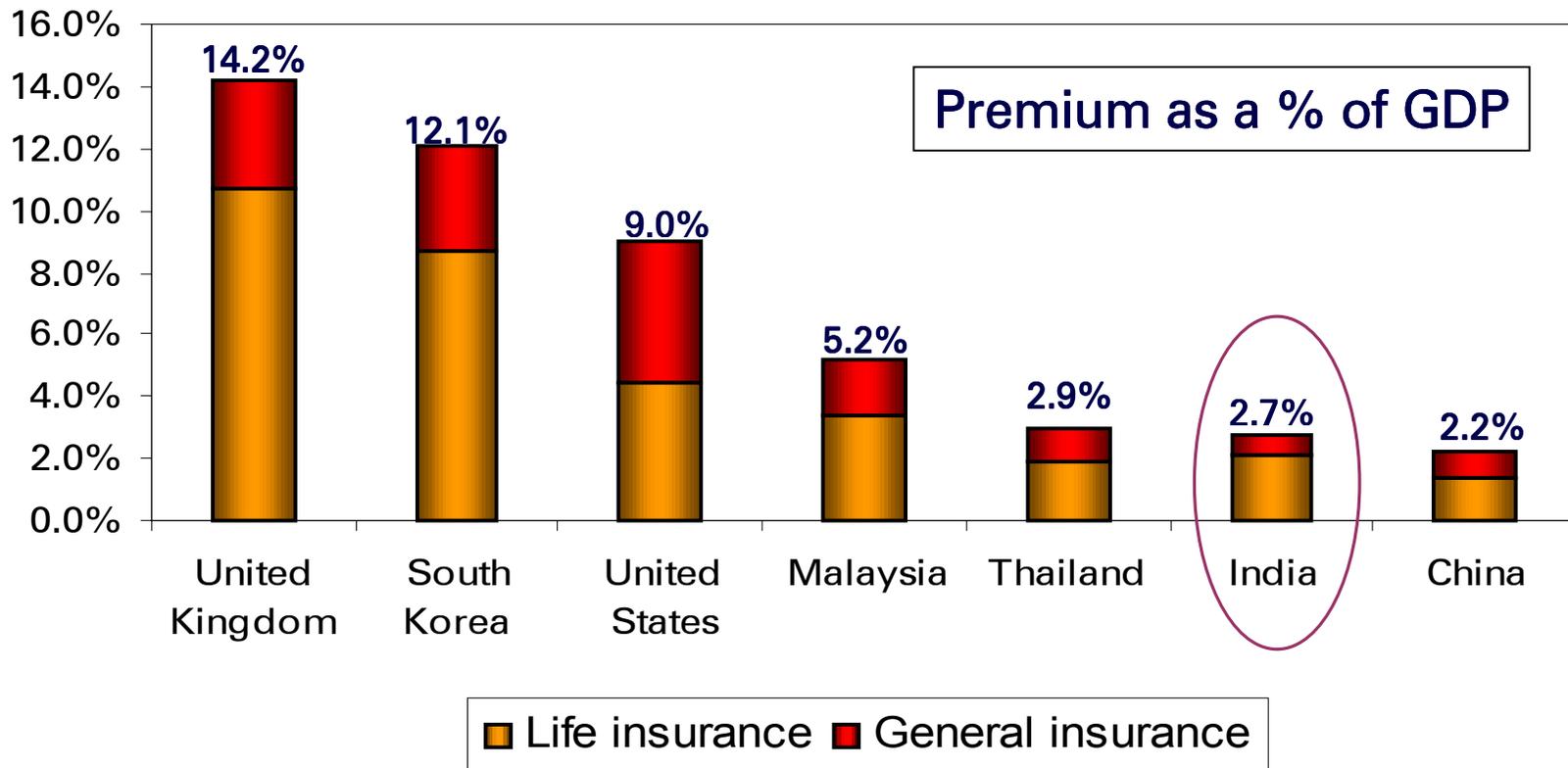


Corporate banking opportunity

- Robust growth in services sector
- Competitive manufacturing sector emerging from a prolonged period of restructuring and repositioning
 - Focus on better asset utilisation and financial management
- Renewed focus on infrastructure development
- Several opportunities for banks
 - Technology-driven fee-based services
 - Treasury and risk management products
 - Debt syndication, structured finance and market-making
 - Investment banking



Insurance opportunity

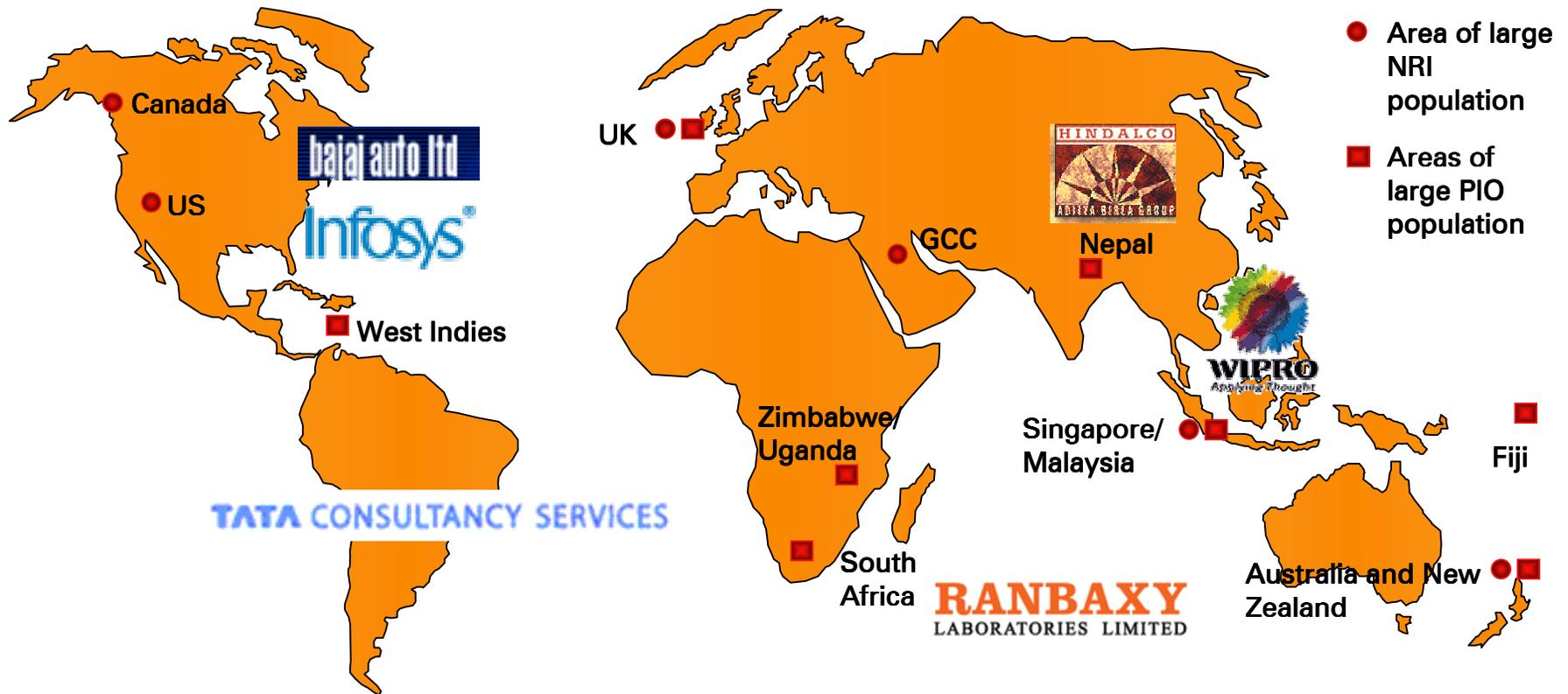


Source: Swiss Re, Economic Research & Consulting (June 2002)

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



International opportunity



- Vast Indian diaspora - US\$ 10 bn annual remittances
- Emergence of Indian multinationals



In summary

- Indian banks have
 - A domestic opportunity
 - Driven by strong economic growth and favourable demographics
 - An international opportunity
 - Driven by the global positioning of Indian companies and the Indian diaspora (about 20 million NRIs and persons of Indian origin)



Agenda

The India opportunity

ICICI Bank



ICICI Bank today...

India's largest private sector bank

Investment grade international credit rating

Market leader in retail finance

Technology leader

Present across the spectrum of financial services

Strong financial performance



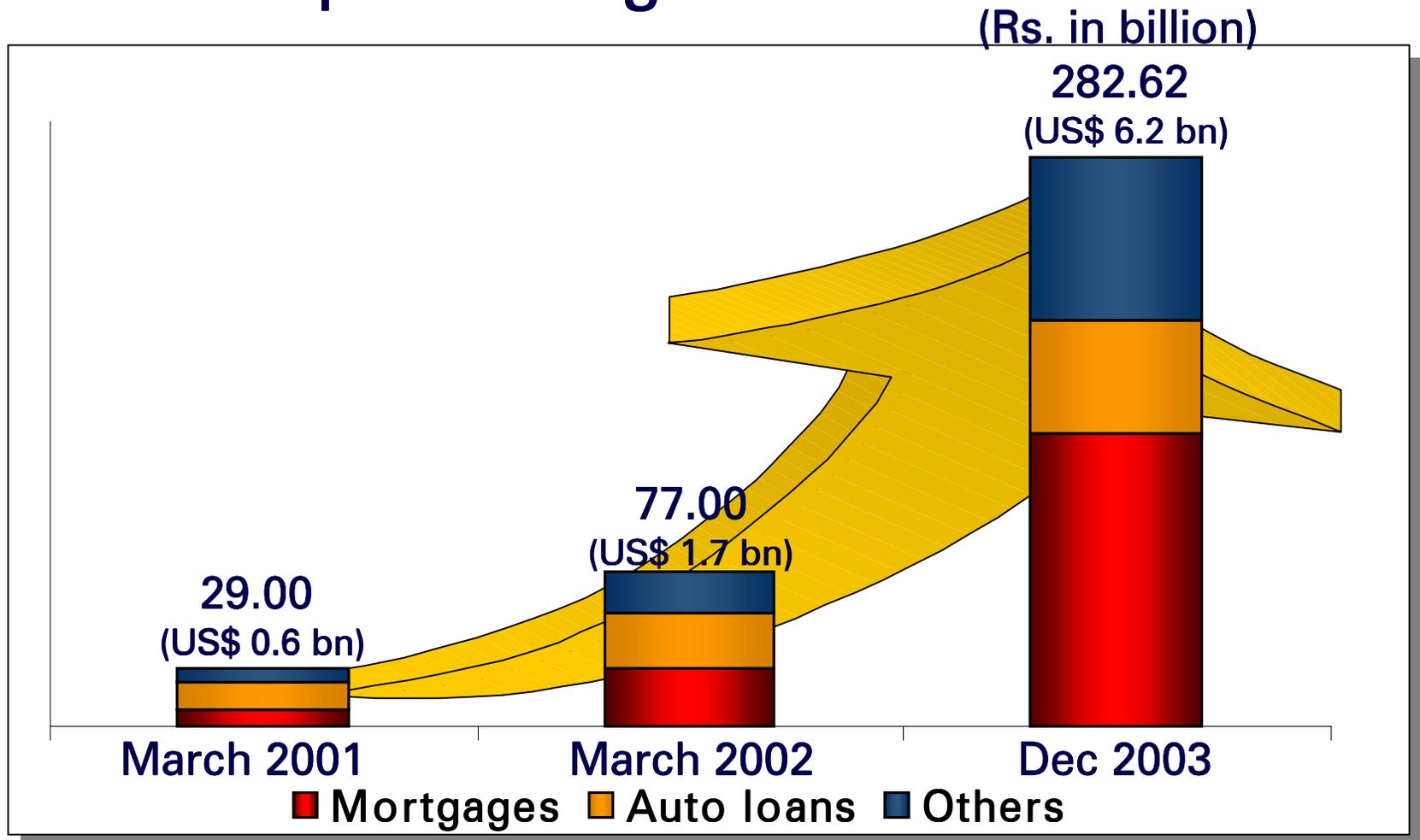
Market leadership in retail credit...

Product	ICICI Bank's market share	Market share of nearest competitor
Auto & two-wheeler	34%	15%
Mortgage	30%	30%
Commercial vehicles	25%	18%
Personal loans	22%	19%
Total	30%	

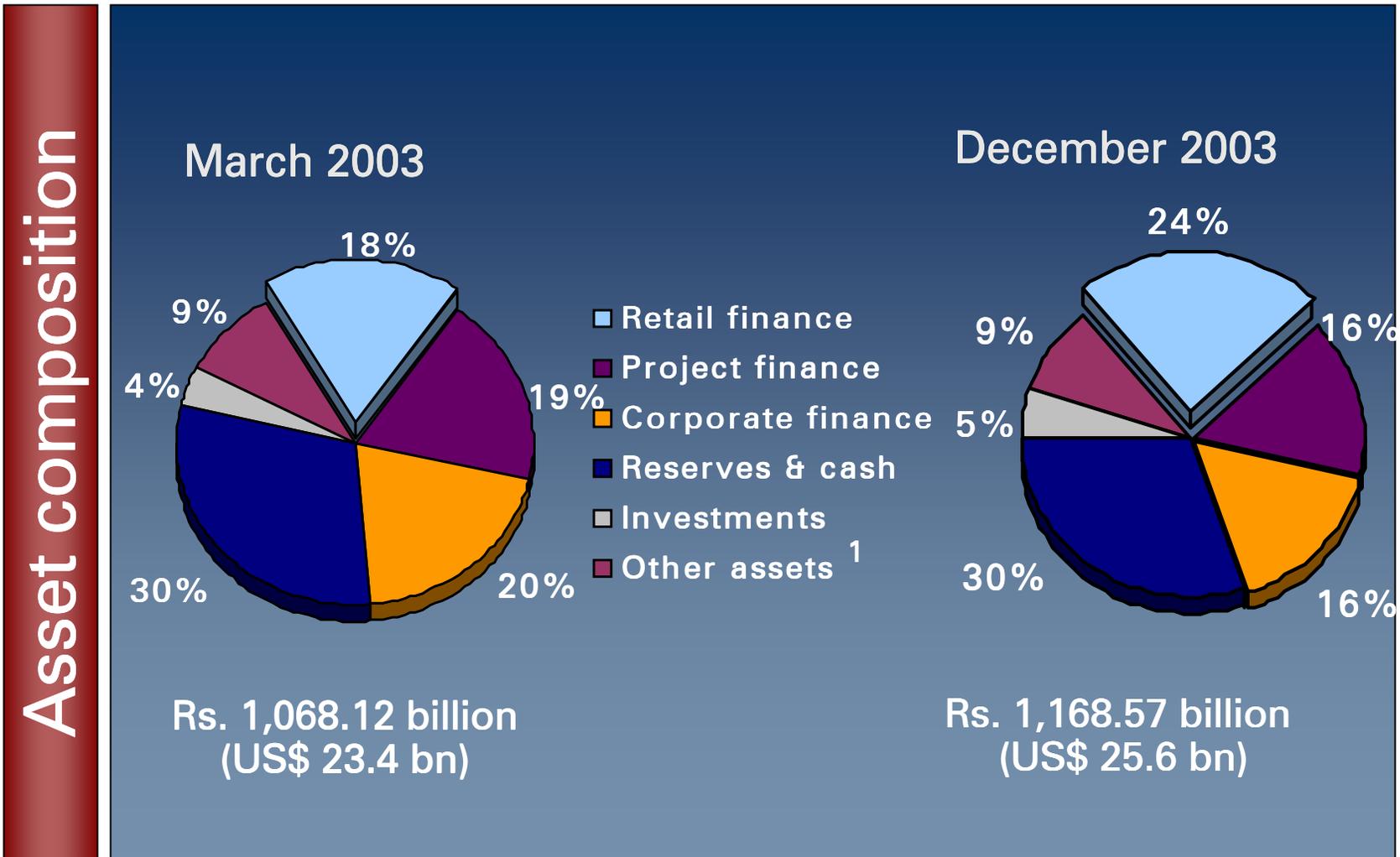
Source: ICICI Bank estimates



...robust portfolio growth...



...retail now 49% of loans



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



Technology leadership

- Pioneer in technology in the Indian banking sector
 - Driving and leveraging customer acceptance and usage of technology
- Technology-agnostic approach
 - Avoiding legacy traps: no mainframes
 - Wider choice: multiple vendor options
 - Higher flexibility: ease of modification, portability across platforms, lower vendor lock-in
- On open systems, the world's largest and most heavily transacted banking site

...underpinning all our operations



Transforming channel usage...

Channel	Share of transactions in March 2000	Share of transactions in December 2003
Branches	94%	30%
ATMs	3%	46%
Internet & mobile	2%	13%
Call centre	1%	11%

...scaling up to handle rapid volume growth



Growing customer base & transactions

Channel	March 2001	March 2002	December 2003
Retail customer accounts (mn)	1.9	3.0	9.8
Internet customers (mn)	0.5	1.1	5.5
ATM transactions (mn/ day)	0.1	0.2	0.5
Call centre contacts (mn/ day)	0.02	0.05	0.12



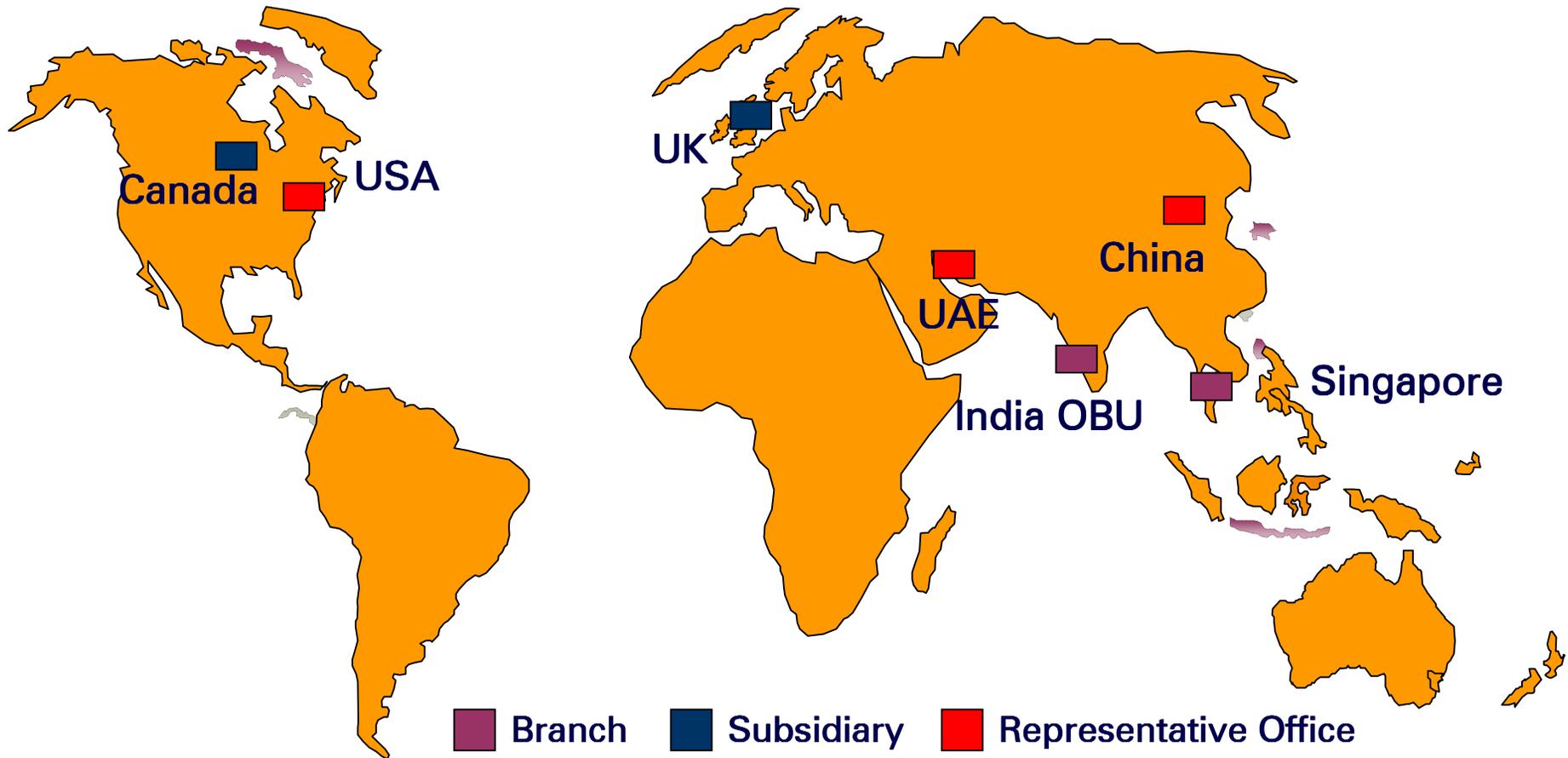
Corporate banking

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



International initiative



- Permission received for presence in Bahrain and Sri Lanka



Building international alliances

Singapore	Alliance with DBS for remittances
UK	Linked accounts with Lloyds Bank
US	Alliance with Wells Fargo for remittances
Canada	Alliance with Bank of Montreal for remittances
Middle-east	Linked accounts with Emirates Bank and Commercial Bank of Qatar



Life insurance

Market share

- Maintained leadership in private sector
- Retail market share of 37% during 9M-2004

Reach

- Presence in 47 locations
- About 29,000 agents
- 12 bancassurance partners

Portfolio mix

- Linked products constituted 80% of Annual Premium Equivalent in 9M-2004

Financial performance

- New business achieved profits (NBAP) of Rs. 1.28 bn (US\$ 28 mn) in 9M-2004 compared to Rs. 0.71 bn (US\$ 15 mn) in FY2003



General insurance

Market share

- Among the top two players in the private sector during 9M-2004

Reach

- Presence in 62 locations, up from 35 in March 2003

Portfolio mix

- Profitable, low-risk fire & engineering segment about 66% of portfolio

Financial performance

- Underwriting profit of Rs. 36.4 million (US\$ 0.8 mn) in 9M-2004
- PAT of Rs. 159.2 million (US\$ 3 mn) in 9M-2004





Financial highlights



Financial highlights

- 33% increase in profit after tax to Rs. 4.40 bn (US\$ 96 mn) in Q3-2004 from Rs. 3.30 bn (US\$ 72 mn) in Q3-2003
- Improvement in net interest margin to 1.8% in 9M-2004 compared to 1.4% in FY2003
- 41% increase in fee income to Rs. 3.05 bn (US\$ 67 mn) in Q3-2004 from Rs. 2.16 bn (US\$ 47 mn) in Q3-2003
- Deposit growth of 26% in 9M-2004 compared to system deposit growth of 9%



Profit & loss statement

ICICI Bank

	(Rs. in billion)							
	FY 2003	Q3-2003	9M-2003	Q1-2004	Q2-2004	Q3-2004	9M-2004	9M-2004 – US\$ mn
NII	13.71	3.43	9.86	4.16	4.50	4.85	13.51	296
Non-interest income	20.20	5.66	15.58	6.44	8.62	8.13	23.19	509
- Fee income	8.47	2.16	6.20	2.36	2.60	3.05	8.01	176
- Treasury	5.00	1.79	4.30	2.61	4.60	3.81	11.03	242
<i>Of which:</i>								
<i>shares</i>	1.09	0.65	0.26	0.76	1.64	1.10	3.51	77
- Lease income	5.37	1.32	4.07	1.12	1.13	0.95	3.21	70
- Others	1.36	0.06	0.24	0.35	0.29	0.32	0.94	21
Operating income	33.91	9.10	25.44	10.60	13.12	12.98	36.70	805



Profit & loss statement

ICICI Bank

	(Rs. in billion)							
	FY 2003	Q3-2003	9M-2003	Q1-2004	Q2-2004	Q3-2004	9M-2004	9M-2004 – US\$ mn
Operating income	33.91	9.10	25.44	10.60	13.12	12.98	36.70	805
Operating expenses	15.35	3.88	11.05	4.63	4.96 ¹	5.11 ¹	14.70	322
Other DMA expense	1.62	0.55	1.06	0.58	0.69	0.73	2.00	44
Lease depreciation	3.14	0.77	2.34	0.73	0.76	0.62	2.11	46
Operating profit	13.80	3.90	10.99	4.66	6.71	6.53	17.89	392

1. Includes ERO expense amortisation of Rs. 0.07 bn in Q2-2004 and Rs. 0.10 bn in Q3-2004



Profit & loss statement

ICICI Bank

(Rs. in billion)

	FY 2003	Q3- 2003	9M- 2003	Q1- 2004	Q2- 2004	Q3- 2004	9M- 2004	9M- 2004 – US\$ mn
Operating profit	13.80	3.90	10.99	4.66	6.71	6.53	17.89	392
Profit on sale of ICICI Bank shares	11.91	-	11.91	-	-	-	-	-
Provisions / (write-back) incl. addl. provision	17.91	0.29	18.34	0.85	2.18	1.37	4.40	96
Tax, net of deferred tax	(4.26)	0.31	(4.12)	0.41	0.51	0.76	1.68	37
Profit after tax	12.06	3.30	8.68	3.40	4.02	4.40	11.82	259



Balance sheet: Assets

ICICI Bank

	(Rs. in billion)					
	Dec 31, 2002	Mar 31, 2003	Jun 30, 2003	Sep 30, 2003	Dec 31, 2003	Dec 31, 2003 – US\$ bn
Cash, balances with banks & SLR	298.08	320.72	338.30	347.39	355.42	7.7
- Cash & bank balances	59.81	64.89	68.01	60.70	84.54	1.8
- SLR investments	238.27	255.83	270.29	286.69	270.88	5.9
Advances	500.31	532.79	543.80	541.27	578.12	12.7
<i>Of which : Retail</i>	<i>152.86</i>	<i>191.32</i>	<i>227.62</i>	<i>252.05</i>	<i>282.65</i>	<i>6.2</i>
Debentures & bonds	59.79	56.90	60.08	59.50	55.20	1.2
Other investments	45.69	41.89	41.39	45.84	54.45	1.2
Fixed assets	39.63	40.61	39.68	40.23	40.24	0.9
Other assets	58.69	75.21	75.16	86.01	85.14	1.9
Total assets	1,002.19	1,068.12	1,098.41	1,120.24	1,168.57	25.6



Balance sheet: Liabilities

ICICI Bank

(Rs. in billion)

	Dec 31, 2002	Mar 31, 2003	Jun 30, 2003	Sep 30, 2003	Dec 31, 2003	Dec 31, 2003- US\$ bn
Net worth	71.13	69.33	72.73	76.81	81.50	1.8
- Equity capital	6.13	6.13	6.13	6.13	6.15	0.1
- Reserves	65.00	63.20	66.61	70.69	75.35	1.6
Preference capital	3.50	3.50	3.50	3.50	3.50	0.1
Deposits	413.17	481.69	538.53	568.80	608.72	13.4
- Savings & savings linked	96.14	106.52	114.55	129.47	146.84	3.2
- Current & current linked	49.34	54.04	65.86	72.05	81.39	1.8
- Term	267.69	321.13	358.13	367.28	380.49	8.4
ICICI borrowings	428.48	372.50	349.32	329.94	312.14	6.8
Other borrowings	19.61	68.02	63.86	74.76	92.33	2.0
Other liabilities	66.30	73.08	70.47	66.43	70.38	1.5
Total liabilities	1,002.19	1,068.12	1,098.41	1,120.24	1,168.57	25.6



Key ratios

ICICI Bank

	(Per cent)				
	FY 2003	Q1- 2004	Q2- 2004	Q3- 2004	9M- 2004
Return on assets	1.15	1.24	1.45	1.55	1.41
Return on net worth	18.3	19.2	21.7	22.8	21.1
EPS (Rs.)	19.7	22.2	26.2	28.6	25.7
NIM	1.4	1.7	1.8	1.9	1.8
Cost to asset ratio	1.46	1.69	1.80 ¹	1.79 ¹	1.76 ¹
Book value per share (Rs.)	113	119	125	130	130

1. Excludes ERO expense amortisation of Rs. 0.07 bn in Q2-04 and Rs. 0.10 bn in Q3-04



Consolidated profits

ICICI Bank and subsidiaries

(Rs. in billion)

	FY 2003	9m- 2003	Q1- 2004	Q2- 2004	Q3- 2004	9m- 2004	9m- 2004 – US\$ mn
ICICI Bank standalone profit	12.06	8.68	3.40	4.02	4.40	11.82	259
Add:							
- ICICI Securities	1.08	0.76	0.63	0.33	0.32	1.28	28
- ICICI Venture	0.13	0.09	0.04	0.06	0.07	0.17	4
- ICICI Prudential Life	(1.09)	(0.91)	(0.26)	(0.37)	(0.50)	(1.13)	(25)
- ICICI Lombard	0.02	0.02	0.05	0.02	0.05	0.12	3
Less:							
- Dividend and other adjustments	0.68	0.49	0.49	0.45	(0.07)	0.88	19
Consolidated profit	11.52	8.15	3.37	3.61	4.41	11.38	250



Asset quality and provisioning

ICICI Bank

	(Rs. in billion)				
	March 31, 2003	June 30, 2003	Sep 30, 2003	Dec 31, 2003	Dec 31, 2003 – US\$ bn
Gross NPAs	84.14	86.75	87.65	87.46	1.9
Less: cumulative write-offs and provisions	52.63	54.76	56.37	55.57	1.2
Net NPAs	31.51	31.99	31.28	31.89	0.7
Provision cover on NPAs	63%	63%	64%	64%	-

- Net NPA ratio at 4.7%
- Net assets of Rs. 2.88 bn sold to asset reconstruction company
- Net restructured assets at Rs. 74.10 billion, declining by almost 30% from peak levels



Capital adequacy

ICICI Bank

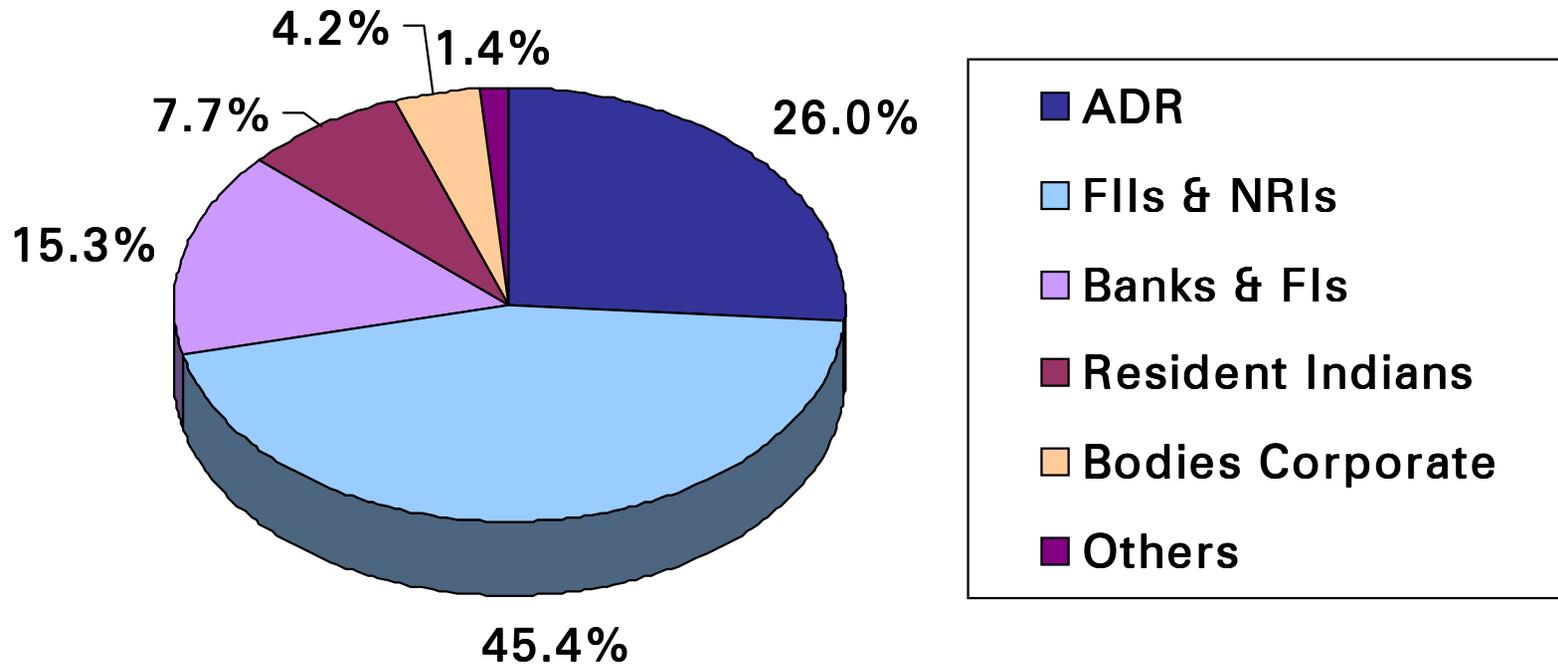
	March 31, 2003		December 31, 2003		
	Rs. bn	%	Rs. Bn	%	US\$ bn
Total Capital	91.46	11.10	98.61	11.32	2.2
- Tier I	58.07	7.05	62.54	7.18	1.4
- Tier II	33.39	4.05	36.07	4.14	0.8
Total risk weighted assets	823.81		871.25		19.1

1. *Deferred tax asset netted off as per RBI guidelines Rs. 4.84 bn (US\$ 106 mn) at Dec 31, 2003, with negative impact of 51 basis points on Tier-1 capital adequacy.*
2. *Unamortised ERO expense of Rs. 1.75 bn (US\$ 38 mn) deducted from Tier-1 capital.*
3. *Year-end appropriation of profits not considered in capital adequacy computation.*



Shareholding pattern

December 31, 2003



Paid-up capital Rs. 6.15 billion



Forward Looking Statements

Except for the historical information contained herein, statements in this release which contain words or phrases such as “will”, “aim”, “will likely result”, “would”, “believe”, “may”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” 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, the adequacy of our allowance for credit losses, technological changes, investment income, cash flow projections, our exposure to market risks as well as other risks detailed in the reports filed by ICICI Bank Limited with the Securities and Exchange Commission of the United States. ICICI Bank Limited undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.





Thank you

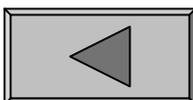


Spreads

ICICI Bank

(Per cent)

	FY 2003	Q3- 2003	9M- 2003	Q1- 2004	Q2- 2004	Q3- 2004	9M- 2004
Yield on interest- earning assets (1)	10.2	10.0	10.3	9.5	9.1	8.9	9.2
Cost of funds (2)	8.9	8.7	9.0	7.8	7.3	6.9	7.3
- <i>Cost of deposits</i>	6.8	6.7	7.0	6.0	5.6	5.3	5.6
Spread (1) – (2)	1.3	1.3	1.3	1.7	1.8	2.0	1.9
NIM	1.4	1.5	1.4	1.7	1.8	1.9	1.8



Operating expenses

ICICI Bank

(Rs. in billion)

	FY 2003	Q3- 2003	9M- 2003	Q1- 2004	Q2- 2004	Q3- 2004	9M- 2004	9M- 2004 – US\$ mn
Salary	4.03	0.98	2.84	1.18	1.26	1.45 ¹	3.89	85
Rents, taxes & lighting	1.12	0.28	0.85	0.35	0.39	0.36	1.10	25
Printing & stationery	0.75	0.23	0.53	0.21	0.23	0.22	0.66	14
Postage & courier	1.04	0.23	0.68	0.32	0.36	0.36	1.04	23
Repairs & maintenance	1.45	0.32	1.09	0.45	0.48	0.50	1.43	31
Insurance	0.25	0.07	0.17	0.09	0.09	0.07	0.25	5
Bank charges	0.23	0.09	0.16	0.07	0.06	0.07	0.20	5
Depreciation	1.91	0.48	1.35	0.59	0.65	0.69	1.93	42
Others	4.57	1.20	3.39	1.37	1.44	1.39	4.20	92
Operating expenses	15.35	3.88	11.06	4.63	4.96	5.11	14.70	322

