



Performance Review

May 3, 2002

Agenda

ICICI Bank today

Retail banking

Corporate banking & structured finance

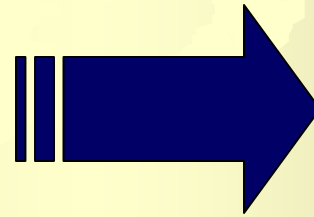
Merger process

Financial performance



ICICI Bank today

- Large capital base
- Vast talent pool
- Low operating costs
- Technology focus
- Strong corporate relationships



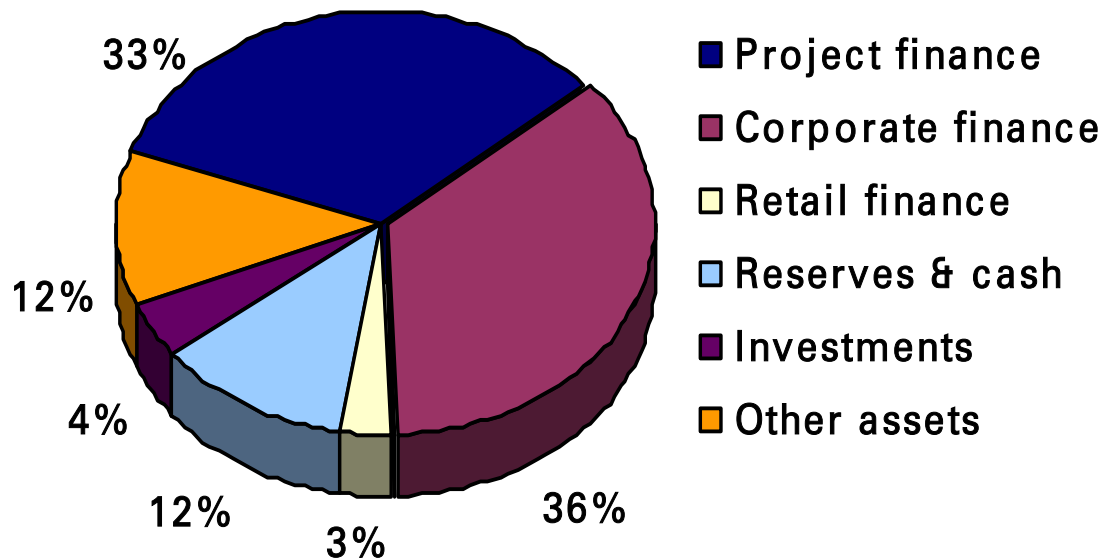
India's largest private sector bank and one stop financial solutions provider with a diversified and de-risked business model



ICICI Bank today (contd.)

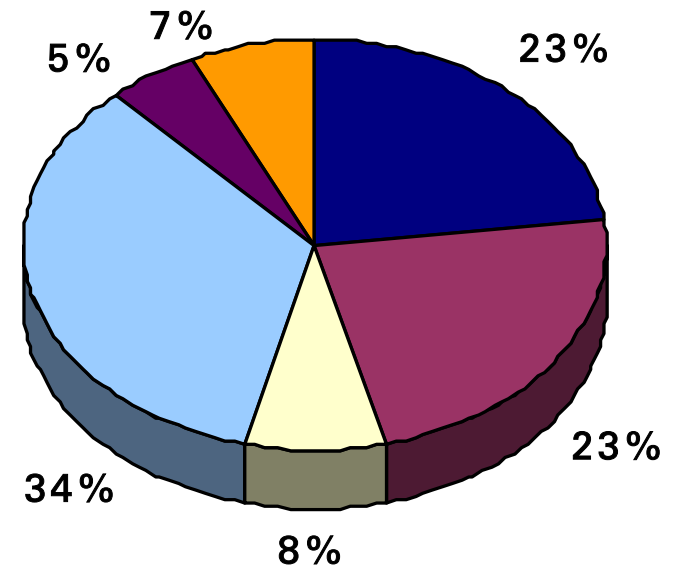
- Diversified portfolio

March 2001- Proforma merged



Rs. 931.50 billion

March 2002- Merged



Rs. 1,041.10 billion

... the asset composition change on account of statutory requirements and increase in retail assets is contributing to de-risking the portfolio



ICICI Bank today (contd.)

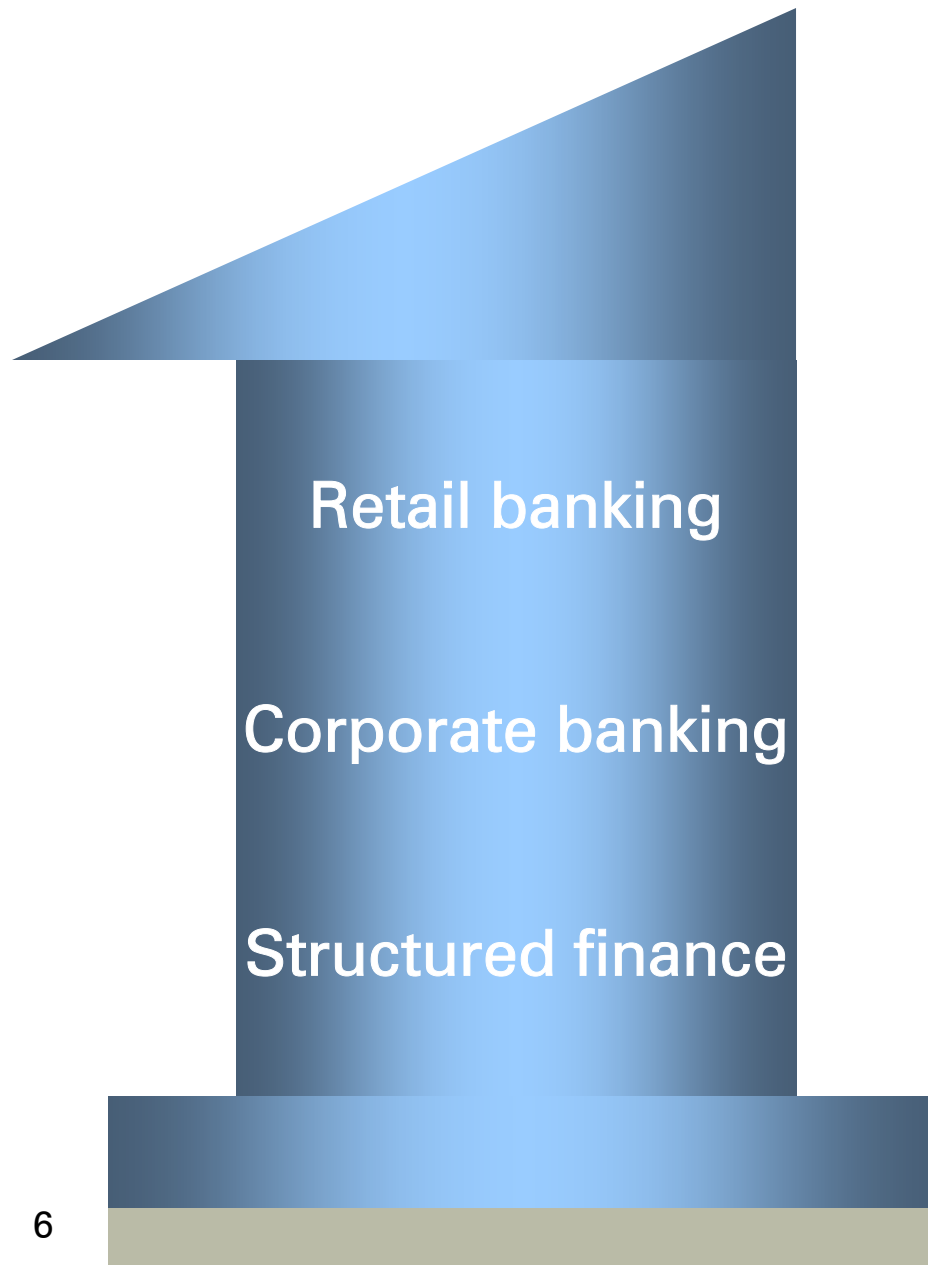
- De-risked portfolio
 - Capital adequacy ratio of 11.44%
 - Net NPA ratio of 4.7%
 - Fair valuation adjustment of Rs. 37.80 billion

(Rs. in billion)

	Gross book value	Existing provision	Fair value provision	Total provision	Coverage
Non-performing loans	69.18	34.66	9.02	43.68	63.1%
Other loans	476.36	2.19	19.53	21.72	4.5%
Mark-to-market of investments			9.25		
Total fair valuation adjustment			37.80		



ICICI Bank today (contd.)



ICICI Bank is well positioned to redefine the banking model by focussing on the untapped potential in the profitable retail business segments and leveraging its superior delivery capabilities and lower operating costs in the under-served corporate banking business



Contents

ICICI Bank today

Retail banking

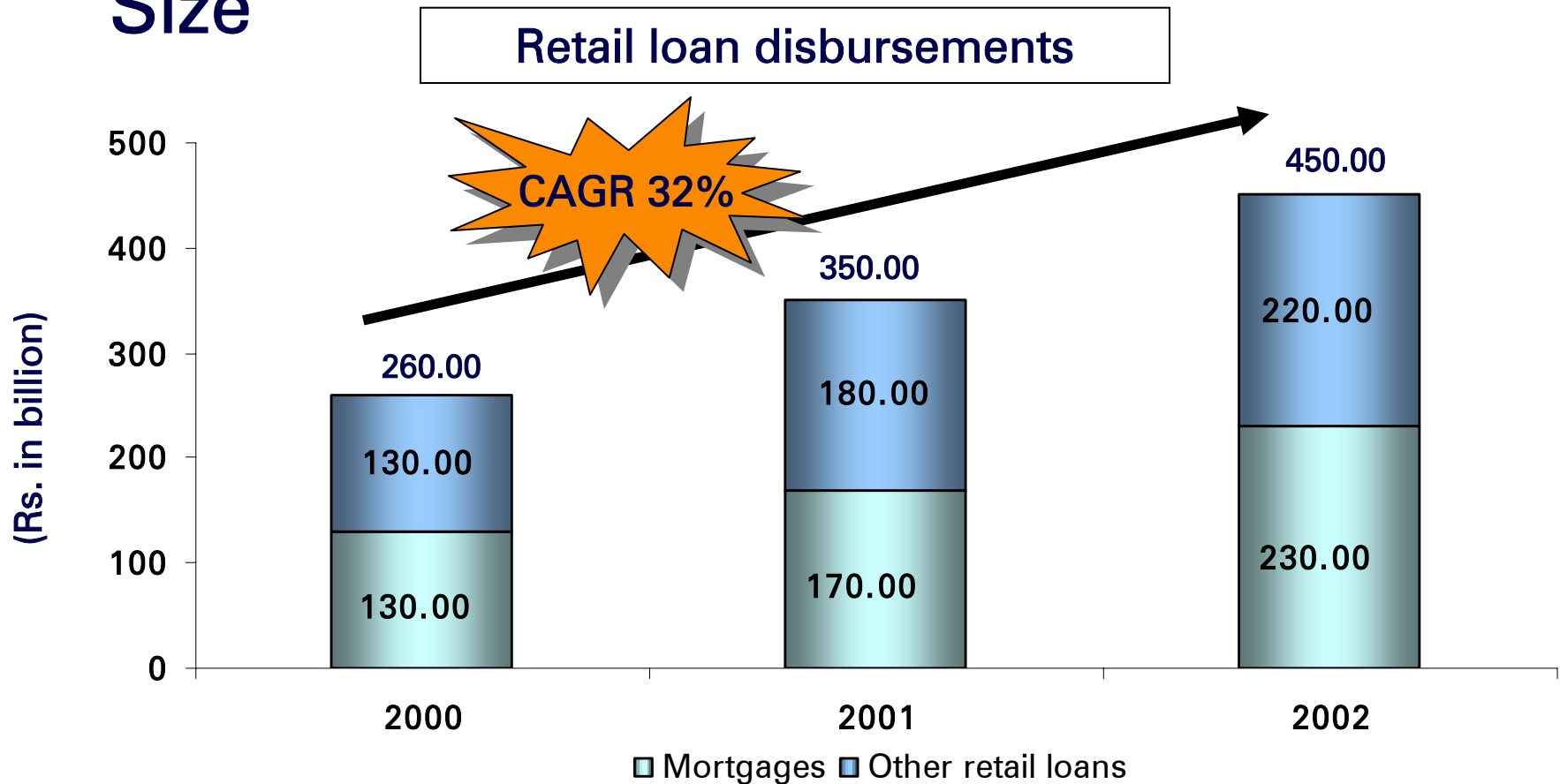
Corporate banking & structured finance

Merger process

Financial performance



Size

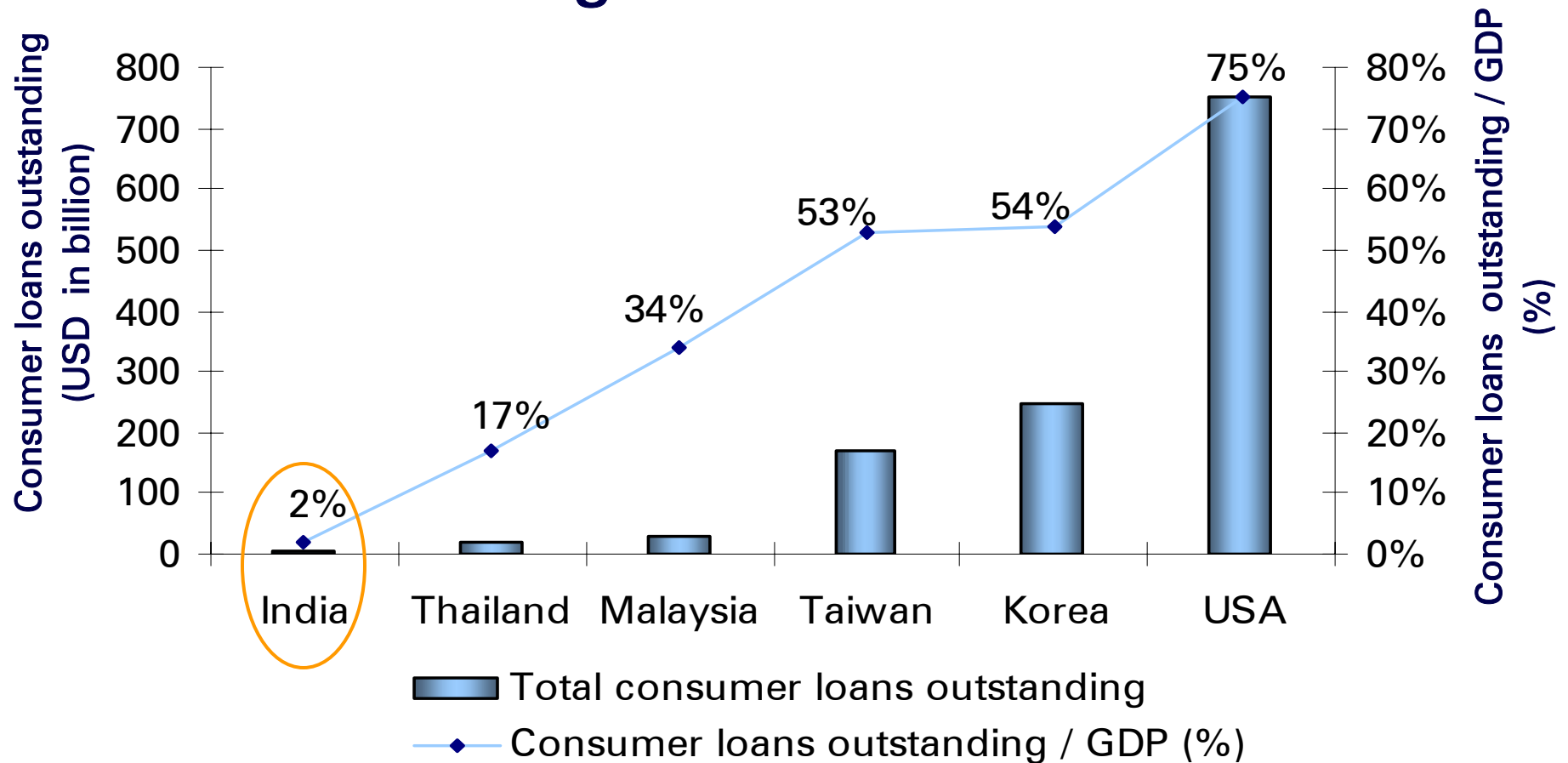


ICICI estimates

Despite the fast growth, the Indian retail market continues to be under-penetrated in comparison to its peers



Benchmarking

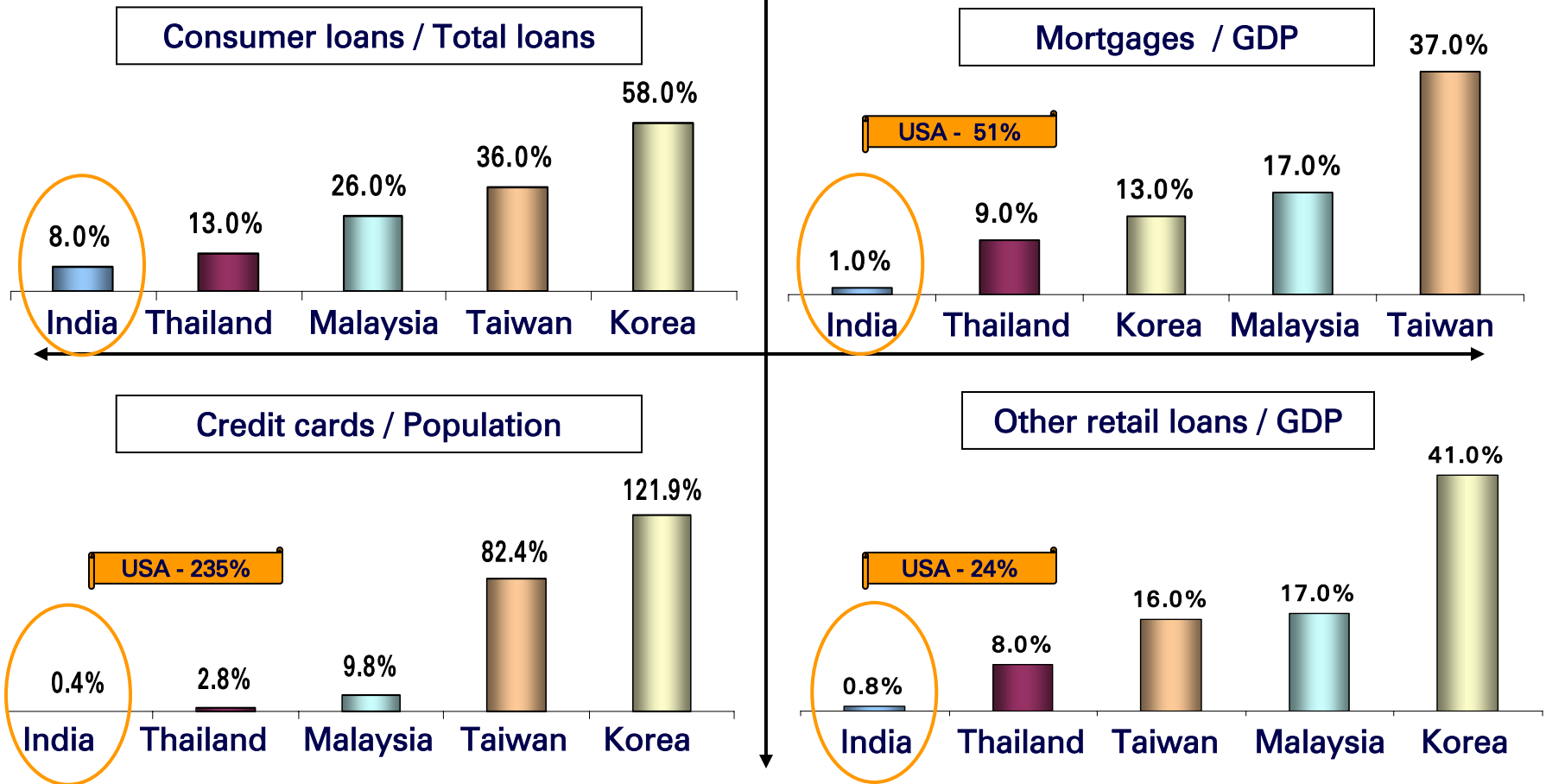


Source: Salomon Smith Barney

The under-penetration is reflected even within the sub-segments



Benchmarking (contd.)

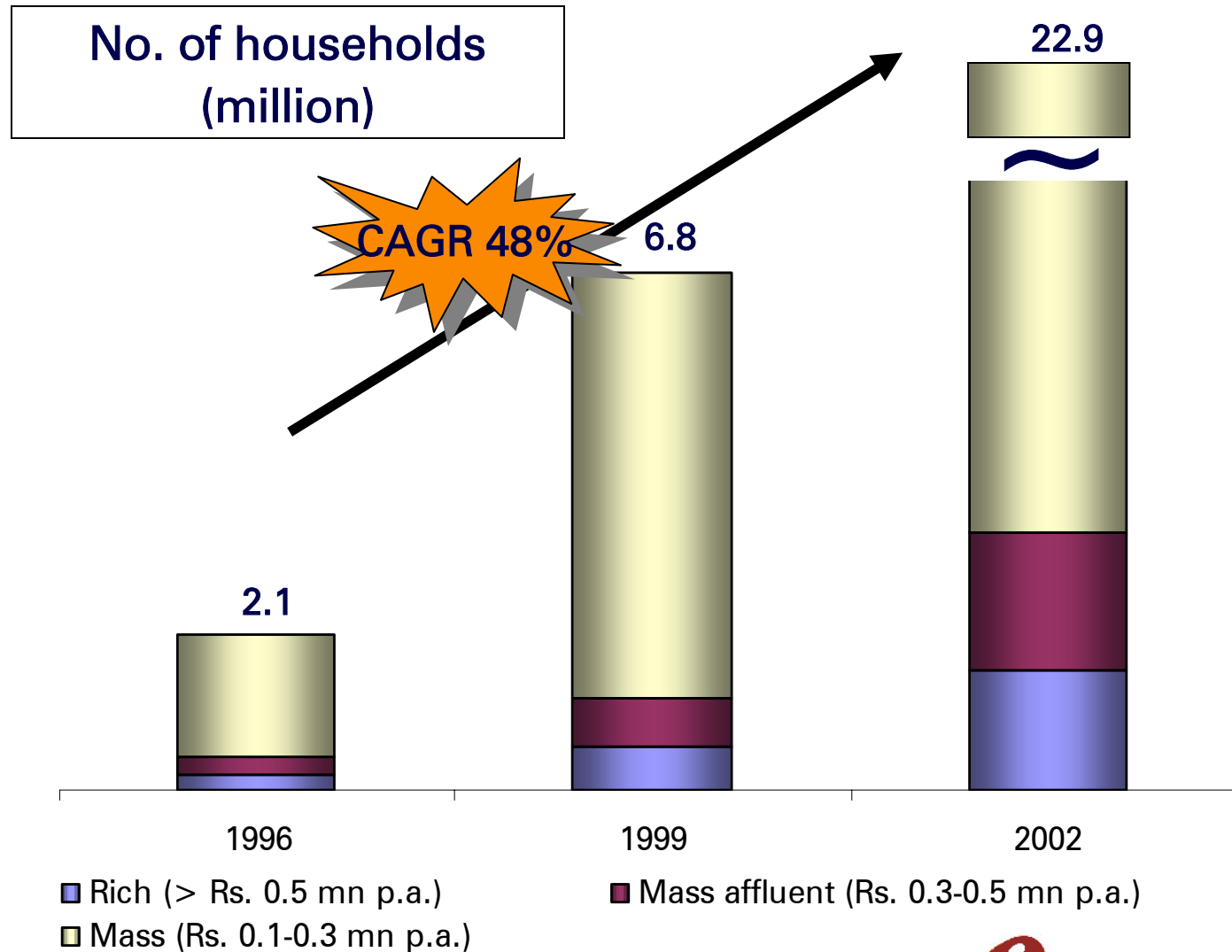


Source: Salomon Smith Barney

India's retail market is at a nascent stage and is expected to grow rapidly on account of the current trend in upward migration of household income levels



Household segment migration



Source: 1996, 1999 data is from NCAER study for top 24 cities, 2002 data is estimated by ICICI Bank



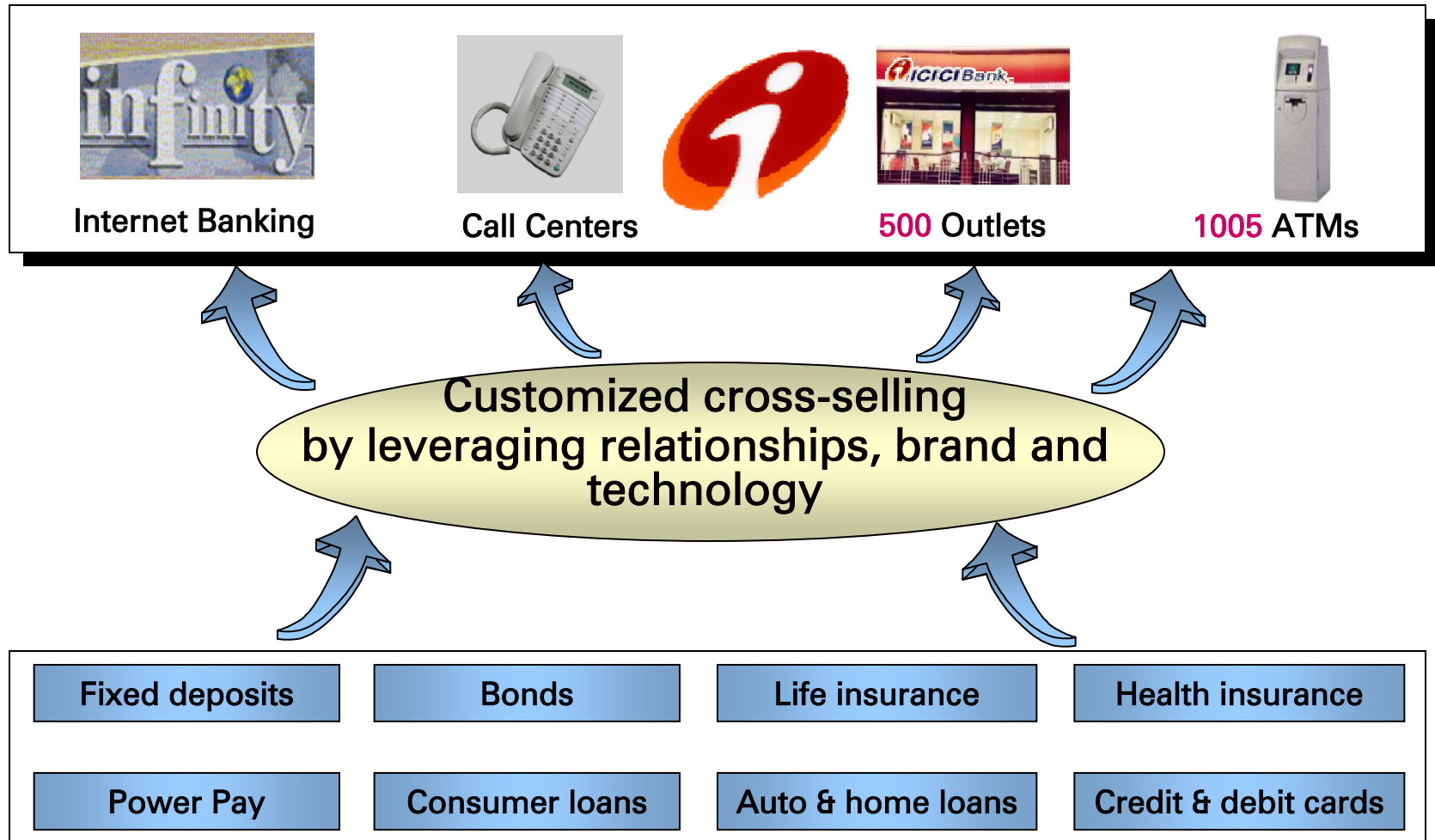
ICICI Bank's strategy to capture retail potential



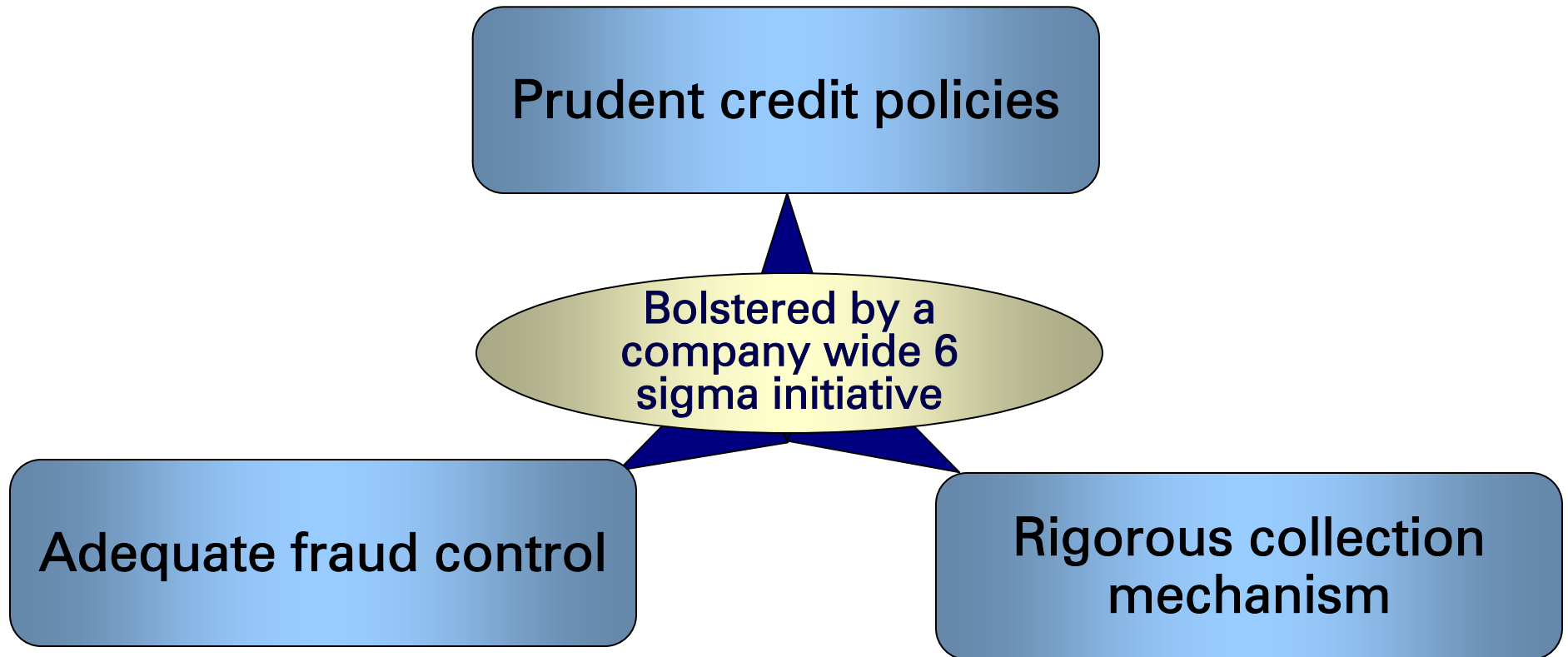
... the core of this strategy is our relentless focus on the customer and cross-selling of products



Catalyzing cross-sell



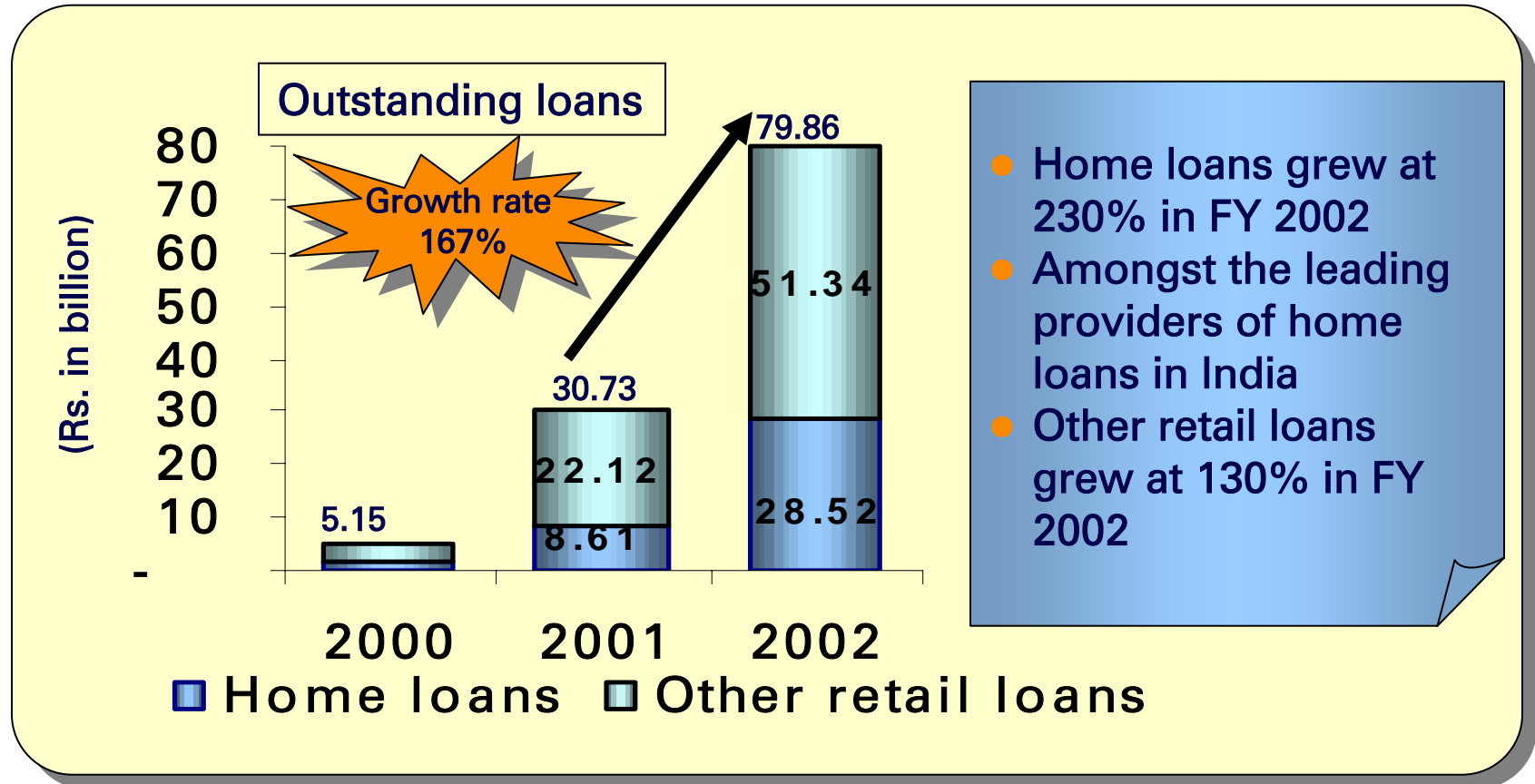
Operational excellence



These measures have ensured that we have followed a cautious approach while maintaining high growth rates and profitability in all segments



Our growth in retail (contd.)



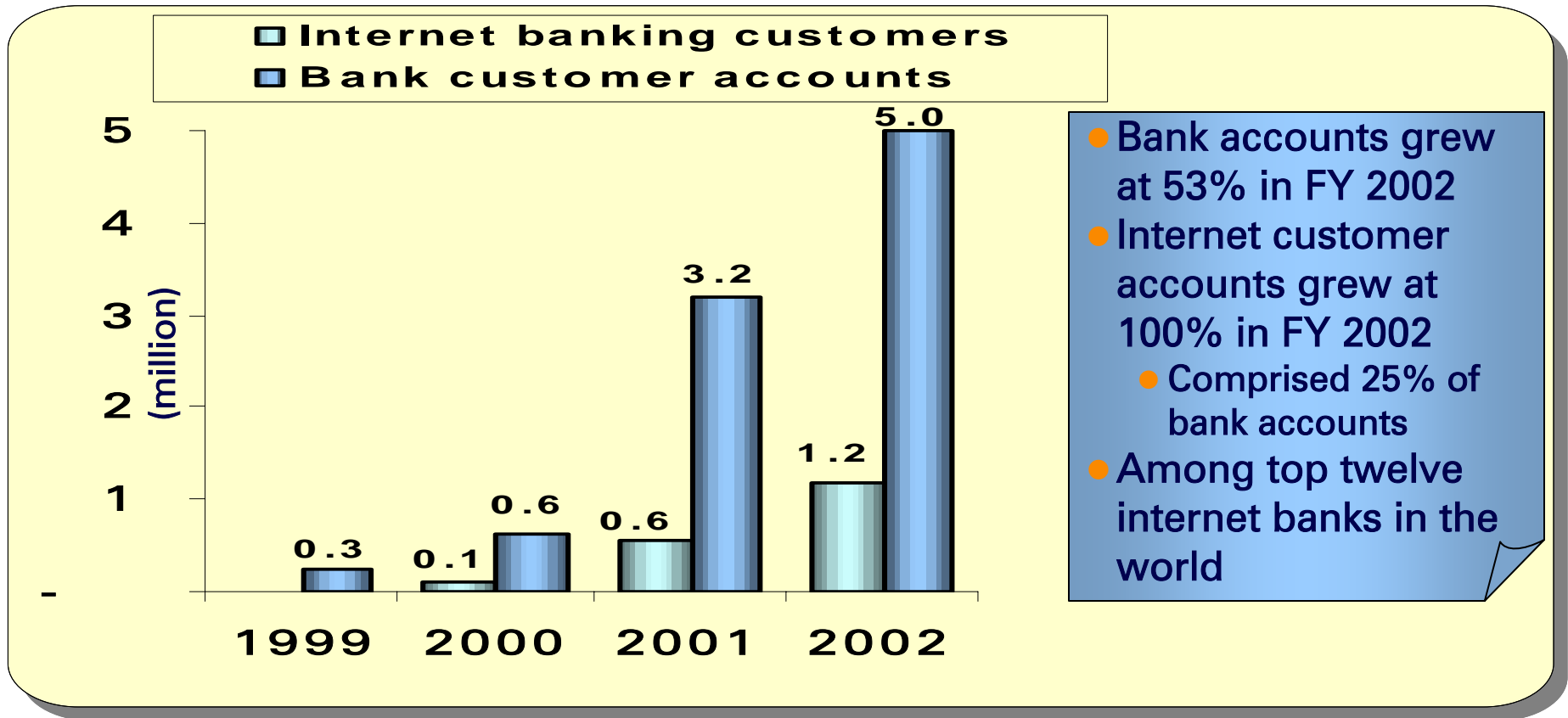
Home & others

Bank accounts

Credit cards



Our growth in retail (contd.)



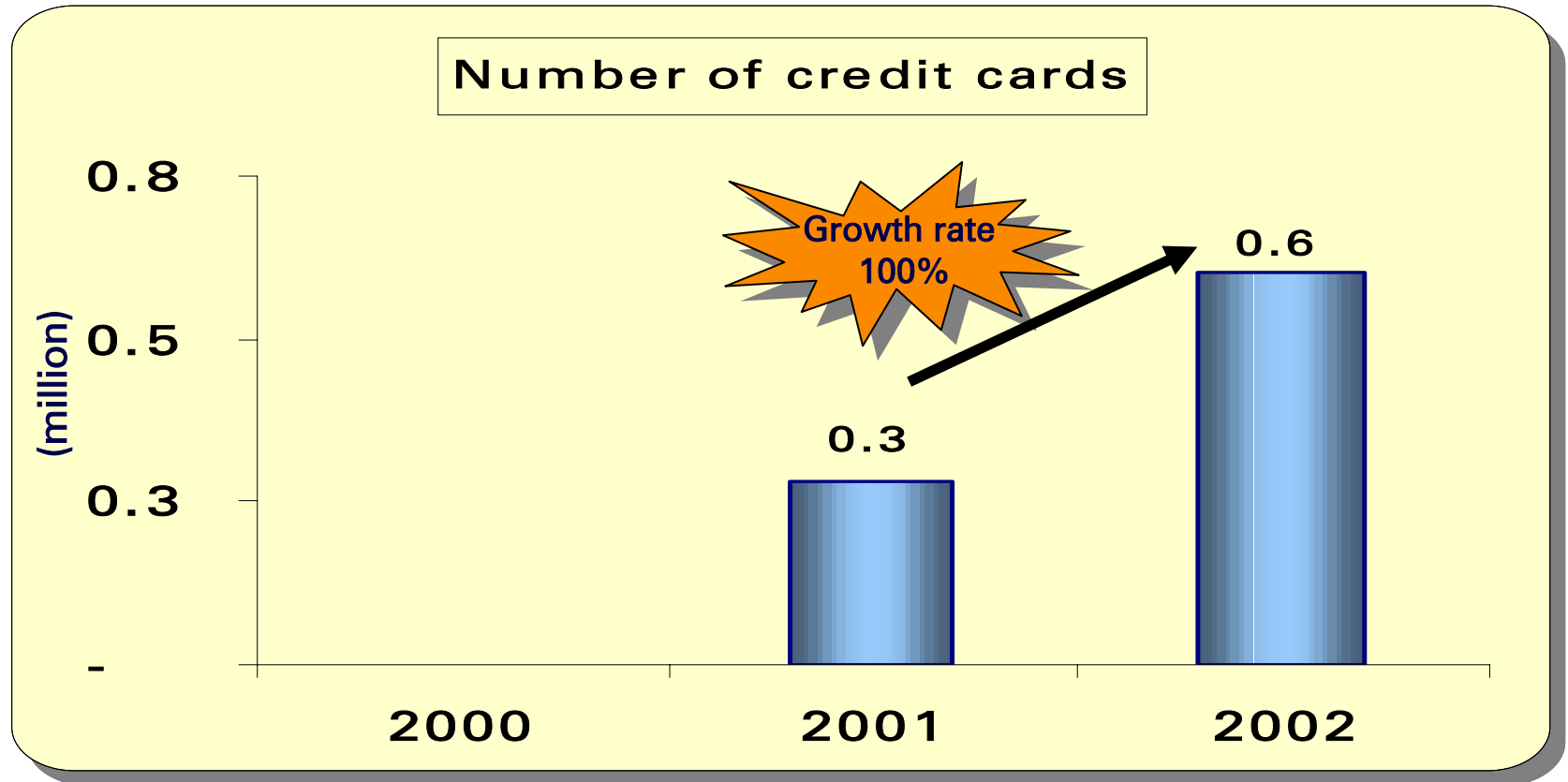
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Our growth in retail (contd.)



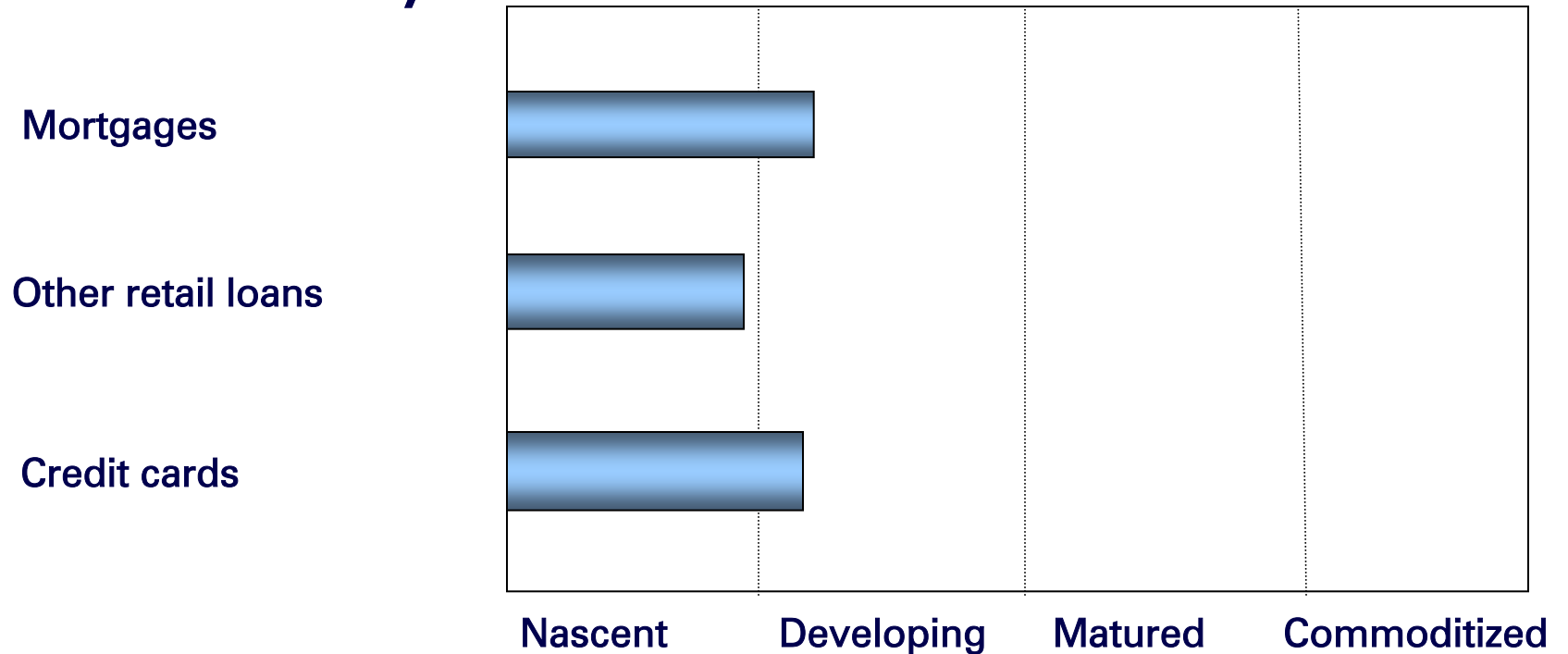
Home & others

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Credit cards



In summary



ICICI Bank analysis - For mortgages & other retail loans: Nascent <1% of GDP, Commoditized >30% of GDP. For credit cards: Nascent <0.1% penetration, Commoditized > 50% penetration

We entered the retail market at the beginning of the growth stage and are now harnessing the untapped potential in all the profitable business segments



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Corporate banking and structured finance

Strategy

- Maximize value of client relationships
- Leverage technology to enhance delivery capabilities
- Proactive portfolio management
 - For efficient capital utilisation and lower balance sheet exposure

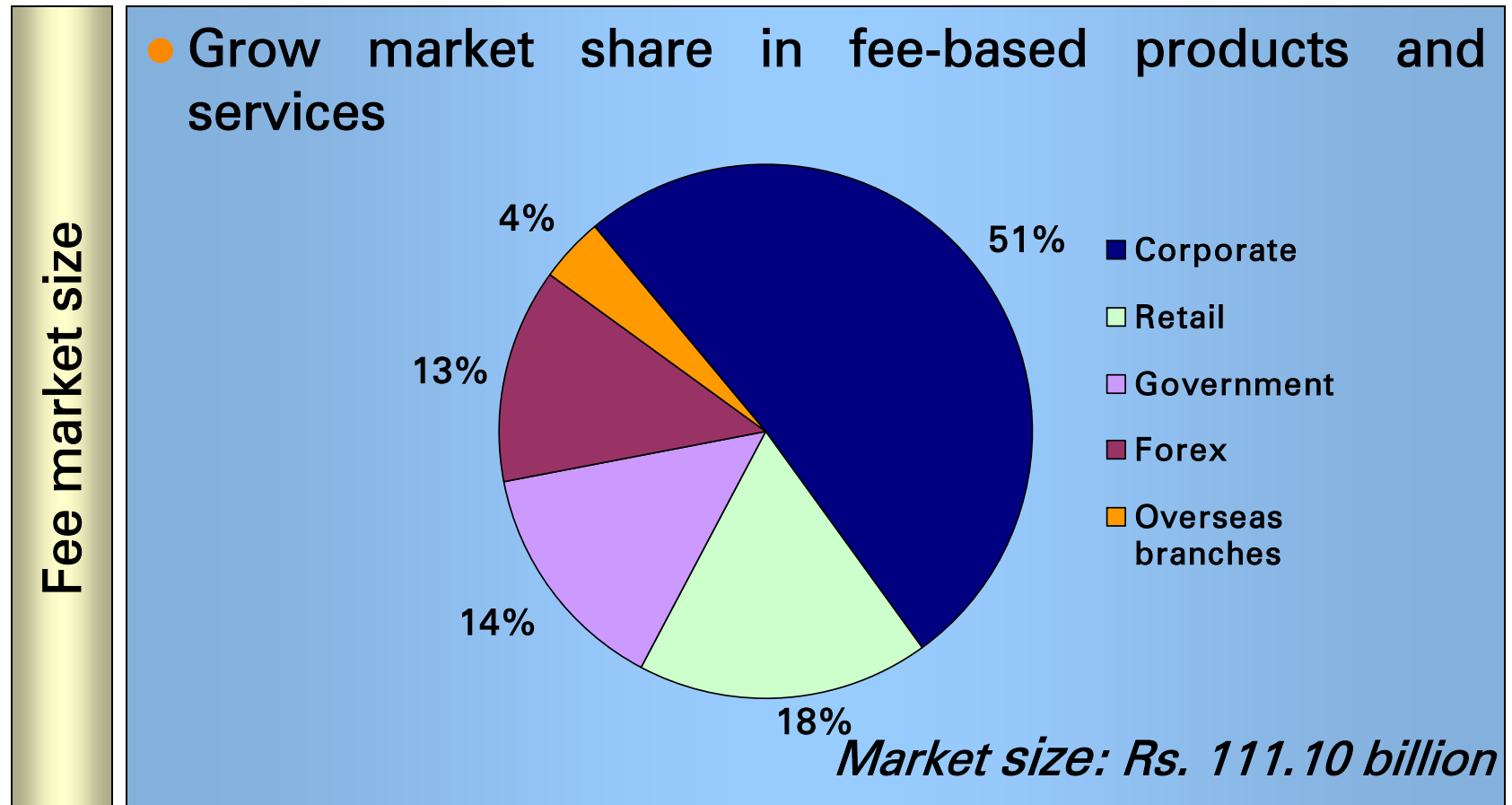
The aim is to provide state-of-the-art, low cost and efficient banking services, with a focus on increasing fee-based income

Corporate Banking

Structured Finance



Corporate banking and structured finance



Corporate Banking

Structured Finance



Corporate banking and structured finance

Strategy

- **Corporate Solutions Group**
 - Reach the entire universe of current and potential clients (over 1300) and offer tailor-made solutions
- **Government Solutions Group**
 - Develop comprehensive banking relationships with all central, state and local governmental entities
- **Small & Medium Enterprises Group**
 - Develop comprehensive banking relationships with small & medium sized enterprises leveraging corporate linkages
 - Focus on agri-lending to help in compliance with priority sector norms

Corporate Banking

Structured Finance



Corporate banking and structured finance

Strategy

- Leverage expertise to facilitate loan origination and ensure sell down leading to
 - Reduced concentration of risk
 - Optimal risk-return trade-off
- Aggressively pursue cross-sell opportunities for all ICICI group products

Significant opportunities for funding well-structured projects with in-built risk mitigation

Corporate Banking

Structured Finance



Corporate banking and structured finance

Strategy

- Infrastructure Projects Group
 - Create a balanced portfolio across sub-sectors
 - Telecom, Power, Transportation, Urban Infrastructure
 - Focus on non-fund based activities
- Manufacturing Projects Group
 - Consolidation and modernization in core sectors
 - Cement, Steel, Textiles, Chemicals
 - Structured opportunities in certain emerging sectors
 - Oil & gas, Mining, Retail, Agri infrastructure

Corporate Banking

Structured Finance



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Merger process

Challenges

- Obtaining regulatory approvals within a short time-period of 6 months
- Compliance with SLR & CRR requirements
- Compliance with directed lending norms
 - Stipulated at 50% on residual net bank credit

Regulatory

Fair valuation of loans

Merger accounting



Merger process

Compliance status

- All regulatory approvals obtained
- Full compliance with SLR & CRR requirements
 - Raised Rs. 180.00 billion in 5 months
 - Without distortion of yield curve
 - With minimal asset-liability mismatch
- Directed lending norms
 - Home loans of less than Rs. 1.0 million qualify for priority sector lending
 - Innovative approach to agri-financing to meet priority sector objectives while mitigating credit risks

Regulatory

Fair valuation of loans

Merger accounting



Merger process

Valuation

- Fair valuation of loans done by Deloitte Haskins & Sells
 - Comprehensive review of credit rating methodology
 - Robust approach to evaluation
 - Examination of loan files and review of collateral
 - Analysis of projections and restructuring schemes (if any) to estimate future cashflows
 - Discounted value of cashflows on the loan calculated to estimate the fair value
 - Provisioning requirement ascertained by above process extrapolated to the balance portfolio
- Equity & related investment portfolio marked to market

Regulatory

Fair valuation of loans

Merger accounting



Merger process

Best practices

- Accounting for the merger under purchase method
- Fair valuation reflected through additional provisions
 - Partly in ICICI's accounts prior to the Appointed Date
 - Balance adjusted against ICICI's reserves transferred to ICICI Bank on the Appointed Date
- Leading to a de-risked portfolio

(Rs. in billion)

	Gross book value	Existing provision	Fair value provision	Total provision	Coverage
Non-performing loans	69.18	34.66	9.02	43.68	63.1%
Other loans	476.36	2.19	19.53	21.72	4.5%
Mark-to-market of investments			9.25		
Total fair valuation adjustment			37.80		

4.5% cover against the total performing portfolio

Regulatory

Fair valuation of loans

Merger accounting



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Profit & loss statement¹

ICICI Bank

(Rs. in billion)

	Q4- FY01	Q4- FY02	FY01	FY02	Inc %
Interest income	3.69	6.77	12.42	21.52	73.3
Interest expense	2.44	5.33	8.38	15.59	86.0
Net interest income	1.25	1.44	4.04	5.93	46.8
Non-interest income	1.00	1.77	2.20	5.75	161.4
- <i>Core fee income</i>	<i>0.61</i>	<i>0.99</i>	<i>1.71</i>	<i>2.83</i>	<i>65.5</i>
- <i>Trading gains</i>	<i>0.39</i>	<i>0.78</i>	<i>0.49</i>	<i>2.92</i>	<i>495.9</i>
Operating expenses	1.22	1.84	3.34	6.23	86.5
Operating profit	1.03	1.37	2.90	5.45	87.9
Prov. & contingencies	0.53	0.80	1.29	2.87	122.5
Profit after tax	0.50	0.57	1.61	2.58	60.2

1. Includes operations of ICICI, ICICI PFS and ICICI Caps from the Appointed Date i.e., Mar 30, 2002.



Balance sheet: Assets

(Rs. in billion)			
	FY01	FY02 Standalone	FY02 Merged
Cash, balances with banks & SLR	77.06	286.14	357.64
- Cash & balances with RBI & banks	35.94	86.48	129.71
- SLR investments	41.12	199.66	227.93
Advances	70.31	48.32	470.35
Debentures & bonds	30.70	28.25	75.41
Other investments	10.05	4.62	55.58
Fixed assets	3.84	4.35	42.39
Other assets	5.40	10.06	39.73
Total assets	197.36	381.74	1,041.10

ICICI Bank



Balance sheet: Liabilities

				(Rs. in billion)		
ICICI Bank		FY01	FY02 Standalone	FY02 Merged		
	Net worth	13.13	15.45	62.49		
	- Equity capital	2.20	2.20	6.13		
	- Reserves	10.93	13.25	56.36		
	Preference capital	-	-	3.50		
	Deposits	163.78	325.13	320.85		
	- Savings deposits	18.81	24.97	24.97		
	- Current deposits	26.22	29.57	27.36		
	- Term deposits	118.75	270.59	268.52		
	Borrowings	12.00	28.90	589.70		
<i>Of which: Sub-debt</i>	<i>1.68</i>	<i>3.95</i>	<i>97.51</i>			
Other liabilities	8.45	12.26	64.56			
Total liabilities	197.36	381.74	1,041.10			



US GAAP: Income statement

ICICI Bank

(Rs. in billion)

	FY01	FY02	Inc. %
Interest revenue	12.41	20.84	67.9
Interest expense	8.41	15.12	79.8
NII	4.00	5.72	43.0
Provision for credit losses	1.08	1.72	59.3
Non-interest revenue	1.75	5.21	197.7
Non-interest expense	3.10	6.26	101.9
Income before tax	1.57	2.95	87.9
Income tax & others	0.26	0.91	265.4
Net income	1.31	2.04	55.7



US GAAP: Net income reconciliation

ICICI Bank

	(Rs. in billion)	
	FY2001	FY2002
As per Indian GAAP	1.61	2.58
Profit of ICICI, ICICI Capital & ICICI PFS for two days included under Indian GAAP	-	(0.08)
Deferred taxation	0.44	0.21
Provision for credit losses	(0.40)	0.10
MTM on trading & AFS portfolio	(0.41)	(0.05)
Premium & processing fee amortisation	(0.10)	(0.34)
Business combination in respect of Bank of Madura merger	-	(0.17)
Others	0.16	(0.21)
Total adjustments as per US GAAP	(0.30)	(0.54)
As per US GAAP	1.31	2.04



In conclusion

Having complied with all regulatory requirements, the merged entity, with an established brand and strong technology focus, is now well placed to harness the vast retail potential and consolidate its position in corporate banking to emerge as the leading financial solutions provider in India



Safe Harbour

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, our provisioning policies, 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



Profit & loss statement

ICICI standalone

(Rs. in billion)

	Q4 FY01	Q4 FY02	FY01	FY02	Inc.%
Fund based income	21.06	19.44	82.11	84.75	3.2
Less: Interest & related expenses & Lease dep.	17.99	16.40	69.12	70.74	2.4
Net fund based income	3.07	3.04	12.99	14.01	7.8
Fees and commissions	1.42	0.43	5.22	4.72	(9.6)
Net i/c from operations	4.49	3.47	18.21	18.73	2.8
Operating expenses	0.83	1.16	3.37	3.64	8.0
Profit from operations	3.66	2.31	14.84	15.09	1.7



Profit & loss statement

ICICI standalone

(Rs. in billion)

	Q4 FY01	Q4 FY02	FY01	FY02	Inc.%
Profit from operations	3.66	2.31	14.84	15.09	1.7
Less: Provisions & write-offs	2.76	2.98	6.08	6.10	0.3
Add: Dividend	0.40	0.58	1.08	1.78	64.6
Add: Net capital gains	3.47	2.84	3.44	2.37	(31.2)
Add: Other income	0.45	0.04	0.62	0.18	(69.8)
Profit before tax and additional items	5.22	2.79	13.90	13.32	(4.2)
Less: Additional prov. & inv. write down	8.13	5.57	8.13	5.57	-
Less: Provision for tax	(0.34)	(0.84)	0.40	1.05	162.5
Profit after tax	(2.57)	(1.94)	5.37	6.70	24.7

