

**News Release****July 23, 2004****Performance Review – Quarter ended June 30, 2004: 34% year-on-year growth in profit before tax**

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 quarter ended June 30, 2004 (Q1-2005). The Board also approved the audited consolidated accounts for the period.

**Highlights**

- Net interest income increased 39% to Rs. 631 crore (US\$ 137 million) for Q1-2005 from Rs. 455 crore (US\$ 99 million) for the quarter ended June 30, 2003 (Q1-2004).
- Fee income increased 77% to Rs. 418 crore (US\$ 91 million) for Q1-2005 from Rs. 236 crore (US\$ 51 million) for Q1-2004.
- Core operating profit i.e. profit before treasury gains, provisions and tax increased 90% to Rs. 463 crore (US\$ 101 million) for Q1-2005 from Rs. 244 crore (US\$ 53 million) for Q1-2004.
- Profit before tax increased 34% to Rs. 510 crore (US\$ 111 million) for Q1-2005 from Rs. 381 crore (US\$ 83 million) for Q1-2004.
- Profit after tax increased 27% to Rs. 431 crore (US\$ 94 million) for Q1-2005 from Rs. 340 crore (US\$ 74 million) for Q1-2004.
- Retail assets increased 62% to Rs. 36,583 crore (US\$ 7.9 billion) at June 30, 2004 from Rs. 22,535 crore (US\$ 4.9 billion) at June 30, 2003.

**Record date for dividend**

The Board at its meeting on April 30, 2004 had recommended a dividend on equity share capital of 75% for the year ended March 31, 2004 (FY2004) subject to approval of Reserve Bank of India (RBI) and of the shareholders. The approval of RBI has been received. The Board today set September 4, 2004 as the record date for payment of dividend. Shareholder approval for dividend will be sought at the Annual General Meeting on September 20, 2004.

## **Operating review**

### ***Credit growth***

The Bank maintained its growth momentum in the retail segment. The Bank's home loan disbursements during Q1-2005 were Rs. 3,855 crore (US\$ 838 million). Retail assets constituted 56% of advances and 50% of customer assets. The Bank continued to leverage its credit capabilities and distribution network to maintain its leadership position in asset origination, while also securitising a part of its portfolio to optimise resource and capital utilisation. During Q1-2005, sell-down/ securitisation of assets was about Rs. 4,000 crore (US\$ 870 million).

### ***Shift towards more stable funding mix***

Total deposits increased 24% to Rs. 66,780 crore (US\$ 14.5 billion) at June 30, 2004 from Rs. 53,853 crore (US\$ 11.7 billion) at June 30, 2003. Savings and current account deposits constituted 23% of total deposits. During Q1-2005, the Bank repaid Rs. 1,800 crore (US\$ 391 million) of erstwhile ICICI's liabilities as they fell due in accordance with their terms of repayment. At June 30, 2004, deposits constituted 64% of the Bank's funding compared to 57% at June 30, 2003. The Bank's average cost of deposits for Q1-2005 was 4.5% compared to 6.0% for Q1-2004.

### ***International banking***

ICICI Bank continued to build on its existing presence in various geographies as well as enter new markets. The Bank initiated relationships for remittances with two banks in Saudi Arabia and made a soft launch of direct banking in Canada, leveraging its technology capabilities in Internet and phone banking. The Bank's offshore branch in Bahrain and representative offices in South Africa and Bangladesh will be launched during the year.

### ***Capital adequacy***

During the quarter, the Bank made a public issue of equity shares aggregating Rs. 3,246 crore (US\$ 706 million). The Bank's capital adequacy at June 30, 2004 was 15.21% (including Tier-1 capital adequacy of 9.36%), well above RBI's requirement of 9.0%.

***Asset quality***

The Bank's net restructured assets at June 30, 2004 were Rs. 7,264 crore (US\$ 1.6 billion), down from Rs. 10,491 crore (US\$ 2.3 billion) at June 30, 2003. At June 30, 2004, the Bank's net non-performing assets constituted 2.7% of customer assets against 4.9% at June 30, 2003.

**Audited consolidated accounts**

The consolidated profit after tax was Rs. 400 crore (US\$ 87 million) in Q1-2005 compared to Rs. 337 crore (US\$ 73 million) in Q1-2004.

ICICI Lombard General Insurance Company (ICICI Lombard) earned an underwriting profit of Rs. 21 crore (US\$ 4.6 million), and achieved a profit after tax of Rs. 20 crore (US\$ 4.3 million) in Q1-2005, compared to an underwriting profit of Rs. 1 crore (US\$ 0.2 million) and profit after tax of Rs. 6 crore (US\$ 1.3 million) for Q1-2004. ICICI Lombard maintained its leadership position among private sector general insurance companies.

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. While the growing operations of ICICI Prudential Life had a negative impact of Rs. 30 crore (US\$ 6 million) on the Bank's reported consolidated profit after tax in Q1-2005 on account of the above reasons, the company's unaudited New Business Achieved Profit (NBAP) for Q1-2005 was Rs. 60 crore (US\$ 13 million) compared to a full year unaudited NBAP of Rs. 204 crore (US\$ 44 million) for FY2004. NBAP represents the present discounted value of future profit streams from new policies written by the company during the year, calculated on the basis of certain assumptions as to mortality and other parameters. Internationally, life insurance companies are valued as a multiple of their NBAP.

**Summary Profit and Loss Statement**
*Rs. crore*

	Q1-2004	Q1-2005	Growth %	FY 2004
NII	455	631	39%	1,987
Non-interest income	383	565	47%	1,751
- Fee income	236	418	77%	1,175
- Lease income	112	103	(8%)	422
- Others	35	44	26%	154
<b>Core operating income</b>	<b>838</b>	<b>1,196</b>	<b>43%</b>	<b>3,738</b>
Operating expense	463	564	22%	1,999
Other DMA expense	58	85	47%	293
Lease depreciation	73	84	15%	279
<b>Core operating profit</b>	<b>244</b>	<b>463</b>	<b>90%</b>	<b>1,166</b>
Treasury income	261	93	(64%)	1,314
Provisions	124	46	(63%)	579
<b>Profit before tax</b>	<b>381</b>	<b>510</b>	<b>34%</b>	<b>1,902</b>
Tax	41	79	93%	265
<b>Profit after tax</b>	<b>340</b>	<b>431</b>	<b>27%</b>	<b>1,637</b>

*Note: The Bank enters into rupee derivative transactions as part of its trading operations. Given the growing derivatives market and the Bank's increasing volumes in this activity, the Bank recognises the mark-to-market impact of this portfolio (net of provisions) in its profit and loss account, effective Q1-2005. This had a positive impact of Rs. 29 crore on the profit after tax.*

*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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*1 crore = 10.0 million*

*US\$ amounts represent convenience translations at US\$1 = Rs. 46.*