



Performance Review: FY2007

April 28, 2007

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Agenda

Highlights

Operating Review

Financial Performance

Life Insurance

General Insurance



Highlights

Profitability

- 22% increase in profit after tax to Rs. 31.10 billion in FY2007 from Rs. 25.40 billion in FY2006
- 41% increase in net interest income to Rs. 66.36 billion in FY2007 from Rs. 47.09 billion in FY2006
- 45% increase in fee income to Rs. 50.12 billion in FY2007 from Rs. 34.47 billion in FY2006
- Profit before general provisions and tax increased 40% to Rs. 13.69 billion in Q4-2007 from Rs. 9.75 billion in Q4-2006.
- 4.4% increase in profit after tax to Rs. 8.25 billion in Q4-2007 from Rs. 7.90 billion in Q4-2006



Highlights

Balance sheet

- 34% growth in loan portfolio from Rs.1,461.63 bn to Rs. 1,958.66 bn
 - 95% growth in loan portfolio of international branches from Rs. 125.24 bn to Rs. 244.10 bn
 - 39% growth in retail portfolio from Rs. 921.98 bn to Rs. 1,276.89 bn
 - 37% growth in rural & agricultural portfolio from Rs. 146.87 bn to Rs. 201.79 bn
- Deposit growth of 40% from Rs. 1,650.83 bn to Rs. 2,305.10 bn
- Net NPA ratio at 0.98% at March 31, 2007 compared to 0.71% at March 31, 2006



Capital raising

- The Board of Directors of the Bank authorised equity capital raising through a public offering in India and an ADR offering in the United States, subject to necessary approvals
 - Size of the offering expected to be Rs. 200.00 billion (US\$ 5 billion)
- Need for capital raising
 - Continued growth momentum in economy and banking business
 - Strong demand for financing/ underwriting from corporate sector
 - Continued retail lending potential
 - Substantial increase in capital requirements in incremental business due to regulatory changes



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Retail banking

Credit

- Maintained market leadership in retail credit
- Achieved robust growth despite challenging environment
- Demonstrated pricing power

Deposits

- Fully leveraging liability franchise and technology channels
- High incremental deposit market share despite lean branch infrastructure
- Merger of Sangli Bank and branch rollout in Q4-2007 expected to enhance deposit franchise

Fee income

- Diversified fee income streams: loans, cards, transaction banking & distribution
- Successful insurance cross-sell initiatives



Corporate & investment banking

Opportunity

- High capacity utilisation leading to investment pipeline of about US\$ 500 billion
- Strong corporate performance with high cash accruals supporting investment plans
- Expanding global presence

Strategy

- Building an integrated franchise: origination to syndication across markets
- Project and M&A advisory, structuring and financing expertise
- Strong syndication & distribution capability

Leadership

- Lead Arranger for over 50% of outbound M&A financing deals
- #1 arranger of ECBs for Indian corporates
- Lead arranged project financing of Rs. 217 bn



International banking

Strategy

- India-linked strategy: global corporate & investment banking, NRI services and private banking
- Technology-driven strategy: direct banking, global remittances

Scale

- Total assets of international branches and banking subsidiaries at about US\$ 17.0 bn
 - About 19% of consolidated banking assets
- Improving profitability: largest overseas subsidiary, ICICI Bank UK, achieved RoE of about 22%

Other highlights

- 45% growth in remittance volumes, with 28% market share in inward remittances into India
- 300% increase in UK direct banking deposits to US\$ 1.9 bn



Rural banking

Strategy

- Multi-product suite for catering to various customer segments
- Hybrid channel strategy: branches, partnerships & technology based delivery

Credit growth

- 37% increase in rural portfolio to Rs. 201.80 bn
- Comprehensive review of products and process undertaken to mitigate risks associated with new delivery models

Rollout status

- “No White Spaces” (NWS) strategy under implementation in 170 districts
- 28 districts with over 75% NWS implementation
- About 11,500 customer touch points



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Profit & loss statement

(Rs. in billion)

	Q4-2006	Q4-2007	Q4-o-Q4 growth	FY 2006	FY 2007	Y-o-Y Growth
NII	13.74	18.75	36.4%	47.09	66.36	40.9%
Non-interest income	13.21	16.54	25.2%	42.43	59.14	39.4%
- Fee income ¹	11.05	14.27	29.1%	34.47	50.12	45.4%
- Others	2.16	2.27	4.8%	7.96	9.02	13.3%
Core operating income	26.95	35.28	30.9%	89.52	125.49	40.2%
Operating expenses	10.57	14.54	37.5%	35.47	49.79	40.4%
DMA ² expenses	3.65	4.23	15.7%	11.77	15.24	29.4%
Lease depreciation	0.73	0.44	(39.5%)	2.77	1.88	(32.0%)
Core operating profit	12.00	16.08	34.0%	39.51	58.59	48.3%

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)

	Q4-2006	Q4-2007	Q4-o-Q4 growth	FY 2006	FY 2007	Y-o-Y Growth
Core op profit	12.00	16.08	34.0%	39.51	58.59	48.3%
Treasury income	2.81	4.46	58.7%	7.40	10.14	37.0%
Less: Premium amort on SLR	2.43	2.66	9.3%	8.02	9.99	24.6%
Operating profit	12.38	17.88	44.4%	38.88	58.74	51.1%
Specific prov & w-off ¹	2.63	4.19	59.3%	4.53	14.95	230.1%
Profit before GP and tax	9.75	13.69	40.4%	34.36	43.79	27.4%
General provision (GP)	0.91	4.57 ²	402.2%	3.39	7.31 ³	115.6%
Profit before tax	8.84	9.12	3.2%	30.97	36.48	17.8%
Tax	0.94	0.87	(8.0%)	5.57	5.38	(3.4%)
Profit after tax	7.90	8.25	4.4%	25.40	31.10	22.4%

1. Net of write backs
2. Includes impact of about Rs. 3.10 bn due to increase in GP to 2% on certain categories of loans
3. Includes impact of about Rs. 5.55 bn due to increase in GP during the year



Balance sheet: Assets

(Rs. in billion)

	Mar 31, 2006	Dec 31, 2006	Mar 31, 2007	Y-o-Y growth
Cash balances with banks & SLR	681.15	824.28	1,044.89	53.4%
- Cash & bank balances	170.40	248.19	371.21	117.8%
- SLR investments	510.75	576.09	673.68	31.9%
Advances	1,461.63	1,727.63	1,958.66	34.0%
Other investments	204.73	219.24	238.90	16.7%
Fixed & other assets	166.38	187.17	204.13	22.7%
Total assets	2,513.89	2,958.32	3,446.58	37.1%



Balance sheet: Liabilities

(Rs. in billion)

	Mar 31, 2006	Dec 31, 2006	Mar 31, 2007	Y-o-Y growth
Net worth	222.06	244.45	243.13	9.5%
- Equity capital	8.90	8.94	8.99	1.0%
- Reserves	213.16	235.51	234.14	9.8 %
Preference	3.50	3.50	3.50	-
Deposits	1,650.83	1,968.93	2,305.10	39.6%
Borrowings	354.77	476.29	598.24	68.6%
eICICI borrowings	131.90	111.90	108.37	(17.8%)
Other liabilities	150.83	153.25	188.24	24.8 %
Total liabilities	2,513.89	2,958.32	3,446.58	37.1%



Capital adequacy

	Mar 31, 2006		Mar 31, 2007	
	Rs. bn	%	Rs. bn	%
Total Capital	278.43	13.35	338.96	11.69 ¹
- Tier I	191.82	9.20	215.03	7.42
- Tier II	86.61	4.15	123.93	4.27 ¹
Risk weighted assets	2,085.94		2,899.93	

1. Foreign currency bonds of US\$ 750 million raised for Upper Tier II capital excluded from Tier II capital pending clarification required by RBI regarding certain terms of these bonds. Including these bonds, total capital adequacy ratio would be 12.81%.



Key ratios

(Percent)

	Q4- 2006	Q4- 2007	FY 2006	FY 2007
Return on average networth	14.5	13.8	16.4	13.4 ¹
Weighted avg EPS (Rs.)	35.7	37.3	32.5	34.8
Book value (Rs.)	248.6	269.8	248.6	269.8
NIM	2.79	2.66	2.74 ²	2.57
Cost ³ to income	39.7	39.7	41.2	40.2
Cost ³ to average assets	1.88	1.88	1.80	1.75
Fee to income	41.5	38.9	40.0	40.5

1. RoE including profit of banking subsidiaries and excluding investment in insurance subsidiaries was 15.5%
2. NIM excluding sell down gains was 2.47%
3. Excludes DMA expenses



Asset quality and provisioning

(Rs. in billion)

	Mar 31, 2006	Mar 31, 2007
Gross NPAs	29.63	48.50
Less: Cumulative w/offes & provisions	18.88	28.31
Net NPAs	10.75	20.19
Net NPA ratio	0.71%	0.98%

- Gross retail NPLs as on Mar 31, 2007: Rs. 30.90 bn (of which 54% were non-collateralised)
- Net NPLs in home loan portfolio as on March 31, 2007: 0.71%
- Net retail NPLs as on Mar 31, 2007: Rs. 15.12 bn (of which 47% were non-collateralised)
- Net restructured loans: Rs. 48.83 bn (Mar 31, 2006: Rs. 53.16 bn)



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Key highlights: FY2007

- Sustained market leadership in the private sector with a retail market share of 29.1%¹
 - Overall market share of 10%
- 103% growth in Annualised Premium Equivalent (APE) to Rs 43.81 billion in FY 2007
- 67% growth in New Business Achieved Profit (NBAP) to Rs 8.81 billion in FY 2007
- Distribution expansion
 - Branch network from 177 at March 31, 2006 to 583 at March 31, 2007
 - Advisor force from 72,000 at March 31, 2006 to 234,000 at March 31, 2007

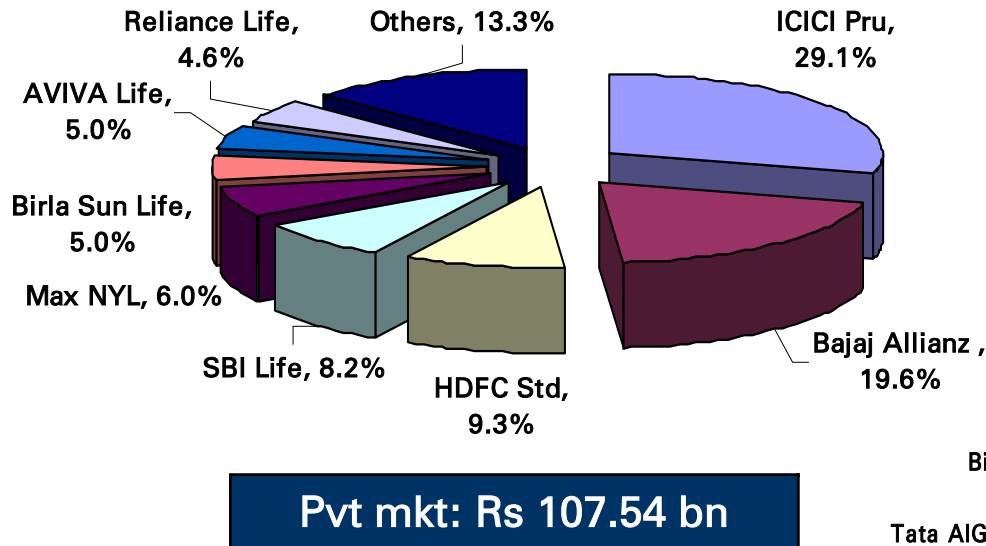
1. Weighted Received Premium for 11m FY 2007;

Source: IRDA

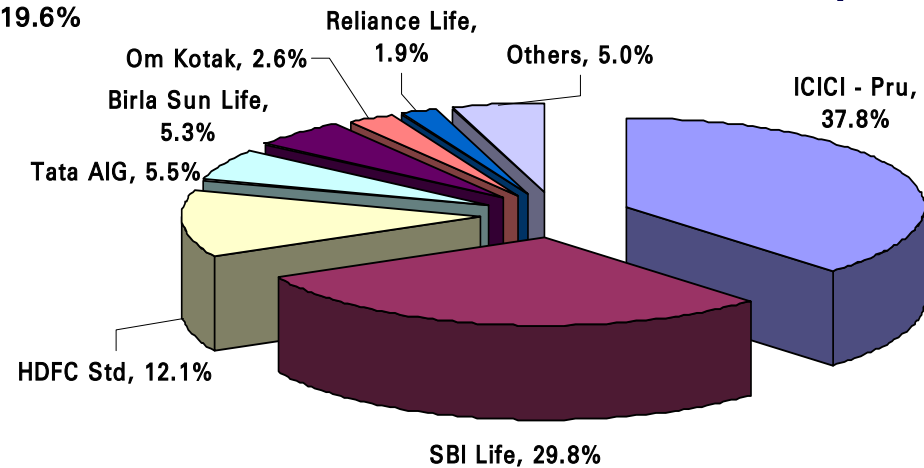


Market share: Private market

Retail¹



Group

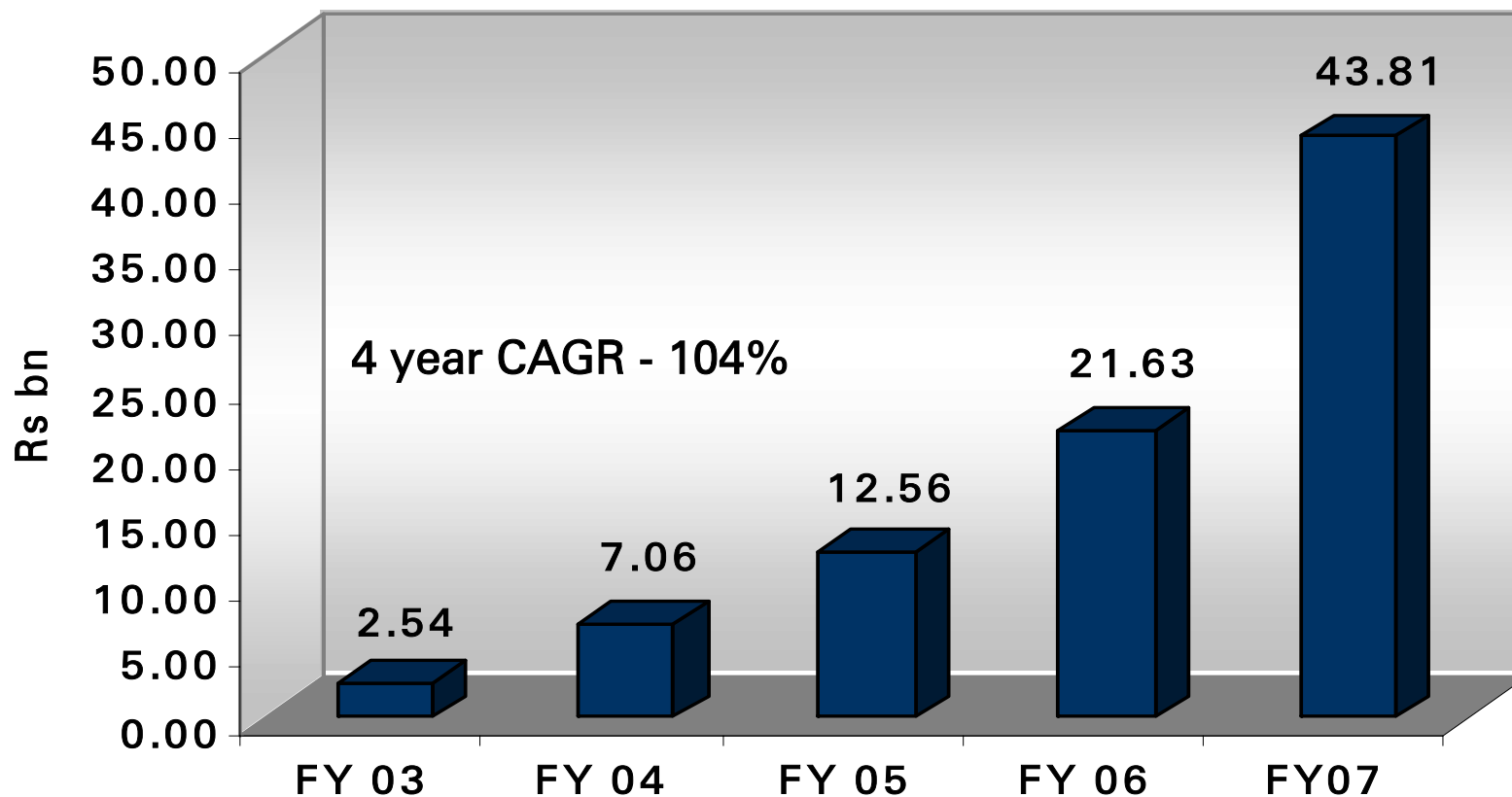


1. Retail weighted received premium

2. Source : IRDA , 11m FY 2007



Growth in new business



103% growth in APE* in FY 2007 to over USD 1bn

** Annualized Premium Equivalent*



Financial performance

Rs bn	FY 2006	FY 2007
Premium Income	42.59	79.13
- New Business Premium	26.02	51.62
- Renewal Business Premium	16.57	27.50
Investment & Other Income	2.09	4.45
Cost of acquisition	(4.96)	(10.64)
Operating expenses	(5.10)	(9.84)
Claims/Benefits	(0.38)	(0.93)
Transfer to Reserves	(36.28)	(69.06)
Deferred Tax	0.16	0.43
Profit / Loss (net of tax)	(1.87)	(6.49)

Life insurance companies in high growth phase make accounting losses due to customer acquisition and business set-up costs, and reserving

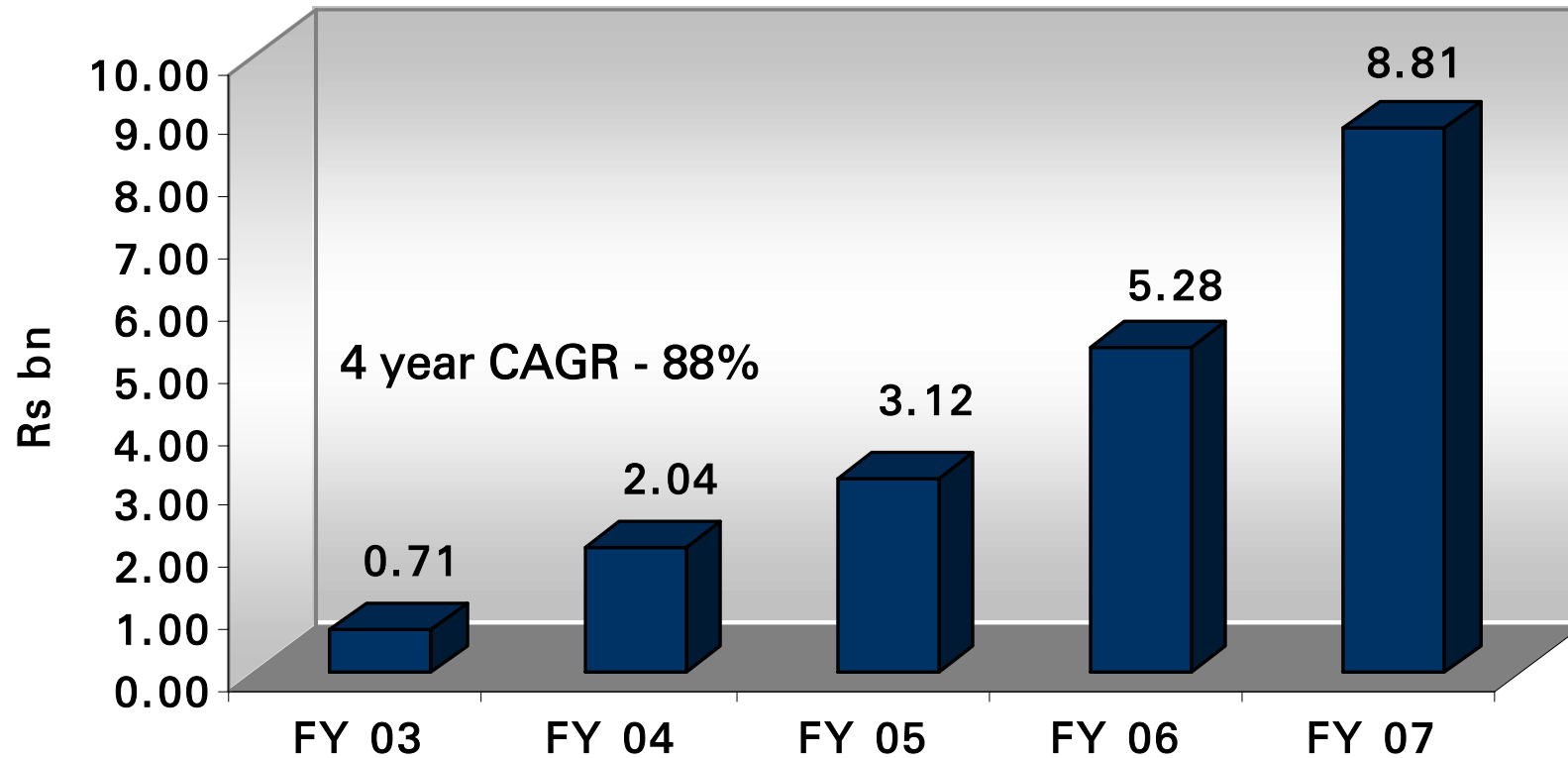


New Business Achieved Profit (NBAP)

- Metric for the economic value of new business written in a defined period
 - Measured as the present value of the future profits for the shareholders on account of new business sales, based on a set of assumptions
 - Actual experience could differ from these assumptions especially in respect of expense over runs in the initial years
- Calculated net of tax after providing for the cost of capital that would be required to support the business



Value creation: NBAP

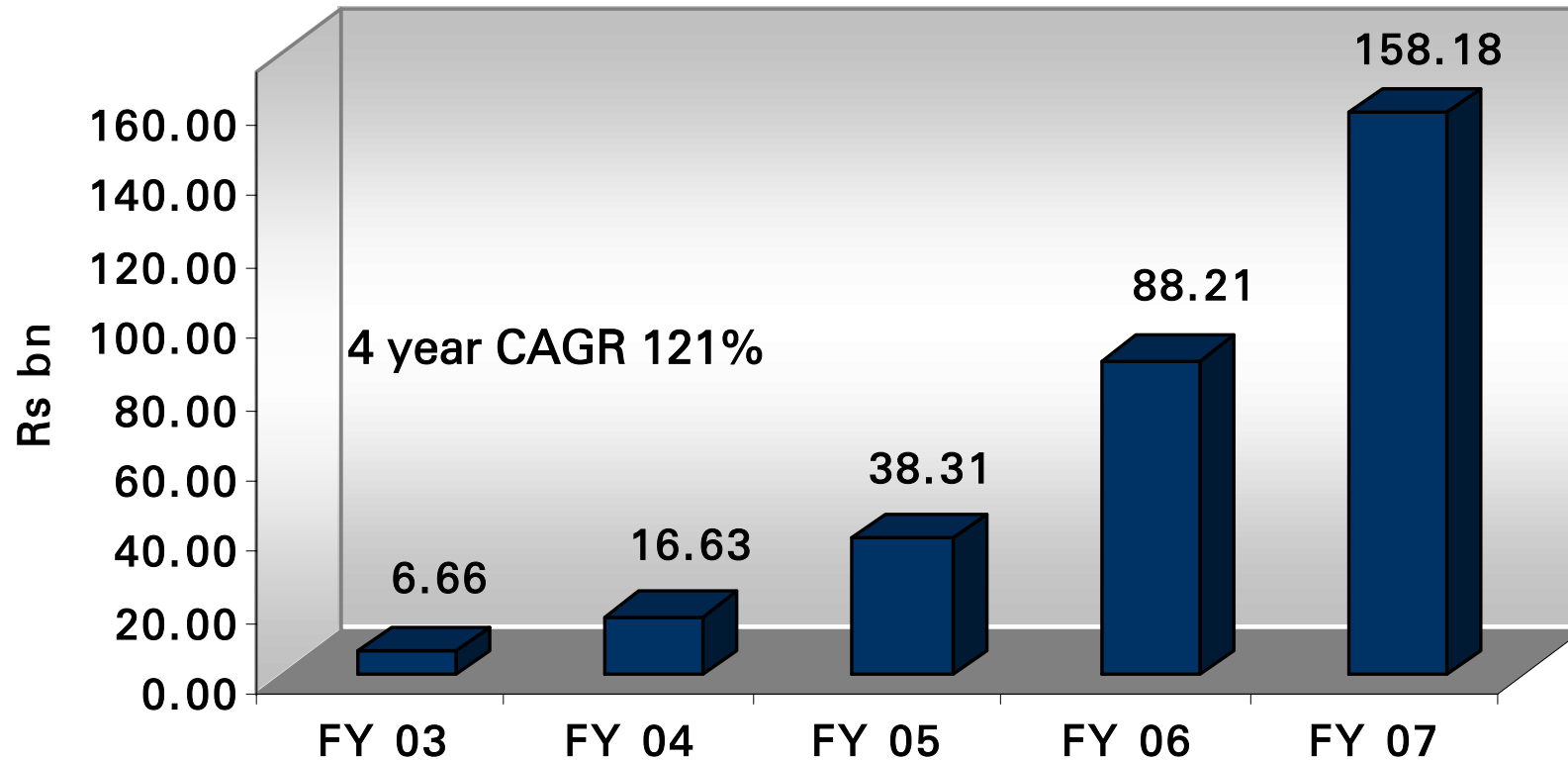


67% growth in NBAP* in FY 2007

** New Business Achieved Profit*



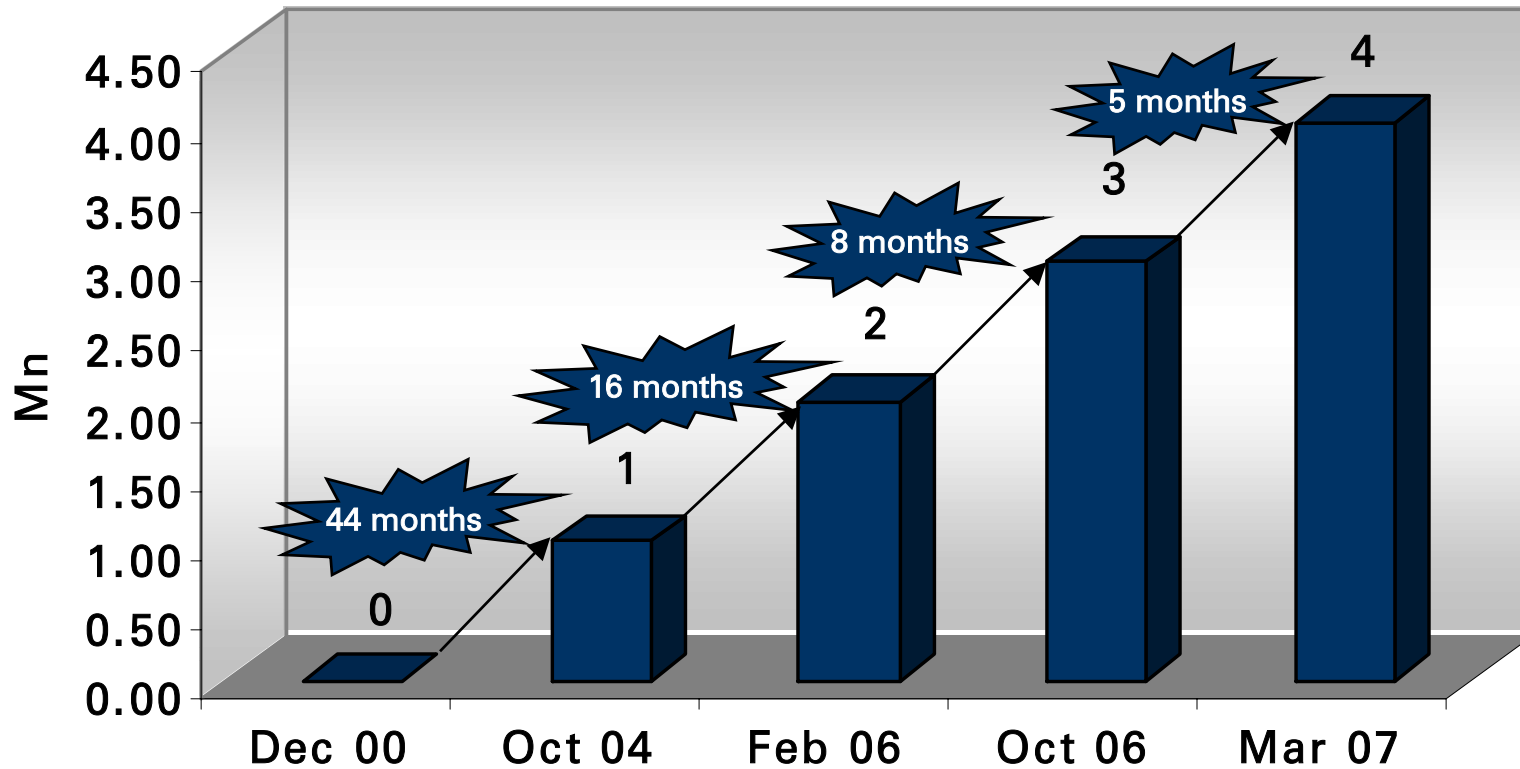
Growth in assets held



Strong renewal flows leading to expanding asset base



Growth in customer base



Robust expansion of policy base



Distribution expansion

We continue to create a nationwide agency network, complemented by increased focus on non-agency distribution

	Mar 06	Mar 07
Locations	132	421
Branches	177	583
Advisors	72,000	234,000
Non agency share	37%	39%

Flat expense ratio despite expansion



Key strategic drivers

Expansion & scale

- Expanding advisor base with focus on efficiencies
- Continued focus on non agency business
- Geographical expansion including rural

Innovative product solutions

- Comprehensive product portfolio with continued focus on innovation
 - Introduction of flexi funds, premium guarantee and asset based products
 - Launch of immediate annuity and annuity card

Health

- Positioning to take advantage of health insurance opportunity
 - Launch of 7 products
 - First ever critical illness plan for Diabetics



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Key highlights

- Continuing scale up of operations:
 - Achieved gross premium milestone > Rs. 30 bn
- Consolidated market share
 - Market share (industry) > 12%¹
 - Market share (private sector) > 33%¹
- Maintained consistent track record of profitability and dividend payment
- Focus on enhancement of distribution franchise
 - Crossed 3 million policies in a year

1. Source: IRDA (Apr 06 – Feb 07)



Industry snapshot

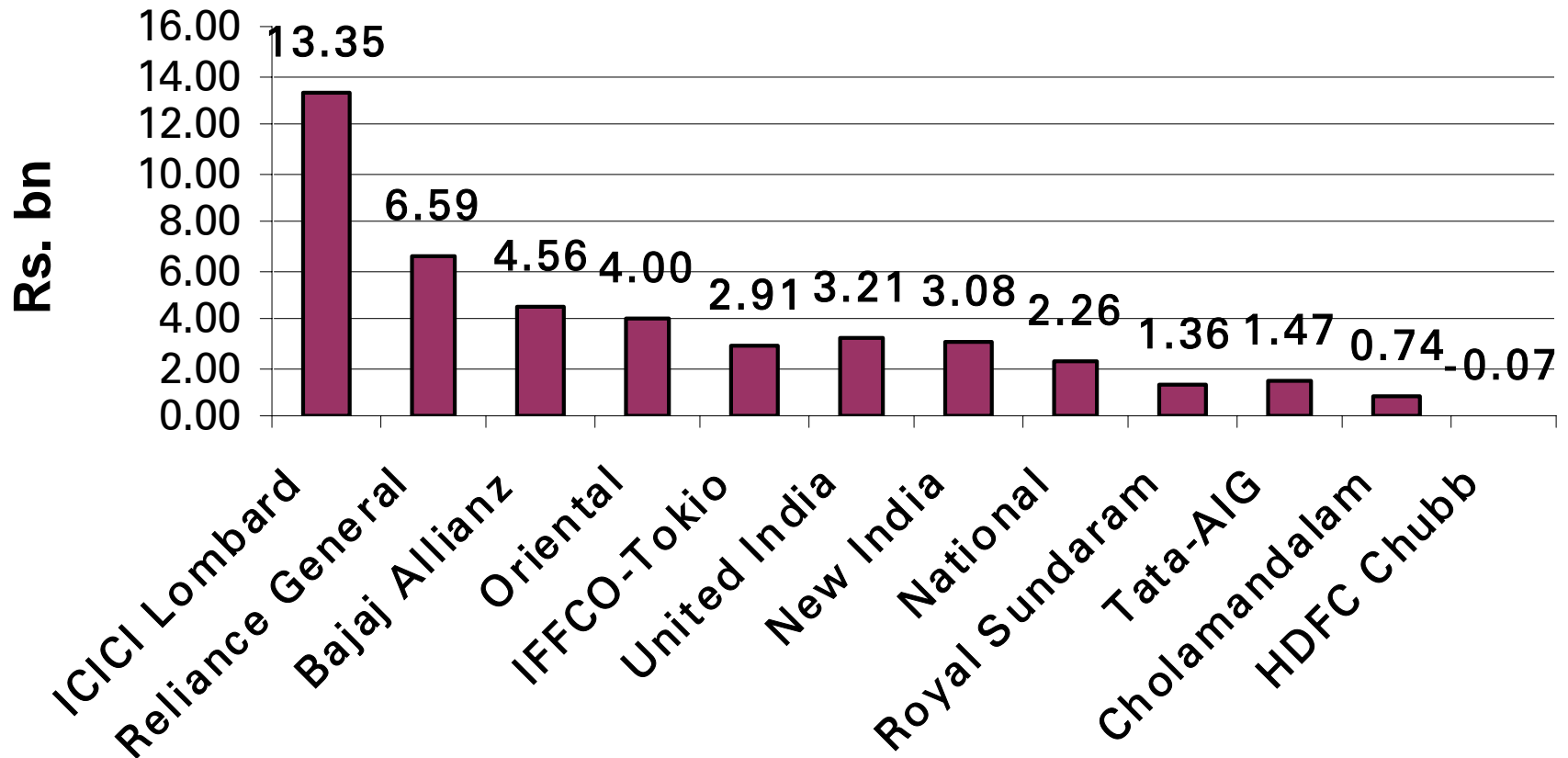
Rs. bn

Company	GWP FY 03-04	GWP FY 04-05	GWP FY 05-06	GWP YTD Feb-07
ICICI Lombard	5.07	8.85	15.92	28.03
Bajaj Allianz	4.76	8.53	12.88	16.21
Iffco Tokio	3.25	5.07	8.96	10.70
Reliance	1.61	1.62	1.62	8.04
Tata AIG	3.55	4.69	6.12	6.87
Royal Sundaram	2.58	3.32	4.54	5.43
Cholamandalam	0.97	1.70	2.20	2.83
HDFC Chubb	1.12	1.78	2.02	1.70
Private Sector Total	22.91	35.55	54.27	79.81
Private Sector %	15%	20%	27%	35%
New India	40.28	42.07	47.62	45.06
Oriental	28.69	30.38	35.19	35.96
National	34.17	38.25	35.24	34.28
United	30.68	29.52	31.47	31.58
Public Sector Total	133.83	140.22	149.52	146.88
Public Sector %	85%	80%	73%	65%
IL as % of Total	3.2%	5.0%	7.8%	12.4%
IL as % of Pvt Sector	22%	25%	29%	35%

Source: IRDA Journal



Share of growth in market



ICICI Lombard accounted for 31% of industry growth and 43% of private sector growth¹

1. Source : IRDA (Apr 06 – Feb 07)



Changing business mix


Year ending March 31,	2004	2005	2006	2007
Gross written premium	5.07	8.85	15.92	30.04
Growth over previous year	134%	75%	80%	88%
GWP – Wholesale group	4.52	6.34	8.62	13.32
GWP – Retail group	0.55	2.51	7.30	16.71
Wholesale:Retail	89:11	72:22	54:46	44:56



Key indicators

Indicators	2004	2005	2006	2007
Offices	63	96	154	220
Employees	560	1,249	2,283	4,770
Policies issued	249,531	607,926	1,461,039	3,136,478
Claims handled	26,457	90,691	243,951	642,777
Claims paid Rs. bn	1.21	2.62	7.68	11.64
Average claim settlement time	26 days	25 days	25 days	22 days
Claim disposal ratio	89%	94%	95%	96%

Key financial highlights

Particulars - in Rs bn	FY2006	FY2007
Gross written premium	15.92	30.03
Net written premium	7.34	14.51
Profit after tax	0.50	0.68
Combined ratio 	97%	97%

The surplus based on the combined ratio and investment income aggregated Rs. 1.80 billion on a pre-tax basis in FY2007



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Thank you



Combined ratio

Particulars in Rs.	Policy inception	Month 2	Month 3 to 12	Policy end
Premium	100	-	-	100
NEP	8	8	83	100
Claims (60%)	(5)	(5)	(50)	(60)
Commissions	(15)	-	-	(15)
Operating expenses	(20)	-	-	(20)
U/w result	(32)	3	33	5
Combined ratio	95%			95%

Combined ratio of 95% at policy inception will result in underwriting surplus of Rs. 5 at the end of policy

