

**News Release****July 25, 2003****Performance Review – Quarter ended June 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 quarter ended June 30, 2003 (Q1-2004). The Board also approved the audited consolidated accounts for the period.

**Highlights**

- Retail assets grew 18% by Rs. 3,403 crore (US\$ 737 million) during the quarter to Rs. 22,535 crore (US\$ 4.9 billion) at June 30, 2003, constituting 35% of customer assets.
- Profit after tax increased 34% from Rs. 253 crore (US\$ 55 million) in the quarter ended June 30, 2002 (Q1-2003) to Rs. 340 crore (US\$ 74 million) in Q1-2004.
- Total deposits grew 12% by Rs. 5,684 crore (US\$ 1.2 billion) during the quarter to Rs. 53,853 crore (US\$ 11.7 billion) at June 30, 2003, constituting 57% of the Bank's funding.

**Results**

The net interest income in Q1-2004 was Rs. 416 crore (US\$ 90 million) compared to Rs. 336 crore (US\$ 73 million) in Q1-2003, representing a growth of 24%. Non-interest income increased from Rs. 460 crore (US\$ 99 million) in Q1-2003 to Rs. 641 crore (US\$ 139 million) in Q1-2004.

**Operating review**

The Bank's customer assets at June 30, 2003 were Rs. 65,117 crore (US\$ 14.1 billion) as against Rs. 64,031 crore (US\$ 13.9 billion) at March 31, 2003. The retail segment continued to drive asset growth, with the Bank's retail assets increasing to Rs. 22,535 crore (US\$ 4.9 billion) at June 30, 2003 from Rs. 19,132 crore (US\$ 4.1 billion) at March 31, 2003. During Q1-2004, the Bank's home loan approvals were Rs. 3,862 crore (US\$ 836 million) and disbursements were Rs. 2,550 crore (US\$ 552 million). The Bank also maintained its market position in other retail credit products. The Bank continued to implement its strategy of churning its project and corporate finance portfolio without increasing its total outstanding exposure to this segment.

The Bank made further progress in realigning its funding base by replacing erstwhile ICICI's maturing liabilities as well as funding incremental asset growth with lower cost resources. In Q1-2004, the Bank repaid about Rs. 2,300 crore (US\$ 498 million) of erstwhile ICICI's liabilities as they fell due in accordance with their terms of repayment. At June 30, 2003, the Bank's total deposits were Rs. 53,853 crore (US\$ 11.7 billion), a growth of 12% in the first quarter itself. ICICI Bank's average cost of deposits declined to 6.0% for Q1-2004 as compared to 6.8% for the year ended March 31, 2003 (FY2003). Deposits now constitute 57% of ICICI Bank's funding, as compared to 38% at June 30, 2002.

The Bank's international initiative continues to proceed as planned. The Bank's offshore branch in Singapore is expected to commence operations by September 2003. ICICI Bank UK Limited, the Bank's wholly-owned subsidiary has received approval from the Financial Services Authority (FSA) in the United Kingdom for commencement of operations. ICICI Bank has also received permission from the Central Bank of the UAE for a representative office in Dubai.

While Reserve Bank of India (RBI) norms require classification of assets as non-performing based on 90-day overdues only by March 31, 2004, the Bank has accelerated its compliance with this requirement. Taking into account the revised classification norms, the Bank's net non-performing asset ratio at June 30, 2003 was 4.9%, the same level as March 31, 2003.

ICICI Bank's capital adequacy at June 30, 2003 was 11.15% (including Tier-1 capital adequacy of 7.09%), well above RBI's requirement of 9.0%. Tier-1 capital excludes deferred tax asset of Rs. 503 crore (US\$ 109 million).

### **Audited consolidated accounts**

The consolidated profit after tax was Rs. 337 crore (US\$ 73 million) in Q1-2004 as compared to Rs. 233 crore (US\$ 50 million) in Q1-2003.

The ICICI group had entered the life and general insurance businesses in 2000 and 2001 respectively. These businesses are now scaling up and adding significant value to the Bank. ICICI Lombard General Insurance Company (ICICI Lombard) achieved a profit before tax of Rs. 6 crore (US\$ 1.3 million) in Q1-2004 as compared to a full year profit of Rs. 4 crore (US\$ 0.9 million) in FY2003. ICICI Lombard has increased its market share in this highly competitive business and built a high quality, profitable general insurance portfolio. ICICI Lombard has established strong reinsurance relationships and high claims servicing standards.

ICICI Prudential Life Insurance Company (ICICI Prudential Life) is a market leader among private sector life insurance companies, with a market share of about 39% among private life insurers. 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. 26 crore (US\$ 6 million) on the Bank's reported consolidated profit after tax on account of the above reasons, the company's unaudited New Business Achieved Profit (NBAP) for the quarter was Rs. 22 crore (US\$ 5 million). 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.

The Bank's other subsidiaries continued to record satisfactory performance. ICICI Securities earned a profit after tax of Rs. 63 crore (US\$ 14 million) in Q1-2004 compared to Rs. 18 crore (US\$ 4 million) in Q1-2003.

*1 crore = 10.0 million*

*US\$ amounts represent convenience translations at US\$1 = Rs. 46.20*

*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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