

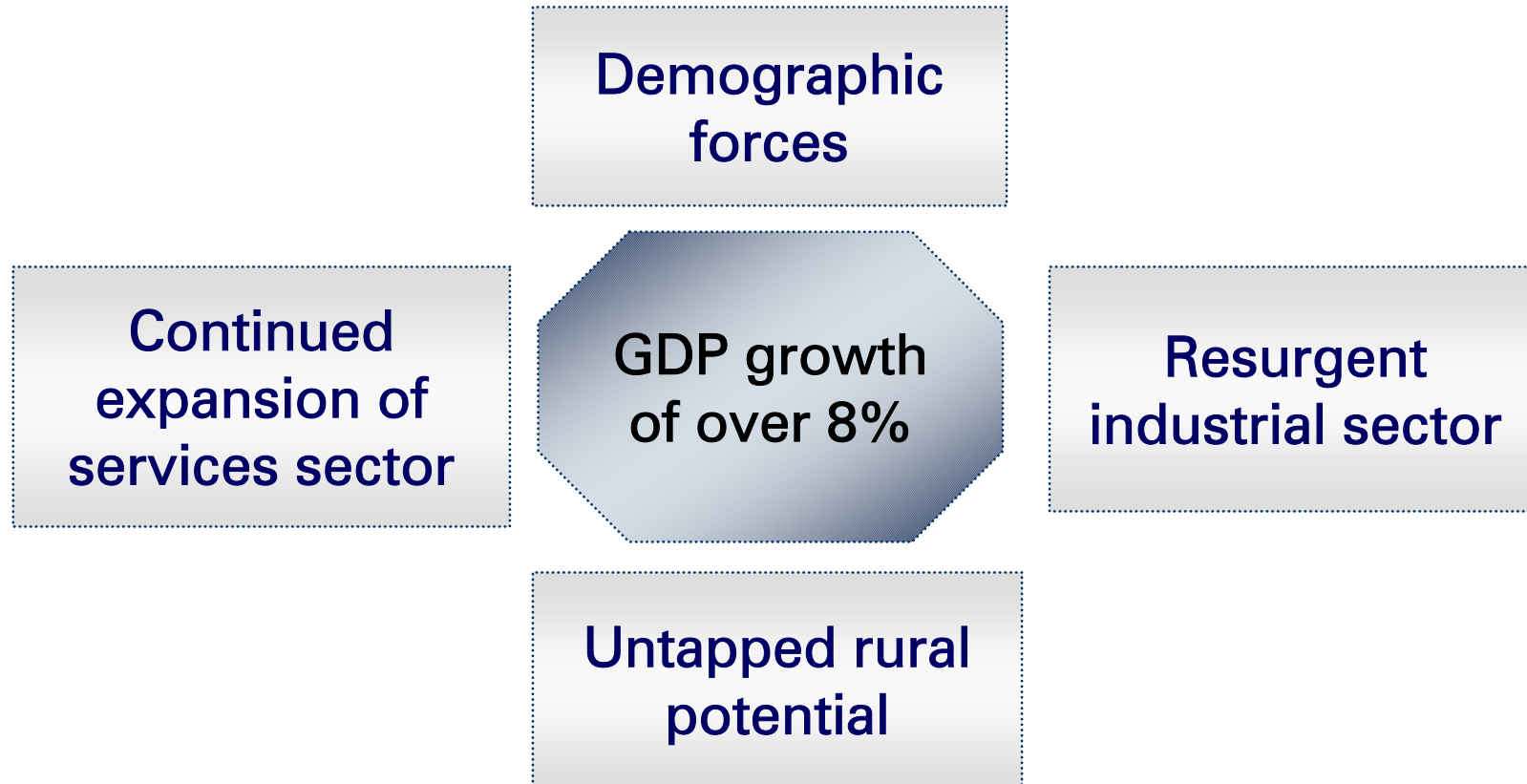


Indian Financial Sector: Outlook and Opportunities

December 1, 2006

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Economic backdrop



...growing international linkages giving impetus to all sectors of the economy



Drivers of growth

- Demographic advantage
 - 58% of the population in the working age group of 15-59 years and another 35% in the 0-14 age group
 - Rising household incomes
- Services sector driving momentum
 - Quality educational institutions and a large English speaking population
 - Established leadership in information technology
 - Successful forays across knowledge-based sectors: pharmaceuticals, biotechnology, engineering design
 - International services hub



Drivers of growth

- **Internationally competitive manufacturing sector**
 - Operational efficiency and quality focus
 - De-leveraging and organic capital generation
 - Increased deployment of technology
- **The internationalisation of India**
 - Rapidly growing global linkages
 - Emergence of Indian multinationals
 - Vast Indian diaspora: about 20 million
 - Inward remittances US\$ 24.5 bn per year, growing at 25%



Rural India: The next growth horizon

- Traditionally viewed as food grain producer
- However, the rural landscape is changing
 - Diversification of economic activity
 - Industries and services estimated to account for about 54% of rural GDP¹
 - Increasing household expenditure on non-food items
- Integration of rural India into economic mainstream will boost rural household incomes and have a multiplier effect on the demand for goods and services across the economy

1. Source: CERG (Consumer & Economic Research Group)



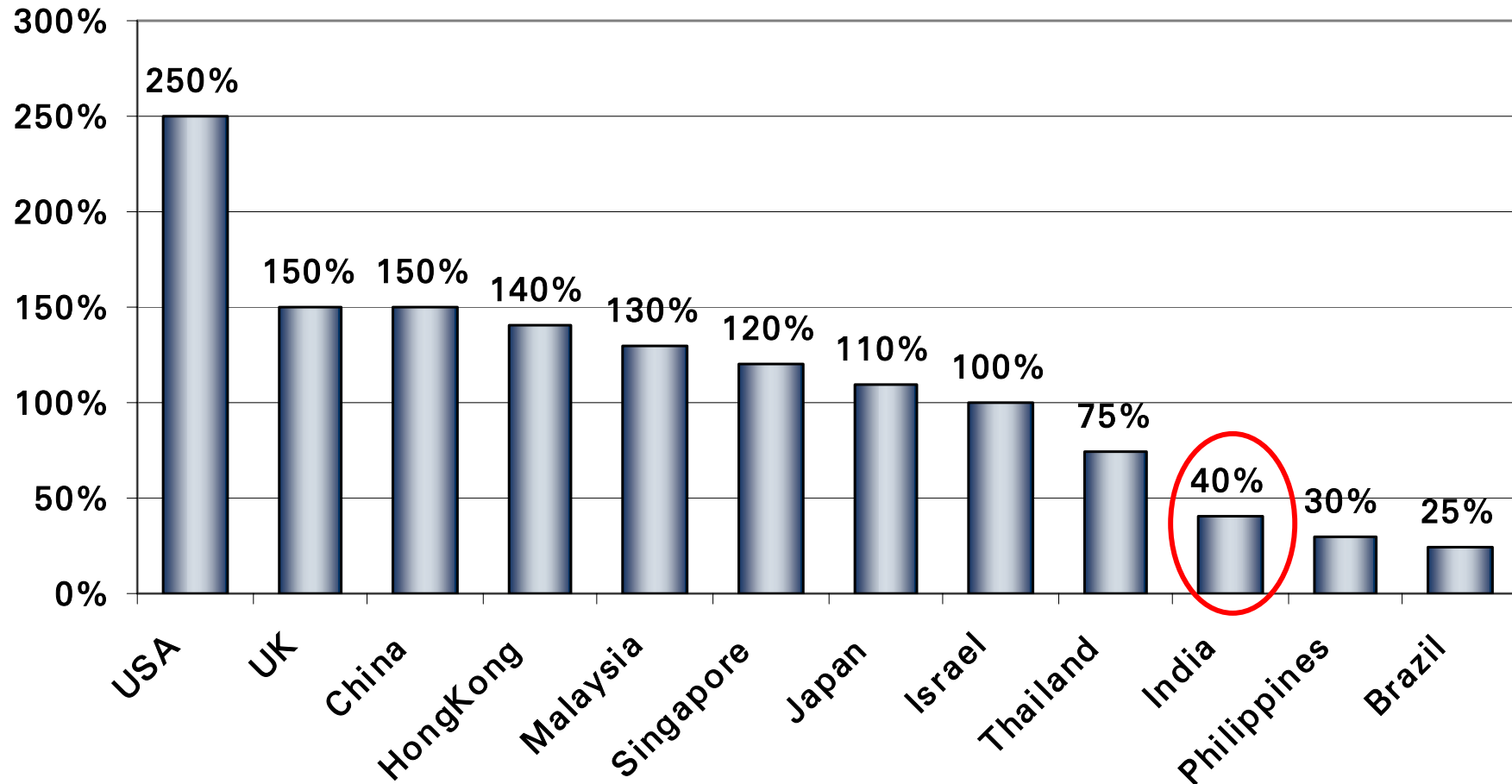


These drivers and the existing under penetration of financial services provide robust growth opportunities



Low penetration of bank credit

Credit to GDP



Source: Reserve Bank of India



Large opportunities in retail credit

Favourable demographic profile

- 69% of the population is under 35⁽¹⁾

Rising household incomes

- Number of middle and high income households estimated to increase to over 100 mn by 2010⁽²⁾

Low penetration

- Retail credit/ GDP at only 11-12% in India; significantly lower than other countries
- Low level of household leverage

1. Source: Tata Statistical Outline
2. Source: National Council for Applied Economic Research



Resurgent corporate sector

Renewed investment cycle

- Large investment pipeline: estimated at US\$ 150-200 bn
- Domestic capex plans
- Global expansion: organic and inorganic

Markets and transaction banking

- Forex: increasing integration with global markets
- Growing use of derivatives for risk management
- Demand for efficient transaction banking



Rural banking opportunity

Opportunities and challenges

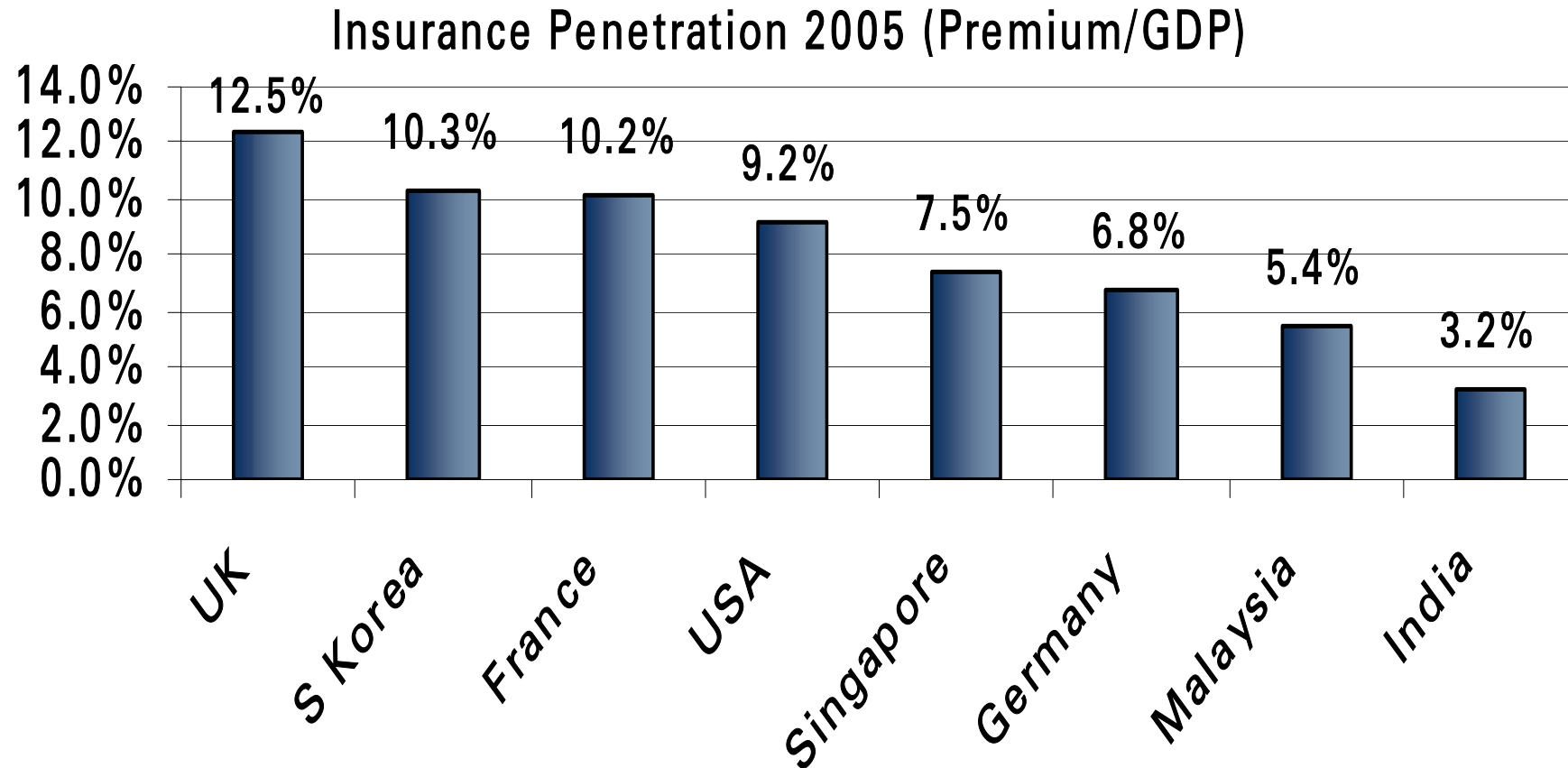
- Rural population of about 780 million¹ with limited access to financial services
- However, there are significant challenges
 - High costs of delivery through conventional channels
 - Low value and high volume of transactions
 - Doorstep banking and flexibility in timings

New approach

- Multiple channels targeting specific segments of the rural population
 - Migration to technology-based service delivery: smart cards, internet kiosks
 - Partnerships with micro finance institutions, corporates and franchisees
- Provision of comprehensive suite of financial services to enable wealth creation

1. Source: Tata Statistical Outline

Opportunities in insurance



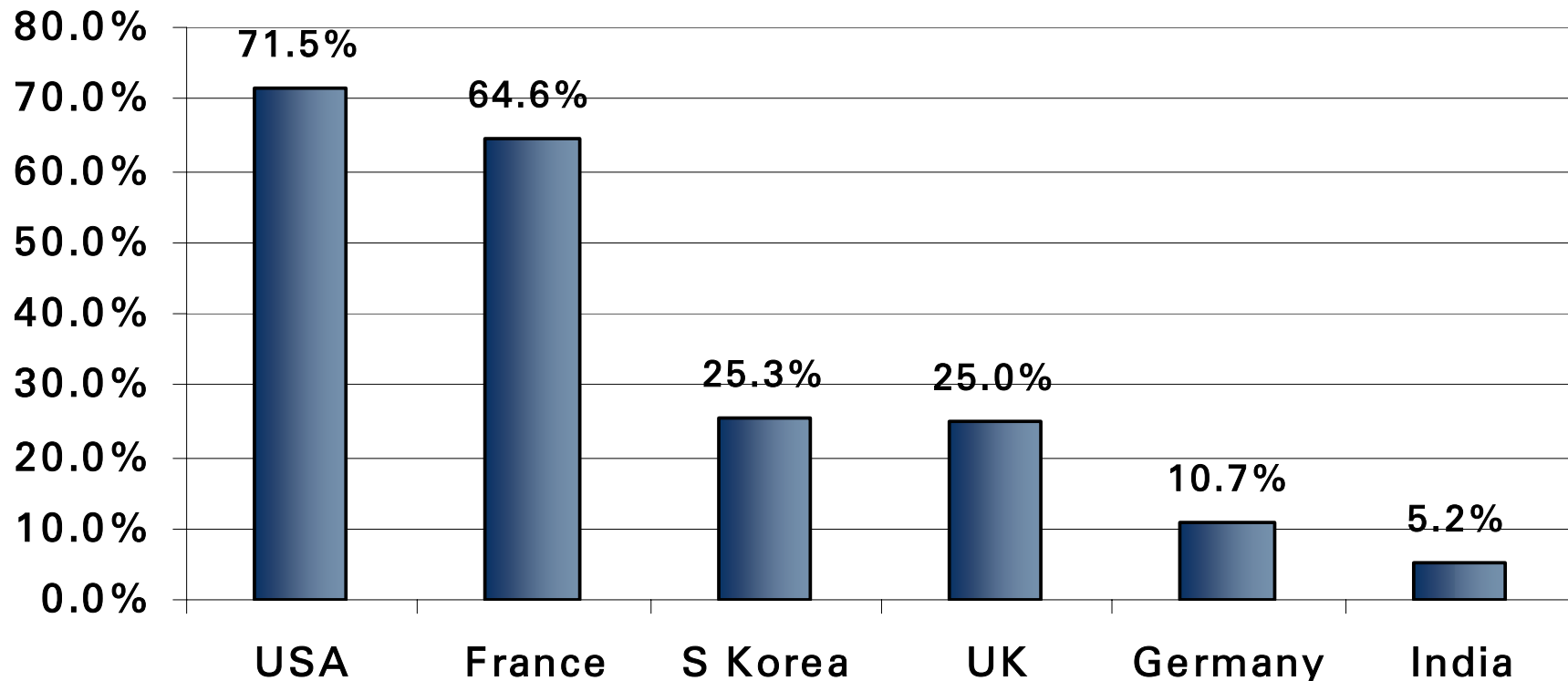
Significant under-penetration of insurable population with low average sum assured



Source: Swiss Re, Economic Research & Consulting (2006)

Opportunities in asset management

AUM/GDP 2005 (in %)



Robust growth potential – AUM at only about 12.2% of bank deposits

Source: Association of Mutual Funds of India, Reserve Bank of India, World Bank, Investment Company Institute



Insurance and asset management

- The insurance industry was opened to private participation in 2000
 - Currently, there are 16 life insurance and 15 general insurance companies with most globally well known insurance companies present through joint ventures
- In the last six years, private sector players have increased their market share to 35% in general insurance and 30% in life insurance¹
- Asset management industry was opened to private participation in 1990s
 - Currently, there are 30 asset management companies including many foreign players
 - Private sector players have a market share of 88%



ICICI Prudential Life Insurance

Rs. bn	H1-2006	H2-2006	FY 2006	H1-2007	Growth over H1-2006
Total premiums	13.13	29.48	42.61	25.90	97%
Funds under management	52.20	88.21	88.21	114.23	119%
New business achieved profit	1.69	3.59	5.28	3.47	105%
Advisors (nos.)	57,000	72,000	72,000	122,000	114%

Market share of 30% among private players



Prudential ICICI Asset Management

	H1-2006	H2-2006	FY 2006	H1-2007	Growth over H1-2006
Assets under management (Rs. bn)	214.77	235.02	235.02	302.10	41%
Profit after tax (Rs. mn)	91.60	382.60	474.2	431.0	200%

Among the top two mutual funds with a market share of 10%



In summary

- **Indian economy: robust growth prospects**
 - Continued momentum in services
 - Resurgent industrial sector
 - Integration with the global economy
 - Untapped rural potential
- **Vast potential for financial services**
 - Under penetrated banking sector
 - Opportunities arising out of each area of growth in the economy
 - Insurance and asset management: in nascent stage and poised for rapid growth
- **ICICI and Prudential JVs are market leaders in their respective businesses**



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 impact of any acquisitions, 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.





Thank you

