

ICICI BANK LIMITED



Company Background

ICICI Bank is India's second-largest bank and largest private sector bank, with total assets of EUR 46.1 billion for the quarter ending 30 June, 2006. Currently, ICICI Bank has a network of approximately 630 branches and extension counters, along with 2,325 ATMs. The bank offers a wide range of banking products and financial services to its corporate and retail customers through a variety of delivery channels and specialised subsidiaries. Its services include investment banking, life and non-life insurance, venture capital and asset management.

ICICI Bank, originally promoted in 1994 by ICICI Limited (an Indian financial institution), was the latter's wholly-owned subsidiary. ICICI Ltd merged into ICICI Bank in 2002.

The equity shares of ICICI Bank are listed in India on the Bombay Stock Exchange and the National Stock Exchange of India Limited, and its American Depositary Receipts are listed on the New York Stock Exchange.

ICICI Bank set up the International Banking Group (IBG) in 2002 to implement a focussed strategy for its international banking business. ICICI Bank is currently present in 14 worldwide locations through subsidiaries in the United Kingdom, Canada and Russia, and branches in Singapore, Bahrain, Hong Kong, Sri Lanka and Dubai. It has representative offices in the United States, China,

United Arab Emirates, Bangladesh and South Africa. Its UK subsidiary has recently set up a branch in Antwerp, Belgium.

ICICI Bank in the EU

ICICI Bank in the UK

A key initiative of the ICICI Group was the incorporation of a wholly owned UK banking subsidiary, ICICI Bank UK Limited, in London. This was the group's first international subsidiary. Fully regulated by the FSA, it commenced operations in November 2003 for undertaking both retail and corporate banking activities. It currently has a capital investment of EUR 161.27 million and a balance sheet in excess of EUR 1.68 billion. For the fiscal year 2006, it made a profit after tax of EUR 11.99 million. ICICI Bank UK Limited has over 150 employees.

ICICI Bank UK focusses on following key business areas:

Retail Banking Division

Retail banking is a key element of the company's growth strategy in the UK. Its primary emphasis is on direct banking through a low-cost operating platform, which will allow it to offer a competitive rate in the market. Secondly, the company is focussing on a branch-driven offering for the Asian community in the UK. ICICI Bank UK Limited has set up five retail branches in Knightsbridge, Wembley, Southall, Manchester and Leicester, which are areas of high NRI population.

Private Banking Division

Private banking is a key revenue driver for the company and an integral component of its diversification activity. A large segment of the Asian high net worth community is being offered private banking solutions, especially in areas such as real estate and private equity in India.

Corporate Banking Division

ICICI Bank UK Ltd is a full-service corporate bank, and offers loans, overdrafts, working capital facilities, investment banking and advisory services. It focusses on cross-border mergers and acquisition deals. ICICI has also been a key player in financing the trade flows between the UK and India.

ICICI Bank in Other EU Countries

ICICI Bank has opened a branch in Belgium to tap the diamond financing market. It has strategically located itself in Antwerp, which is a hub of the diamond business. In the future, this branch will also offer corporate banking products.

Factors for Success

Advantages for Indian Companies

ICICI Bank UK is the only banking subsidiary among Indian banks that is locally incorporated in the UK. It provides cross-border loans to joint ventures and wholly owned subsidiaries of Indian companies. This helps the Indian companies to secure loans from this UK bank, thereby allowing them to increase their presence in EU. The bank facilitates Indian companies in procuring trade finance, letters of credit or project finance for their business ventures in the EU.

ICICI Bank has been able to capture 70 per cent of the M&A cross-border deals of Indian corporates in the UK. The key acquisitions made by the bank are follows:

- Acquisition of Typhoo Tea from Premier Foods by

Apeejay Surendra Group, India, for US\$ 147 million

- Acquisition of ICI subsidiary Brunor Mond by Tata Chemicals for USD 185 million

Leverage Non-resident Indians

ICICI Bank has strategically set up operations at locations where the population of Non-resident Indians (NRIs) is high. ICICI Bank provides NRIs the facility of transferring funds to ICICI Bank accounts in India in an efficient and cost-effective manner. The substantial Indian population in the EU (especially the UK) has facilitated the rapid growth of the bank there. It offers personal and corporate banking services, as well as specialist services such as India mortgages to the Asian community. ICICI has a market share of over 20 per cent in the UK to India remittance market.

Synergy with Indian Operations

ICICI Bank outsources both low-end and high-end operations to India from the EU, thereby saving as much as 70 per cent. These savings are passed on to the customer in the form of higher interest rates on deposit products.

In May 2005, ICICI launched an online savings account product, HiSAVE. The product is built on the concept of housing all operational and service processes on the main ICICI Bank internet platform in India. This concept was an immediate hit, resulting in widespread consumer interest. During the coming year, the product is slated to attain critical mass in terms of market share, with a large balance sheet in the range of EUR 1.5-2.3 billion. This marked the first entry of an Indian bank into the EU mainstream retail financial services market.

Alliance with Lloyds TSB Branch

ICICI Bank UK has a strategic alliance with Lloyds TSB of the UK. This alliance offers a host of India-linked banking services to its NRI customers

through Lloyds' branches. The partnership with Lloyds TSB allows the customers of ICICI Bank to access and open their current and savings accounts through the former's 2,200 branches in the UK.

Future Plans

ICICI Bank UK Limited plans to be India's first 'local' bank in the UK. This will convert it into a full-fledged 'Direct Bank', catering to the local population. In addition, it will derive significant profits from its services to NRIs. ICICI bank will also be a full-service corporate solutions provider, providing corporate, investment and advisory services across Europe.

Indian companies are entering the EU market through mergers and acquisitions. ICICI bank is planning to enhance its services for these companies by assisting them in raising corporate and project finance for their investments abroad.

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