ICICI BANK LTD
Form 20-F
September 30, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

[ ] Registration statement pursuant to section 12(b) or (g) of the Securities Exchange Act of 1934

[X] Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended March 31, 2002

[ ] Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ______________ to ______________

Commission File Number 001-15002

ICICI BANK LIMITED
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

Vadodara, Gujarat, India
(Jurisdiction of incorporation or organization)

ICICI Bank Towers
Bandra-Kurla Complex
Mumbai 400051, India
(Address of principal executive or organization)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of Each Class	Name of Each Exchange on Which Registered
None	Not Applicable

Securities registered pursuant to Section 12(g) of the Act.

American Depositary Share
each represented by 2 Equity Shares, par value Rs. 10 per share.
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not Applicable
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report - 220,358,680 Equity Shares(1)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of

1934 during the preceding 12 month (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes........x...........   No....................

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17.................   Item 18........x......

(1) Not including 392,672,724 Equity Shares issued pursuant to the amalgamation of ICICI Limited, ICICI Personal Financial Services Limited and ICICI Capital Services Limited with ICICI Bank Limited.

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CERTAIN DEFINITIONS

In this annual report, all references to "ICICI Bank" are to ICICI Bank Limited prior to the amalgamation of ICICI Limited, ICICI Personal Financial Services Limited and ICICI Capital Services Limited with and into ICICI Bank. References to "ICICI" are to ICICI Limited on an unconsolidated basis prior to the amalgamation. References to "the merged entity" are to ICICI Bank Limited subsequent to the amalgamation. References to "ICICI Personal Financial Services" are to ICICI Personal Financial Services Limited. References to "ICICI Capital Services" are to ICICI Capital Services Limited. References to "the amalgamation" are to the amalgamation of ICICI, ICICI Personal Financial Services and ICICI Capital Services with and into ICICI Bank. References to "the Scheme of Amalgamation" are to the Scheme of Amalgamation of ICICI, ICICI Personal Financial Services and ICICI Capital Services with ICICI Bank sanctioned by the High Court of Gujarat at Ahmedabad on March 7, 2002 and by the High Court of Judicature at Bombay on April 11, 2002 and approved by the Reserve Bank of India on April 26, 2002.

The amalgamation was approved by each of the boards of directors of ICICI, ICICI Personal Financial Services, ICICI Capital Services and ICICI Bank at their respective meetings held on October 25, 2001. The amalgamation was approved by the shareholders of ICICI Bank and ICICI at their extraordinary general meetings held on January 25, 2002 and January 30, 2002, respectively. The amalgamation was sanctioned by the High Court of Gujarat at Ahmedabad on March 7, 2002 and by the High Court of Judicature at Bombay on April 11, 2002. The amalgamation was approved by the Reserve Bank of India on April 26, 2002. The Statement on Financial Accounting Standards No. 141 on business combinations requires that business combinations be accounted for in the period in which the combination is consummated. Accordingly, under US GAAP, the amalgamation has not been reflected in the financial statements of ICICI Bank for the year ended March 31, 2002, as it was consummated in April 2002. The effective date of the amalgamation for accounting purposes under US GAAP was April 1, 2002. ICICI Bank's financial statements for fiscal 2002, therefore, do not include the assets, liabilities and results of operations of ICICI, ICICI Personal Financial Services and ICICI Capital Services. Under US GAAP, the amalgamation was accounted for as a reverse acquisition. This means that ICICI was recognized as the accounting acquirer in the amalgamation, although ICICI Bank was the legal acquirer.

Under Indian GAAP, the amalgamation was accounted for on March 30, 2002, the Appointed Date specified in the Scheme of Amalgamation. As ICICI Bank is the surviving legal entity in the amalgamation, the other subsidiaries and affiliates of ICICI have become subsidiaries and affiliates of ICICI Bank.

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FORWARD-LOOKING STATEMENTS

The merged entity has included statements in this annual report which contain words or phrases such as "will", "would", "aim", "will likely result", "is likely", "are likely", "believe", "expect", "will continue", "will achieve", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "target", "propose to", "future", "objective", "goal", "project", "should", "can", "could", "may", "will pursue" and similar expressions or variations of such expressions, that are "forward-looking statements". Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the merged entity's expectations with respect to, but not limited to, the merged entity's ability to successfully implement its strategy, the merged entity's ability to integrate ICICI, ICICI Personal Financial Services and ICICI Capital Services or any future mergers or acquisitions into the merged entity's operations, future levels of impaired loans, the merged entity's growth and expansion, the adequacy of the merged entity's allowance for credit and investment losses, technological changes, investment income, the merged entity's ability to market new products, cash flow projections, the outcome of any legal or regulatory proceedings the merged entity is a party to, the future impact of new accounting standards, the merged entity's ability to implement its dividend policy, the impact of Indian banking regulations on the merged entity, which includes the assets and liabilities of ICICI, a former financial institution not subject to Indian banking regulations, the merged entity's ability to roll over its short-term funding sources, the merged entity's exposure to market risks and the market acceptance of and demand for Internet banking services. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this annual report include, but are not limited to: general economic and political conditions in India, southeast Asia, and the other countries which have an impact on the merged entity's business activities or investments, political or financial instability in India or any other country caused by any terrorist attacks in the United States, any anti-terrorist or other attacks by the United States, a United States-led coalition or any other country or any other acts of terrorism world-wide, the monetary and interest rate policies of India, political or financial instability in India or any other country caused by tensions between India and Pakistan related to the Kashmir region or social unrest in any part of India, inflation, deflation, unanticipated turbulence in interest rates, changes in the value of the rupee, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets and level of Internet penetration in India and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environment in India and regional or general changes in asset valuations. For a further discussion on the factors that could cause actual results to differ, see the discussion under "Risk Factors" contained in this annual report.

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EXCHANGE RATES

Fluctuations in the exchange rate between the Indian rupee and the US dollar will affect the US dollar equivalent of the Indian rupee price of the equity shares on the Indian stock exchanges and, as a result, will affect the market price of the ADSs in the United States. These fluctuations will also affect the conversion into US dollars by the depositary of any cash dividends paid in Indian rupees on the equity shares represented by ADSs.

On an average annual basis, the Indian rupee has consistently declined against the dollar since 1980. In early July 1991, the government of India adjusted the Indian rupee downward by an aggregate of approximately 20.0% against the dollar as part of an economic package designed to overcome an external payments crisis. Since the Indian rupee was made convertible on the current account in March 1993, it has steadily depreciated at a rate of 5-6%

per annum, on average.

However, reflecting the improving structure of India's current account and the weakening of the US Dollar, the Indian rupee has appreciated by about 0.5% against the US dollar between April-August 2003. Compared to other Asian currencies, though, the Indian rupee has depreciated.

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Indian rupees and US dollars based on the noon buying rate:

Fiscal Year	Period End	Average(1)(2)
1998	39.53	37.37
1999	42.50	42.27
2000	43.65	43.46
2001	46.85	45.88
2002	48.83	47.80
2003 (through September 16)	48.43	48.83
Month	High	Low
March 2002	48.98	48.83
April 2002	49.01	48.83
May 2002	49.07	48.97
June 2002	49.07	48.86
July 2002	48.87	48.69
August 2002	48.73	48.52

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(1) The noon buying rate at each period end and the average rate for each period differed from the exchange rates used in the preparation of ICICI Bank's and ICICI's financial statements.

(2) Represents the average of the noon buying rate on the last day of each month during the period.

Although certain rupee amounts in this annual report have been translated into dollars for convenience, this does not mean that the rupee amounts referred to could have been, or could be, converted into dollars at any particular rate, the rates stated below, or at all. Except in the section on "Market Price Information", all translations from rupees to dollars are based on the noon buying rate in the City of New York for cable transfers in rupees at March 29, 2002. The Federal Reserve Bank of New York certifies this rate for customs purposes on each date the rate is given. The noon buying rate on March 29, 2002 was Rs. 48.83 per US$ 1.00 and on September 16, 2002 was Rs. 48.43 per US$ 1.00. The exchange rates used for convenience translations differ from the actual rates used in the preparation of ICICI Bank's and ICICI's financial statements.

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RISK FACTORS

You should carefully consider the following risk factors as well as the other information contained in this annual report in evaluating the merged entity and its business.

Risks Relating to India

A slowdown in economic growth in India could cause the merged entity's business to suffer.

The merged entity's performance and the quality and growth of its assets are necessarily dependent on the health of the Indian economy. The Indian economy has shown sustained growth over the last few years with real GDP growing at 5.4% in fiscal 2002, 4.0% in fiscal 2001 and 6.1% in fiscal 2000. However, industrial production in India also witnessed lower growth during fiscal 2001 and fiscal 2002. The Index of Industrial Production grew at 2.7% in fiscal 2002 and 4.9% in fiscal 2001 as compared to a growth rate of 6.7% in fiscal 2000. Any future slowdown in the Indian economy or future volatility of global commodity prices, in particular oil and steel prices, could adversely affect the merged entity's borrowers and contractual counterparties. This in turn could adversely affect the merged entity's business, including its ability to grow its asset portfolio, the quality of its assets, its financial performance, its stockholders' equity, its ability to implement its strategy and the price of its equity shares and its ADSs.

A significant increase in the price of crude oil could adversely affect the Indian economy, which could adversely affect the merged entity's business.

India imports approximately 75.0% of its requirements of crude oil. The sharp increase in global crude oil prices during fiscal 2001 adversely affected the Indian economy in terms of volatile interest and exchange rates. This adversely affected the overall state of liquidity in the banking system leading to intervention by the Reserve Bank of India. The crude oil prices declined in fiscal 2002 due to weaker demand. The continuing and possibly prolonged battle against terrorism by the United States or any attack or other action by the United States or a United States-led coalition on or in relation to Iraq could result in lengthy regional hostilities in the Middle-East countries where most of the world's oil production facilities are located. This could lead to increases in oil prices or higher volatility in oil prices. Any significant increase in crude oil prices could affect the Indian economy and the Indian banking and financial system. This could adversely affect the merged entity's business including its ability to grow, the quality of its assets, its financial performance, its stockholders' equity, its ability to implement its strategy and the price of its equity shares and its ADSs.

A significant change in the Indian government's economic liberalization and deregulation policies could disrupt the merged entity's business and cause the price of its equity shares and its ADSs to go down.

The merged entity is an Indian group and its assets and customers are predominantly located in India. The Indian government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private sector entities, including the merged entity, and on market conditions and prices of Indian securities, including the merged entity's equity shares and its ADSs.

Since 1996, the government of India has changed four times. The most recent parliamentary elections were completed in October 1999. A coalition government led by the Bhartiya Janata Party was formed with A.B. Vajpayee as the prime minister of India. Although the Vajpayee government has continued India's current economic liberalization and deregulation policies, a significant change in the government's policies could adversely affect business and economic conditions in India in general as well as the merged entity's business, its future financial performance, its stockholders' equity and the price of its equity shares and its ADSs.

Financial instability in other countries, particularly emerging market countries in Asia, could disrupt the merged entity's business and cause the price of its equity shares and its ADSs to go down.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in the past years has affected the Indian economy even though India was relatively unaffected by the financial and liquidity crisis experienced elsewhere. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. This in turn could negatively impact the movement of exchange rates and interest rates in India, which could adversely affect the Indian financial sector, including the merged entity. Any financial disruption could have an adverse effect on the merged entity's business, its future financial performance, its stockholders' equity and the price of its equity shares and its ADSs.

If regional hostilities, terrorist attacks or social unrest in some parts of the country increase, the merged entity's business could suffer and the price of its equity shares and its ADSs could go down.

India has from time to time experienced social and civil unrest and hostilities with neighboring countries. In recent years, there have been military confrontations between India and Pakistan in the Kashmir region. At present, relations between India and Pakistan continue to be tense on the issues of terrorism and Kashmir. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on the merged entity's business, its future financial performance and the price of its equity shares and ADSs. For example, the terrorist attacks in the United States on September 11, 2001 affected the markets all over the world. The United States' continuing battle against terrorism could lengthen these regional hostilities and tensions. Further, India has also experienced social unrest in some parts of the country like the state of Gujarat. If such tensions occur in other parts of the country, leading to political and economic instability in the country, it might have an adverse effect on the merged entity's business, its future financial performance and the price of its equity shares and its ADSs.

Trade deficits could cause the merged entity's business to suffer and the price of its equity shares and its ADSs to go down.

India's trade relationships with other countries can also influence Indian economic conditions. In fiscal 2002, India experienced a trade deficit of Rs. 620.1 billion (US$ 12.7 billion). If trade deficits increase or are no longer manageable, the Indian economy, and therefore the merged entity's business, its financial performance, its stockholders' equity and the price of its equity shares and its ADSs, could be adversely affected.

A significant change in the composition of the Indian economy may affect the merged entity's business.

The Indian economy is in a state of transition. The share of the services sector of total GDP is rising while that of the agricultural sector is declining. The share of the services sector of total GDP increased to 54.1% in fiscal 2002 from 48.7% in fiscal 1997 and the share of the agricultural sector of total GDP declined to 24.3% in fiscal 2002 from 28.6% in fiscal 1997. It is difficult to gauge the impact of such fundamental economic changes on the merged entity's business. The merged entity cannot be certain that these changes will not have a material adverse effect on its business.

Natural calamities could have a negative impact on the Indian economy and could cause the merged entity's business to suffer and the price of its equity shares and its ADSs to go down.

India has experienced natural calamities like earthquakes, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. In fiscal 2003, many parts of India have witnessed less than normal rainfall. This might have an adverse impact on the agricultural sector which contributed to 24.3% of total GDP in fiscal 2002. Prolonged spells of below normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, affecting the merged entity's business and causing the price of its equity shares and its ADSs to go down.

Financial difficulty and other problems in certain long-term lending institutions and investment institutions in India could cause the merged entity's business to suffer and the price of its equity shares and its ADSs could go down.

Unit Trust of India, a large investment institution in India with substantial exposure to equity investments, is currently facing problems due to a significant decline in the market value of its securities portfolio caused by depressed equity capital markets. IFCI Limited, a long-term lending institution in India, is facing financial difficulty due to inadequate capitalization, asset-liability mismatch and deteriorating asset quality. These and other similar developments could create adverse market perception about other financial institutions and banks, which in turn could adversely affect the merged entity's business, its future financial performance, its stockholders' equity and the price of its equity shares and its ADSs.

The recent down-grading of India's domestic debt rating by an international rating agency could cause the merged entity's business to suffer and the price of its equity shares and its ADSs to go down.

Standard and Poor's, an international rating agency, has recently downgraded India's domestic debt rating to sub-investment grade. Although this revision in the rating may not affect the merged entity's business, the merged entity cannot assure you that any further adverse revisions in India's ratings by international rating agencies will not adversely affect the merged entity's business, its future financial performance, its stockholders' equity and the price of its equity shares and its ADSs.

Risks Relating to the Merged Entity's Business

The merged entity is likely to classify and reserve against impaired loans significantly later than its counterparts in more developed countries, such as the US.

Prior to the amalgamation, ICICI and ICICI Bank identified a commercial loan as a "troubled debt restructuring" or an "other impaired loan" (collectively referred to as an impaired loan) and placed it on a non-accrual basis (that is, ICICI and ICICI Bank no longer recognized interest accrued or due unless and until payments were actually received) when it was probable that ICICI and ICICI Bank would be unable to collect the scheduled payments of principal and interest due under the contractual terms of the loan agreement. A commercial loan was also considered to be impaired and placed on a non-accrual basis, when interest or principal was greater than 180 days overdue. The merged entity follows the same rules. This time period of 180 days is substantially longer than in more developed countries, like the US, where loans are generally placed on a non-accrual basis when any payment, including any periodic principal payment, is not made for a 90-day period. In India, payments on most loans are on a quarterly basis unlike in more developed countries, like the United States, where payments on most loans are on a monthly basis. As a result, the merged entity obtains information later than it would in developed countries and this delay in receiving current information may impact the classification of, and reserving against, impaired loans. Consequently, the merged entity is likely to classify and reserve against impaired loans significantly later than in more developed countries. However, pursuant to revised guidelines issued by the Reserve Bank of India, with effect from fiscal

2004, a commercial loan will be considered to be impaired and placed on a non-accrual basis, when interest or principal is overdue continuously for more than 90 days. Since October 2001, ICICI Bank's borrowers were required to make payment on a monthly basis. The merged entity is in the process of implementing systems required to change payment due dates for ICICI's borrowers from quarterly to monthly intervals. For a discussion of impaired loans under Indian GAAP, see "Supervision and Regulation--Loan Loss Provisions and Impaired Assets".

A large proportion of ICICI's loans comprised project finance assistance, a substantial portion of which was particularly vulnerable to completion risk.

Long-term project finance assistance was a significant proportion of ICICI's asset portfolio. The viability of these projects depends upon a number of factors, including completion risk, market demand, government policies and the overall economic environment in India and international markets. The merged entity cannot be sure that these projects will perform as anticipated. Over the last several years, ICICI experienced a high level of impaired loans in its project finance loan portfolio to manufacturing companies as a result of the downturn in certain global commodity markets and increased competition in India. In addition, a significant portion of infrastructure projects financed by ICICI are still under implementation and present risks such as delays in the commencement of operations and breach of contractual obligations by counterparties involved and therefore delays in the project's ability to generate revenues. ICICI provided project assistance to a large private sector power generation project in the state of Maharashtra. On account of a dispute between the power project and the purchaser, the state electricity board, the project implementation is currently suspended. The matter is currently pending before the Indian courts, while parallel efforts are continuing for an out of court settlement, including re-negotiation of the power tariff. The principal sponsor of the project has filed for bankruptcy in the United States. The assets of the project are in the possession of a receiver appointed by the High Court of Judicature at Bombay on a plea by the lenders to the project including ICICI. Efforts are continuing for sale of the project to new sponsors. The merged entity cannot assure you that future credit losses on account of this assistance and such other assistances would not have a materially adverse effect on the merged entity's profitability. ICICI's infrastructure project finance loans were largely recent loans and, as a result, asset quality problems may not appear until the future. If a substantial portion of these loans were to become impaired, the quality of the merged entity's loan portfolio could be adversely affected.

The merged entity has high concentrations of loans to certain customers and to certain sectors and if a substantial portion of these loans were to become impaired, the quality of its loan portfolio could be adversely affected.

At year-end fiscal 2002, ICICI Bank's 20 largest borrowers, based on gross outstanding balances, totaled approximately Rs. 18.6 billion (US$ 381 million), which represented approximately 24.6% of ICICI Bank's total gross loans outstanding. ICICI Bank's largest single borrower by outstanding at that date was approximately Rs. 2.6 billion (US$ 53 million), which represented approximately 3.5% of ICICI Bank's total gross loans outstanding. The largest group of companies under the same management control accounted for approximately 1.7% of ICICI Bank's total gross loans outstanding. If a substantial portion of these loans were to become impaired, the quality of the merged entity's loan portfolio could be adversely affected.

At year-end fiscal 2002, ICICI's 20 largest borrowers, based on gross outstanding balances, totaled approximately Rs. 139.6 billion (US$ 2.9 billion), which represented approximately 24.9% of ICICI's total gross loans outstanding. ICICI's largest single borrower by outstanding at that date was approximately Rs. 16.5 billion (US$ 337 million), which represented approximately 2.9% of ICICI's total gross loans outstanding. The largest group of companies under the same management control accounted for approximately 4.8% of ICICI's total gross loans outstanding. If a substantial portion of these loans were to become impaired, the quality of the merged entity's loan portfolio could be adversely affected.

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At year-end fiscal 2002, ICICI Bank had extended loans to several industrial sectors in India. At that date, approximately 33.9% of ICICI Bank's gross impaired loan portfolio was concentrated in three sectors: textiles (14.5%), light manufacturing (11.9%) and iron and steel (7.5%). ICICI Bank's total loan portfolio also had a significant concentration of loans in these sectors. These sectors have been adversely affected by economic conditions over the last few years in varying degrees. Although ICICI Bank's loan portfolio contained loans to a wide variety of businesses, financial difficulties in these sectors could increase ICICI Bank's level of impaired loans and adversely affect the merged entity's business, its future financial performance, its stockholders' equity and the price of its equity shares and its ADSs.

At year-end fiscal 2002, ICICI had extended loans to several industrial sectors in India. At that date, approximately 47.9% of ICICI's gross restructured loan portfolio was concentrated in three sectors: textiles (22.6%), iron and steel (18.9%) and paper and paper products (6.4%). At that date, approximately 28.7% of ICICI's gross other impaired loan portfolio was concentrated in three sectors: iron and steel (11.6%), basic chemicals (8.7%) and textiles (8.4%). ICICI's total loan portfolio also had a significant concentration of loans in these sectors. These sectors have been adversely affected by economic conditions over the last few years in varying degrees. Although ICICI's loan portfolio contained loans to a wide variety of businesses, financial difficulties in these sectors could increase ICICI's level of impaired loans and adversely affect the merged entity's business, its future financial performance, its stockholders' equity and the price of its equity shares and its ADSs.

If the merged entity is not able to control or reduce the level of impaired loans in its portfolio, its business will suffer.

ICICI Bank's gross impaired loans represented 7.2% of ICICI Bank's gross loan portfolio at year-end fiscal 2002 compared to 5.6% at year-end fiscal 2001. ICICI Bank's gross restructured loans were Rs. 785 million (US$16 million) at year-end fiscal 2002 which represented 14.4% of the impaired loan portfolio and 1.0% of the gross loan portfolio. ICICI Bank's net impaired loans represented 3.7% of ICICI Bank's net loans at year-end fiscal 2002 compared to 2.7% at year-end fiscal 2001. Although the merged entity believes that ICICI Bank's allowance for loan losses is adequate to cover all known losses in ICICI Bank's portfolio of assets, the level of ICICI Bank's impaired loans was higher than the average percentage of impaired loans in the portfolios of banks in more developed countries. In addition, in absolute terms, ICICI Bank's gross impaired loans grew by 2.3% in fiscal 2002 and 276.1% in fiscal 2001, whereas the same had decreased by 12.1% in fiscal 2000. However, these figures are not comparable since impaired loans aggregating Rs. 2.2 billion (US$ 47 million) were added in fiscal 2001 consequent to ICICI Bank's acquisition of Bank of Madura.

ICICI's gross restructured loans represented 17.0% of ICICI's gross loan portfolio at year-end fiscal 2002 compared to 6.9% at year-end fiscal 2001. ICICI's gross other impaired loans represented 9.1% of ICICI's gross loan portfolio at year-end fiscal 2002 compared to 6.6% at year-end fiscal 2001. ICICI's net restructured loans represented 14.8% of ICICI's net loans at year-end fiscal 2002 compared to 5.4% at year-end fiscal 2001. ICICI's net other impaired loans represented 6.3% of ICICI's net loans at year-end fiscal 2002 compared to 3.3% at year-end fiscal 2001. Although the merged entity believes that ICICI's allowance for loan losses is adequate to cover all known losses in ICICI's portfolio of assets, the level of ICICI's impaired loans was higher than the average percentage of impaired loans in the portfolios of banks in more developed countries. In addition, in absolute terms, ICICI's gross impaired loans grew by 70.7% in fiscal 2002, 23.3% in fiscal 2001 and 18.5% in fiscal 2000.

The growth in impaired loans of ICICI and ICICI Bank can be attributed to several factors, including increased competition arising from economic liberalization in India, a slowdown in industrial growth, a sharp decline in commodity prices, which reduced profitability for certain of ICICI's and ICICI Bank's borrowers, and the resultant restructuring of certain Indian companies in sectors such as textiles, iron and steel and man-made fibers. In fiscal 2001, ICICI Bank's impaired loans also increased on account of the impaired loan portfolio acquired in the acquisition of Bank of

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Madura. Further, ICICI's and ICICI Bank's growth-oriented strategy involved a significant increase in their loan portfolio over the past few years. The merged entity cannot assure you that there will be no additional impaired loans on account of these new loans.

The directed lending norms of the Reserve Bank of India require that every bank should extend 40.0% of its net bank credit to certain eligible sectors, which are categorized as "priority sectors". Priority sectors are specific sectors such as agriculture and small-scale industries. Considering that the advances of ICICI were not subject to the requirement applicable to banks in respect of priority sector lending, the Reserve Bank of India directed the merged entity to maintain an additional 10.0% over and above the requirement of 40.0%, i.e., a total of 50.0% of its net bank credit on the residual portion of its advances (i.e. the portion of its total advances excluding advances of ICICI at year-end fiscal 2002) in the form of priority sector loans. This additional 10.0% priority sector lending requirement will apply until such time as the aggregate priority sector advances of the merged entity reach a level of

40.0% of the total net bank credit of the merged entity. As a result, the merged entity may experience a significant increase in impaired loans in its directed lending portfolio since economic difficulties are likely to affect those borrowers more severely and the merged entity would be less able to control the quality of this portfolio.

A number of factors will affect the merged entity's ability to control and reduce impaired loans. Some of these, including developments in the Indian economy, movements in global commodity markets, global competition, interest rates and exchange rates, are not within the merged entity's control. Although the merged entity is increasing its efforts to improve collections and to foreclose on existing impaired loans, the merged entity cannot assure you that it will be successful in its efforts or that the overall quality of its loan portfolio will not deteriorate in the future. If the merged entity is not able to control and reduce its impaired loans, its business, its future financial performance, its stockholders' equity and the price of its equity shares and its ADSs could be adversely affected.

A significant increase in the level of restructured loans forming part of impaired loans in the merged entity's portfolio could affect its business.

ICICI Bank's gross restructured loans decreased by 11.8% to Rs. 785 million (US$ 16 million) at year-end fiscal 2002 from Rs. 890 million (US$ 18 million) at year-end fiscal 2001. ICICI's gross restructured loans increased by 117.7% to Rs. 95.1 billion (US$ 1.9 billion) at year-end fiscal 2002 from Rs. 43.7 billion (US$ 895 million) at year-end fiscal 2001. As a result of the impact of the economic environment on the industrial sector, certain Indian corporations have undergone a process of restructuring and repositioning. This restructuring process took place in several industries such as textiles, iron and steel and man-made fibers. As a result, the level of restructured loans in ICICI's portfolio increased substantially in fiscal 2002. It is expected that the restructuring process in these industries will continue in fiscal 2003. Any further significant increase in restructured loans could cause the merged entity's business to suffer and its future financial performance, its stockholders' equity and the price of its equity shares and its ADSs could be adversely affected.

If there is a further deterioration in the merged entity's impaired loan portfolio and the merged entity is not able to improve its allowance for loan losses as a percentage of impaired loans, the price of its equity shares and its ADSs could go down.

ICICI Bank's allowance for loan losses on impaired loans represented 50.9% of ICICI Bank's gross impaired loans at year-end fiscal 2002 compared to 53.5% at year-end fiscal 2001. ICICI Bank's allowance for loan losses on restructured loans represented 21.9% of ICICI Bank's gross restructured loans at year-end fiscal 2002 compared to 47.5% at year-end fiscal 2001. ICICI's allowance for loan losses on restructured loans represented 18.6% of ICICI's gross restructured loans at year-end fiscal 2002 compared to 26.0% at year-end fiscal 2001. ICICI's allowance for loan losses on other impaired loans represented 34.6% of ICICI's gross other impaired loans at year-end fiscal 2002 compared to 51.9% at year-end fiscal 2001.

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Although the merged entity believes that ICICI's and ICICI Bank's allowances for loan losses will be adequate to cover all known losses in its asset portfolio, the merged entity cannot assure you that there will be no further deterioration in the allowance for loan losses as a percentage of gross impaired loans or otherwise or that the percentage of impaired loans that the merged entity will be able to recover will be similar to ICICI's and ICICI Bank's past experience of recoveries of impaired loans. In the event of any further deterioration in the merged entity's impaired loan portfolio, there could be an adverse impact on its business, its future financial performance, its stockholders' equity and the price of its equity shares and its ADSs.

The merged entity may experience delays in enforcing its collateral when borrowers default on their obligations to the merged entity which may result in failure to recover the expected value of collateral security exposing it to a potential loss.

ICICI Bank's loan portfolio consisted primarily of working capital credit facilities that were typically secured by a first lien on inventory, receivables and other current assets. In some cases, it may have taken further security of a first or second lien on fixed assets, a pledge of financial assets like marketable securities, corporate guarantees and personal guarantees.

A substantial portion of ICICI's loans were secured by real assets, including property, plant and equipment. Although it was ICICI's practice to lend between 60.0% and 80.0% of the appraised value of this type of collateral security, an economic downturn could have resulted in a fall in relevant collateral values.

In India, foreclosure on collateral generally requires a written petition to an Indian court. An application, when made, may be subject to delays and administrative requirements that may result, or be accompanied by, a decrease in the value of the collateral. In the event a borrower makes a reference to a specialized quasi-judicial authority called the Board for Industrial and Financial Reconstruction, foreclosure and enforceability of collateral is stayed. The merged entity cannot guarantee that it will be able to realize the full value on its collateral, as a result of, among other factors, delays in bankruptcy foreclosure proceedings, defects in the perfection of collateral and fraudulent transfers by borrowers. A failure to recover the expected value of collateral security could expose the merged entity to a potential loss. Any unexpected losses could adversely affect the merged entity's business, its future financial performance, its stockholders' equity and the price of its equity shares and its ADSs.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Ordinance, 2002, promulgated by the President of India in June 2002 and re-promulgated in August 2002 but yet to be approved by legislation passed by the Indian parliament, is expected to strengthen the ability of lenders to resolve non-performing assets by granting them greater rights as to enforcement of security and recovery of dues. However, there can be no assurance that the legislation will be passed by the Indian parliament or that, if passed, it will have a favorable impact on the merged entity's efforts to resolve non-performing assets. See also "Overview of the Indian Financial Sector - Recent Structural Reforms - Legislative Framework for Recovery of Debts Due to Banks."

The merged entity faces greater credit risks than banks in developed countries.

The merged entity's principal business is providing financing to its clients, virtually all of whom are based in India. In the past, ICICI focused its activities on financing large-scale projects. Increasingly, the merged entity is focusing on large corporate customers, many of whom have strong credit ratings, as well as on select middle market companies and individuals. The merged entity's loans to middle market companies can be expected to be more severely affected by adverse developments in the Indian economy than loans to large corporations. In all of these cases, the merged entity is subject to the credit risk that its borrowers may not pay in a timely fashion or at all. The credit risk of all its borrowers is higher than in more developed countries due to the higher uncertainty in the Indian regulatory, political, economic and industrial environment and difficulties that many of

the merged entity's borrowers face in adapting to instability in world markets and technological advances taking place across the world. In fiscal 2001 and 2002, India experienced a lower rate of overall industrial growth, which reduced the profitability of certain of the merged entity's borrowers.

The directed lending norms of the Reserve Bank of India require that every bank should extend 40.0% of its net bank credit to certain eligible sectors, which are categorized as "priority sectors". Priority sectors are specific sectors such as agriculture and small-scale industries. Considering that the advances of ICICI were not subject to the requirement applicable to banks in respect of priority sector lending, the Reserve Bank of India directed the merged entity to maintain an additional 10.0% over and above the requirement of 40.0%, i.e., a total of 50.0% of its net bank credit on the residual portion of its advances (i.e. the portion of its total advances excluding advances of ICICI at year-end fiscal 2002) in the form of priority sector loans. This additional 10.0% priority sector lending requirement will apply until such time as the aggregate priority sector advances of the merged entity reach a level of 40.0% of the total net bank credit of the merged entity. As a result, the merged entity may experience a significant increase in impaired loans in its directed lending portfolio since economic difficulties are likely to affect those borrowers more severely and the merged entity would be less able to control the quality of this portfolio.

Higher credit risk may expose the merged entity to a potential loss, which would adversely affect its business, its future financial performance, its stockholders' equity and the price of its equity shares and its ADSs.

The merged entity's business is particularly vulnerable to volatility in interest rates caused by deregulation of the financial sector in India.

Over the last few years, the Indian government has substantially deregulated interest rates. As a result, interest rates are now primarily determined by the market. This has increased the interest rate risk exposure of all banks and financial institutions, including the merged entity.

The merged entity's results of operations are substantially dependent upon the level of its net interest income. Interest rates are highly sensitive to many factors beyond the merged entity's control, including deregulation of the financial sector in India, the Reserve Bank of India's monetary policies, domestic and international economic and political conditions and other factors. Changes in interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. This difference could result in an increase in interest expense relative to interest income leading to a reduction in the merged entity's net interest income. Based on the asset-liability position of ICICI Bank and ICICI at year-end fiscal 2002, an increase in interest rates would result in an increase in the merged entity's interest expense relative to its interest income leading to a reduction in the merged entity's net interest income.

Income from treasury operations is particularly vulnerable to interest rate volatility. Following the amalgamation, the businesses which were conducted by ICICI became subject to the statutory liquidity ratio requirement, which requires that an amount equal to a specified percentage, currently 25.0%, of a bank's demand and time liabilities be invested in government of India securities. This has increased the interest rate risk exposure of the merged entity. An increasing interest rate environment is likely to adversely affect the income from treasury operations of banks in India, such as the merged entity. The estimated negative impact of a 1.0% rise in interest rates during fiscal 2003 on the value of ICICI Bank's trading portfolio at year-end fiscal 2002 would have been Rs. 133 million (US$ 3 million). The estimated negative impact of a 1.0% rise in interest rates during fiscal 2003 on the value of ICICI's trading portfolio (including the trading portfolio of ICICI Securities, formerly the investment banking subsidiary of ICICI and now the investment banking subsidiary of the merged entity) at year-end fiscal 2002 would have been Rs. 933 million (US$ 19 million). Declines in the value of the merged entity's trading portfolio in such an environment will adversely affect its income statement.

Interest rates in India, including yields on Indian government securities, declined significantly during fiscal 2002, reflecting the liquidity in the system. The rate of interest on government small savings schemes was lowered by 50 basis points in the Reserve Bank of India's monetary and credit policy announced in April 2002. The Reserve Bank of India has stated its preference for maintaining the current interest rate environment with a bias towards a softer interest rate regime in the medium term. However, no assurance can be given as to the likely trend of interest rates in the future.

Volatility in interest rates could adversely affect the merged entity's business, its future financial performance and the price of its equity shares and its ADSs.

If the merged entity is not able to succeed in its new business areas, it may not be able to meet its projected earnings and growth targets.

The merged entity sees retail banking as the primary driver of its growth. Retail banking is a critical component of the merged entity's projections of earnings. However, the merged entity recognizes that retail banking is a substantially different business from corporate banking and requires very different personnel, skills and infrastructure. The merged entity cannot assure you that it has accurately estimated the relevant demand for its new banking products. Retail banking could expose the merged entity to the risk of financial irregularities by various intermediaries and customers. The merged entity cannot assure you that it will be able to master and deliver the skills and management information systems necessary to successfully manage these new businesses.

ICICI's retail loans increased by 168.5% during fiscal 2002 to Rs. 72.8 billion (US$ 1.5 billion) or 13.0% of its gross loans outstanding at year-end fiscal 2002 as compared to Rs. 27.1 billion (US$ 555 million) or 4.3% of its gross loans outstanding at year-end fiscal 2001. ICICI's retail loans are relatively new and the merged entity cannot assure you that there will be no additional impairment on account of these loans and that such impairment will not have a materially adverse impact on the quality of the merged entity's loan portfolio.

The merged entity is also looking at business opportunities in certain sectors of the economy with which it has not traditionally been involved, including the public sector, the agri-business sector and the information technology sector. In addition, ICICI and ICICI Bank launched several Internet-based products for their retail and corporate customers including online broking services. ICICI entered the life insurance business in fiscal 2001 and the non-life insurance business in fiscal 2002 through its subsidiaries. The merged entity is seeking to expand internationally by leveraging on its home country links and technology competencies in financial services. The merged entity is a new entrant in international business and the skills required for this business are different from those for its domestic businesses. The life insurance and non-life insurance businesses and the international business are expected to require substantial capital in the initial period. The merged entity cannot be certain that these new businesses will perform as anticipated. The merged entity's inability to grow or succeed in new business areas may adversely affect its business, its future financial performance, its stockholders' equity and the price of its equity shares and its ADSs.

The success of the merged entity's Internet-related strategy will depend, in part, on the development of adequate infrastructure for the Internet in India.

The Internet may not be accepted as a viable commercial marketplace in India for a number of reasons, including inadequate development of the necessary network infrastructure. There can be no assurance that the Internet infrastructure will be able to support the demands of its anticipated growth. Inadequate infrastructure could result in slower response times and adversely affect usage of the Internet generally. If the infrastructure for the Internet does not effectively support growth that may occur, the merged entity will not be able to execute its growth strategy for its Internet-related businesses. The merged entity's inability to grow in this business area may adversely affect its business, its future financial performance, its stockholders' equity and the price of its equity shares and its ADSs.

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The merged entity's business is very competitive and its growth strategy depends on its ability to compete effectively.

Interest rate deregulation and other liberalization measures affecting the financial sector have increased the merged entity's exposure to competition. The liberalization process has led to increased access for the merged entity's customers to alternative sources of funds, such as domestic and foreign commercial banks and the domestic and international capital markets. The merged entity's corporate banking business will continue to face competition from Indian and foreign commercial banks. It will also face competition from Indian and foreign commercial banks and non-banking finance companies in the development of its retail business. In addition, as the merged entity raises its funds from market sources, it will face increasing competition for such funds. The Indian financial sector may experience further consolidation, resulting in fewer banks and financial institutions, some of which may have greater resources than the merged entity. The merged entity's future success will depend upon its ability to compete effectively. Due to competitive pressures, the merged entity may be unable to successfully execute its growth strategy and offer products and services at reasonable returns and this may adversely impact its business, its future financial performance, its stockholders' equity and the price of its equity shares and its ADSs.

If the merged entity is not able to integrate ICICI and ICICI Bank's recent acquisitions or if the merged entity is not able to integrate any future acquisitions, its business could be disrupted and the price of its equity shares and ADSs could go down.

The merged entity was formed following the amalgamation of ICICI, ICICI

Personal Financial Services and ICICI Capital Services with ICICI Bank. In May 2002, ICICI OneSource, a company promoted by ICICI, acquired CustomerAsset, a contact center services company based in India. In fiscal 2002, ICICI Infotech, a company promoted by ICICI, acquired Insyst Technologies Limited, a software development company based in India. ICICI Bank acquired Bank of Madura Limited, an old private sector bank in India, in fiscal 2001. The integration of these recent acquisitions is a major challenge for the merged entity, some or all of which could adversely affect its business, its financial performance and the price of its equity shares and ADSs.

The merged entity has no understanding, commitment or agreement with respect to any material future acquisition or investment, though the merged entity may seek opportunities for growth through future acquisitions. Any future acquisitions may involve a number of risks, including deterioration of asset quality, diversion of attention of the management of the merged entity, attention required to integrate the acquired business and the failure to retain key acquired personnel and clients, some or all of which could have an adverse effect on the business of the merged entity, its future financial performance, its stockholders' equity and the price of its equity shares and ADSs.

If the merged entity is not able to successfully integrate the operations of ICICI, ICICI Personal Financial Services and ICICI Capital Services with ICICI Bank, its financial performance could be adversely affected and the price of its equity shares and ADSs could go down.

Following the amalgamation,with ICICI Bank, the operations of ICICI, ICICI Personal Financial Services, ICICI Capital Services and ICICI Bank, including their businesses, business systems and processes, systems and technology, and human resources will have to be integrated. There can be no certainty that the merged entity will be able to successfully integrate the operations of each of these companies, or of the time that may be required for the integration to be completed. Any failure to successfully integrate the operations or delay in completing the integration could adversely affect the business of the merged entity, its future financial performance, its stockholders' equity and the price of its equity shares and ADSs.

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The businesses conducted by ICICI, after the amalgamation, are subject to a number of banking regulations under Indian law, which may impact the profitability of the merged entity in its initial years.

The businesses conducted by ICICI are now, after the amalgamation, subject to a number of banking regulations under the Indian law, including maintenance of statutory liquidity and cash reserve ratios, directed lending requirements and higher effective tax rates. Compliance with these regulations may impact the profitability of the combined businesses of the merged entity in its initial years. The merged entity has a different mix of assets and funding sources than ICICI and ICICI Bank as independent and separate entities. The impact of the statutory liquidity ratio, which requires that a significant portion of an Indian bank's liabilities be held in Indian government securities, will increase the market risk exposure of the merged entity. The income, profitability and market risk profile of the merged entity may therefore be adversely affected in the initial years by the impact of these regulatory requirements. This may result in lower income in the initial years after the amalgamation. The directed lending norms of the Reserve Bank of India require that every bank should extend 40.0% of net bank credit to certain eligible sectors, which are categorized as "priority sector". Considering that the advances of ICICI were not subject to the requirement applicable to banks in respect of priority sector lending, the Reserve Bank of India directed the merged entity to maintain an additional 10.0% over and above the requirement of 40.0%, i.e., a total of 50.0% of its net bank credit on the residual portion of its advances (i.e. the portion of its total advances excluding advances of ICICI at year-end fiscal 2002) in the form of priority sector loans. Priority sectors are specific sectors such as agriculture and small-scale industries. This additional 10.0% priority sector lending requirement will apply until such time as the aggregate priority sector advances of the merged entity reach a level of 40.0% of the total net bank credit of the merged entity. The merged entity may experience a significant increase in impaired loans in its directed lending portfolio since economic difficulties are likely to affect those borrowers more severely and the merged entity would be less able to control the quality of this portfolio. The merged entity may not be able to maintain the business, growth and financial performance of the two separate companies in the initial years and any failure to do so could adversely affect its stockholder's equity and the price of its equity shares and ADSs.

The merged entity's funding is primarily short-term and if depositors do not roll over deposited funds upon maturity the merged entity's business could be adversely affected.

Most of the merged entity's incremental funding requirements, including replacement of maturing liabilities of ICICI which generally had longer maturities, are met through short-term funding sources, primarily in the form of deposits including inter-bank deposits. However, a large portion of its assets, primarily the assets of ICICI, have medium or long-term maturities, creating a potential for funding mismatches. At year-end fiscal 2002, savings deposits and non-interest-bearing demand deposits together constituted 16.8% of ICICI Bank's total deposits and 14.1% of ICICI Bank's total liabilities. Although ICICI Bank's customer deposits were generally of less than one year maturity, in ICICI Bank's experience, a substantial portion of its customer deposits had been rolled over upon maturity and had been a stable source of funding. However, no assurance can be given that this experience will continue. If a substantial number of the merged entity's depositors do not roll over deposited funds upon maturity, the merged entity's liquidity position could be adversely affected. The failure to obtain rollover of customer deposits upon maturity or to replace them with fresh deposits could have a material adverse effect on the merged entity's business, its future financial performance and the price of its equity shares and its ADSs.

Material changes in the regulations which govern the merged entity could cause its business to suffer and the price of its equity shares and its ADSs to go down.

Banks in India operate in a highly regulated environment. The Reserve Bank of India extensively supervises and regulates banks. In addition, these banks are subject generally to changes in Indian law, as well as to changes in regulation and government policies, income tax laws and accounting principles. The laws and regulations governing the banking sector could change in the future and any

such changes could adversely affect the merged entity's business, its future financial performance and the price of its equity shares and its ADSs.

Significant security breaches could adversely impact the merged entity's business.

The merged entity seeks to protect its computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems caused by its increased use of the Internet. Computer break-ins and power disruptions could affect the security of information stored in and transmitted through these computer systems and network infrastructure. The merged entity employs security systems, including firewalls and password encryption, designed to minimize the risk of security breaches. Though the merged entity intends to continue to implement security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that these security measures will be successful. A significant failure in security measures could have a material adverse effect on its business, its future financial performance and the price of its equity shares and its ADSs.

The merged entity's business operations are transaction-oriented. Although the merged entity takes adequate measures to safeguard against fraud, there can be no assurance that it would be able to prevent fraud. The merged entity's reputation could be adversely affected by significant fraud committed by employees or outsiders.

If the merged entity is unable to adapt to rapid technological changes, its business could suffer.

The merged entity's success will depend, in part, on its ability to respond to technological advances and emerging banking industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that the merged entity will successfully implement new technologies effectively or adapt its transaction-processing systems to customer requirements or emerging industry standards. If the merged entity is unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions or customer requirements, its business and its future financial performance could be materially affected.

Risks Relating to the ADSs and Equity Shares

You will not be able to vote your ADSs.

ADS holders have no voting rights unlike holders of the equity shares who have voting rights. The depositary will exercise its right to vote on the equity shares represented by the ADSs as directed by the merged entity's board of directors. If you wish, you may withdraw the equity shares underlying the ADSs and seek to vote the equity shares you obtain from the withdrawal. However, for foreign investors, this withdrawal process may be subject to delays. For a discussion of the legal restrictions triggered by a withdrawal of the equity shares from the depositary facility upon surrender of ADSs, see "Restriction on Foreign Ownership of Indian Securities".

US investors will be subject to special tax and interest charges if the merged entity is considered to be a passive foreign investment company.

Based upon certain proposed Treasury Regulations which are proposed to be effective for taxable years beginning after December 31, 1994 and upon certain management estimates, the merged entity does not expect to be a Passive Foreign Investment Company (PFIC). The merged entity has based the expectation that it is currently not a PFIC on, among other things, provisions in the proposed Treasury Regulations that provide that certain restricted reserves (including cash and securities) of banks are assets used in connection with banking activities and are not passive assets, as well as the composition of the merged entity's income and the merged entity's assets from time to time. Since there can be no assurance that such proposed Treasury Regulations will be finalized in their current form, and the composition of income and assets of the merged entity will vary over time, there can be no assurance that the merged entity will not be considered a PFIC for any taxable year. If the merged entity is a PFIC for any taxable year during which a US holder holds equity shares or ADSs of the merged entity, the US holder would be treated in a manner comparable to that described under "Taxation--United States Tax - Passive Foreign Investment Company Rules".

Your ability to withdraw equity shares from the depositary facility is uncertain and may be subject to delays.

India's restrictions on foreign ownership of Indian companies limit the number of shares that may be owned by foreign investors and generally require government approval for foreign ownership. Investors who withdraw equity shares from the depositary facility will be subject to Indian regulatory restrictions on foreign ownership upon withdrawal. It is possible that this withdrawal process may be subject to delays. For a discussion of the legal restrictions triggered by a withdrawal of equity shares from the depositary facility upon surrender of ADSs, see "Restriction on Foreign Ownership of Indian Securities".

Your ability to sell in India any equity shares withdrawn from the depositary facility may be subject to delays if specific government approval is required.

ADS holders seeking to sell in India any equity shares withdrawn upon surrender of an ADS will require Reserve Bank of India approval for each such transaction unless the sale of such equity shares is made on a stock exchange or in connection with an offer made under the regulations regarding takeovers. The merged entity cannot guarantee that any approval will be obtained in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in equity shares may be prevented from realizing gains during periods of price increases or limiting losses during periods of price declines.

Restrictions on withdrawal of ADSs from the depositary facility and redeposit of equity shares in the depositary facility could adversely affect the price of the ADSs.

An ADS holder who surrenders an ADS and withdraws equity shares may be able to redeposit those equity shares in the depositary facility in exchange for ADSs. In addition, an investor who has purchased equity shares in the Indian market may be able to deposit them in the ADS program. However, in either case, the deposit or redeposit of equity shares may be limited by securities law restrictions and will be restricted so that the cumulative aggregate number of equity shares that can be deposited or redeposited as of any time cannot exceed the cumulative aggregate number represented by ADSs converted into underlying equity shares as of such time. An investor who has purchased equity shares in the Indian market could therefore face restrictions in depositing them in the ADS program. This increases the risk that the market price of the ADSs will be below that of the equity shares. For a discussion of the legal restrictions triggered by withdrawal of ADSs from the depositary facility and redeposit of equity shares in the depositary facility, see "Restriction on Foreign Ownership of Indian Securities".

There may be restrictions on the resales in the United States or to US persons of ICICI Bank shares or ADSs by affiliates of ICICI and/or ICICI Bank.

The equity shares and ADSs of the merged entity issued pursuant to the amalgamation were not registered under the US Securities Act of 1933, as amended (the Securities Act) in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) of the Securities Act. ICICI Bank received a "no-action letter" from the staff of the United States Securities and Exchange Commission ("SEC") stating that it would not recommend that the SEC take enforcement action if ICICI Bank shares were issued to ICICI shareholders pursuant to the amalgamation without compliance with the registration requirements of the Securities Act in reliance

on the exemption from registration contained in Section 3(a)(10) thereof. As a result, in the hands of most holders, the shares and ADSs issued pursuant to the amalgamation will not be treated as "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, and may be resold by former holders of ICICI shares (except affiliates as described below) without regard to Rules 144 or 145(c) and (d) under the Securities Act.

Persons who received the shares or ADSs pursuant to the amalgamation and who were affiliates of ICICI before the amalgamation but are not affiliates of the merged entity after the amalgamation, or are affiliates of the merged entity after the amalgamation, are permitted to resell these shares or ADSs in the United States in the manner permitted by Rule 144(d) under the Securities Act, in each case without regard to the holding period requirement (one year) of Rule 144(d) under the Securities Act. Persons who may be deemed to be affiliates of ICICI include individuals who, or entities that, directly or indirectly controlled, or were controlled by, or were under common control with ICICI and would include certain officers and directors of ICICI and would likely include principal shareholders as well. Persons who may be deemed to be affiliates of the merged entity include individuals who, or entities that, directly or indirectly control, or are controlled by, or are under common control with the merged entity and would include certain officers and directors of the merged entity and would likely include principal shareholders as well. The persons referred to above in addition to reselling the shares or ADSs received pursuant to the amalgamation in the United States in the manner permitted by Rule 145(d) under the Securities Act may also sell such securities pursuant to any other available exemption under the Securities Act. ICICI shareholders or ADS holders who believe they may be affiliates for the purposes of the Securities Act, should consult their own legal advisers in the event they plan to sell such shares or ADSs to a United States person or in the United States.

Certain shareholders own a large percentage of the merged entity's equity shares. Their actions could adversely affect the price of its equity shares and the ADSs.

The merged entity's principal shareholders include the Life Insurance Corporation of India, the General Insurance Corporation of India and its subsidiaries and the Unit Trust of India, each of which is controlled by the Indian government. At September 2, 2002, government-controlled entities owned approximately 20.8% of the merged entity's outstanding equity shares. As a result of such share ownership, the Indian government will continue to have the ability to exercise influence over most matters requiring approval of the merged entity's shareholders, including the election and removal of directors and significant corporate actions. At September 2, 2002, the Unit Trust of India held 3.3% of the merged entity's outstanding equity shares. The Unit Trust of India is currently facing problems due to a significant decline in the market value of its securities portfolio. Any substantial sale of the merged entity's equity shares by the Unit Trust of India could adversely affect the price of the merged entity's equity shares and its ADSs.

Conditions in the Indian securities market may affect the price or liquidity of the equity shares and the ADSs.

The Indian securities markets are smaller and more volatile than securities markets in developed economies. The Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. The Stock Exchange, Mumbai, formerly known as the Bombay Stock Exchange or the BSE, was closed for three days in March 1995 following a default by a broker. In March 2001, the BSE dropped 667 points or 15.6% and there were also rumors of insider trading in the BSE leading to the resignation of the BSE president and several other members of the governing board. In the same month, the Kolkata Stock Exchange, formerly known as the Calcutta Stock Exchange, suffered a payment crisis when several brokers defaulted and the exchange invoked guarantees provided by various Indian banks. In addition, the governing bodies

of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Further, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment. Similar problems could happen in the future and, if they did, they could affect the market price and liquidity of the merged entity's equity shares and the merged entity's ADSs.

Settlement of trades of equity shares on Indian stock exchanges may be subject to delays.

The equity shares represented by the ADSs are listed on the Chennai, Delhi, Kolkata, Vadodara Stock Exchanges, the BSE and the National Stock Exchange of India. Settlement on those stock exchanges may be subject to delays and an investor in equity shares withdrawn from the depositary facility upon surrender of ADSs may not be able to settle trades on such stock exchanges in a timely manner.

As a result of Indian government regulation of foreign ownership, the price of the merged entity's ADSs could go down.

Foreign ownership of Indian securities is heavily regulated and is generally restricted. ADSs issued by companies in certain emerging markets, including India, may trade at a discount or premium to the underlying equity shares, in part because of the restrictions on foreign ownership of the underlying equity shares.

Your holdings may be diluted by additional issuances of equity and any dilution may adversely affect the market price of the merged entity's ADSs.

There is a risk that the merged entity's rapid growth could require the merged entity to fund this growth through additional equity offerings. In addition, up to 5.0% of the merged entity's issued equity shares following the amalgamation, may be issued in accordance with the merged entity's employee stock option scheme to eligible employees of the merged entity and its subsidiaries. Both ICICI Bank and ICICI had separate stock option plans. From the inception of ICICI Bank's stock option plan in February 2000 through June 30, 2002, ICICI Bank had granted a total of 6,448,200 stock options, of which none have been exercised, 1,172,540 have vested but have not yet been exercised and 248,225 have lapsed or been forfeited. From the inception of ICICI's stock option plan in August 1999 through June 30, 2002, ICICI had granted a total of 14,924,950 stock options, of which 33,900 have been exercised, 3,035,750 have vested but have not yet been exercised and 984,750 have lapsed or been forfeited. In accordance with the Scheme of Amalgamation, holders of unexercised stock options in ICICI received stock options in ICICI Bank equal to half the number of their unexercised options in ICICI. Accordingly, the outstanding unexercised stock options in the merged entity at June 30 2002 were 13,153,125 or 2.2% of its issued equity shares. Of this, 3,315,530 stock options, or 0.9% of the merged entity's equity share capital had vested. On April 1, 2003, 1,265,150 additional stock options will vest, representing a further 0.2% of the merged entity's issued equity shares at June 30 2002. These issuances, and any future issuance of equity shares, will dilute the positions of investors in the ADSs and could adversely affect the market price of the merged entity's ADSs.

You may be unable to exercise preemptive rights available to other shareholders.

A company incorporated in India must offer its holders of equity shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless these rights have been waived by at least 75.0% of the company's shareholders present and voting at a shareholders' general meeting. US investors in ADSs may be unable to exercise preemptive rights for equity shares underlying ADSs unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. The merged entity's

decision to file a registration statement will depend on the costs and potential liabilities associated with any such registration statement as well as the perceived benefits of enabling US investors in ADSs to exercise their preemptive rights and any other factors the merged entity considers appropriate at the time. The merged entity does not commit that it would file a registration statement under these circumstances. If the merged entity issues any such securities in the future, such securities may be issued to the depositary, which may sell such securities in the securities markets in India for the benefit of the investors in the ADSs. There can be no assurance as to the value, if any, the depositary would receive upon the sale of these securities. To the extent that investors in ADSs are unable to exercise preemptive rights, their proportional interests in the merged entity would be reduced.

Because the equity shares underlying the ADSs are quoted in rupees in India, you may be subject to potential losses arising out of exchange rate risk on the Indian rupee and risks associated with the conversion of rupee proceeds into foreign currency.

Investors that purchase ADSs are required to pay for the ADSs in US dollars. Investors are subject to currency fluctuation risk and convertibility risks since the equity shares are quoted in rupees on the Indian stock exchanges on which they are listed. Dividends on the equity shares will also be paid in rupees, and then converted into US dollars for distribution to ADS investors. Investors that seek to convert the rupee proceeds of a sale of equity shares withdrawn upon surrender of ADSs into foreign currency and export the foreign currency will need to obtain the approval of the Reserve Bank of India for each such transaction. In addition, investors that seek to sell equity shares withdrawn from the depositary facility will have to obtain approval from the Reserve Bank of India, unless the sale is made on a stock exchange or in connection with an offer made under the regulations regarding takeovers. Holders of rupees in India may also generally not purchase foreign currency without general or special approval from the Reserve Bank of India. However, dividends received by the depositary in rupees and, subject to approval by the Reserve Bank of India, rupee proceeds arising from the sale on an Indian stock exchange of equity shares which have been withdrawn from the depositary facility, may be converted into US dollars at the market rate.

On an average annual basis, the rupee has declined against the US dollar since 1980. As measured by the Reserve Bank of India's reference rate, the rupee lost approximately 32.8% of its value against the US dollar in the last five years, depreciating from Rs. 36.46 per US$ 1.00 on September 15, 1997 to Rs. 48.43 per US$ 1.00 on September 16, 2002. In addition, in the past, the Indian economy has experienced severe foreign exchange shortages. India's foreign exchange reserves were US$ 61.5 billion at August 30, 2002.

You may be subject to Indian taxes arising out of capital gains.

Generally, capital gains, whether short-term or long-term, arising on the sale of the underlying equity shares in India are subject to Indian capital gains tax. For the purpose of computing the amount of capital gains subject to tax, Indian law specifies that the cost of acquisition of the equity shares will be deemed to be the share price prevailing on the BSE or the National Stock Exchange on the date the depositary advises the custodian to redeem receipts in exchange for underlying equity shares. The period of holding of such equity shares, for determining whether the gain is long-term or short-term, commences on the date of the giving of such notice by the depositary to the custodian. Investors are advised to consult their own tax advisers and to consider carefully the potential tax consequences of an investment in the ADSs.

There may be less company information available in Indian securities markets than securities markets in developed countries.

There is a difference between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of markets in the United States and other developed economies. The Securities and Exchange Board of India is responsible for

improving disclosure and other regulatory standards for the Indian securities markets. The Securities and Exchange Board of India has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in developed economies.

BUSINESS

Overview

ICICI Bank was organized under the laws of India in 1994 as a private sector commercial bank. ICICI Bank offered a wide range of banking products and services to corporate and retail customers through a variety of delivery channels. In fiscal 2002, ICICI Bank's net income was Rs. 2,037 million (US$ 42 million). At year-end fiscal 2002, ICICI Bank had assets of Rs. 404.8 billion (US$ 8.3 billion) and stockholders' equity of Rs. 18.1 billion (US$ 372 million).

ICICI Bank was an affiliate company of ICICI. ICICI was organized under the laws of India in 1955 and together with its subsidiaries and affiliates was a diversified financial services group. In April 2002, ICICI and two of its subsidiaries, ICICI Personal Financial Services and ICICI Capital Services merged with and into ICICI Bank in an all-stock amalgamation. Pursuant to the amalgamation, the shareholders of ICICI were issued ICICI Bank equity shares in the ratio of one fully paid-up equity share, par value Rs. 10 per share, of ICICI Bank for every two fully paid-up equity shares, par value Rs. 10 per share, of ICICI. As there were five ICICI equity shares underlying each ICICI ADS and two ICICI Bank equity shares underlying each ICICI Bank ADS, holders of ICICI ADSs were issued five ICICI Bank ADSs for every four ICICI ADSs. As ICICI Bank is the surviving legal entity in the amalgamation, the other subsidiaries and affiliates of ICICI have become subsidiaries and affiliates of ICICI Bank.

The amalgamation was approved by each of the boards of directors of ICICI, ICICI Personal Financial Services, ICICI Capital Services and ICICI Bank at their respective meetings held on October 25, 2001. The amalgamation was approved by the shareholders of ICICI Bank and ICICI at their extraordinary general meetings held on January 25, 2002 and January 30, 2002, respectively. The amalgamation was sanctioned by the High Court of Gujarat at Ahmedabad on March 7, 2002 and by the High Court of Judicature at Bombay on April 11, 2002. The amalgamation was approved by the Reserve Bank of India on April 26, 2002. The Statement on Financial Accounting Standards No. 141 on business combinations requires that business combinations be accounted for in the period in which the combination is consummated. Accordingly, under US GAAP, the amalgamation has not been reflected in the financial statements of ICICI Bank for the year ended March 31, 2002, as it was consummated in April 2002. The effective date of the amalgamation for accounting purposes under US GAAP was April 1, 2002. ICICI Bank's financial statements for fiscal 2002, therefore, do not include the assets, liabilities and results of operations of ICICI, ICICI Personal Financial Services and ICICI Capital Services. Under US GAAP, the amalgamation was accounted for as a reverse acquisition. This means that ICICI was recognized as the accounting acquirer in the amalgamation, although ICICI Bank was the legal acquirer. In fiscal 2002, ICICI's consolidated net income was Rs. 1,360 million (US$ 28 million). At year-end fiscal 2002, ICICI had consolidated assets of Rs. 745.8 billion (US$ 15.3 billion) and consolidated stockholders' equity of Rs. 71.2 billion (US$ 1.5 billion).

Under Indian GAAP, the amalgamation was accounted for on March 30, 2002, the Appointed Date specified in the Scheme of Amalgamation. As ICICI Bank is the surviving legal entity in the amalgamation, the other subsidiaries and affiliates of ICICI have become subsidiaries and affiliates of ICICI Bank.

During fiscal 2002, ICICI Bank had three key activities: corporate banking, retail banking and treasury operations. In corporate banking, ICICI Bank's primary goal was to build a strong asset portfolio consisting mainly of working capital and term loans to large, well-established Indian corporations as well as to select middle market companies in growth industries. ICICI Bank also sought to provide a wide variety of fee-based corporate products and services, like documentary credits, cash management services, cross-border trade services, standby letters of credit and treasury-based derivative products that helped ICICI Bank to increase its non-interest income. In building its corporate banking activities, ICICI Bank capitalized on the strong relationships that ICICI enjoyed with many of India's leading corporations.

ICICI Bank's retail products and services included payroll accounts and other retail deposit products, online bill payment and remittance facilities, credit cards, debit cards, smart cards, depositary share accounts, retail loans against time deposits and loans against shares. ICICI Bank offered its customers a choice of delivery channels including physical branches, ATMs, telephone banking call centers and the Internet. In recent years, ICICI Bank expanded its physical delivery channels, including bank branches and ATMs, to cover a total of 1,004 locations in 251 centers throughout India at year-end fiscal 2002.

ICICI Bank's treasury engaged in domestic and foreign exchange operations. It sought to manage ICICI Bank's balance sheet, including by maintaining required regulatory reserves. In addition, ICICI Bank's treasury sought to optimize profits from its trading portfolio by taking advantage of market opportunities using funds acquired from the inter-bank markets and corporate deposits. ICICI Bank's trading portfolio included its regulatory portfolio as there was no restriction on active management of its regulatory portfolio.

Consequent to the amalgamation of ICICI with ICICI Bank, the businesses carried on by ICICI and its subsidiaries and affiliates are now carried on by the merged entity and its subsidiaries and affiliates. These include project and corporate finance and a wide range of retail credit products such as automobile loans, home loans and other consumer finance products and services, as well as a number of advisory, investment and other financial activities, venture capital, life insurance and non-life insurance businesses.

Both ICICI Bank and ICICI have consistently used technology to differentiate their products and services from those of their competitors. For example, ICICI Bank was among the first banks in India to offer Internet banking. The merged entity's technology-driven products also include cash management services, mobile phone banking services and electronic commerce-based business-to-business and business-to-consumer banking solutions. To support its technology initiatives, the merged entity has set up online real time transaction processing systems. The merged entity remains focused on changes in customer needs and technological advances and seeks to remain at the forefront of electronic banking in India.

The merged entity's legal name is ICICI Bank Limited but it is known commercially as ICICI Bank. ICICI Bank was incorporated in 1994 under the laws of India as a limited liability corporation. The duration of ICICI Bank is unlimited. Its principal corporate office is located at ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051, India, its telephone number is +91 22 653 1414 and its web site address is www.icicibank.com. The merged entity's agent for service of process in the United States is CT Corporation System and their address is 111 Eighth Avenue, 13th Floor, New York, New York, 10011.

History

ICICI Bank was formed in 1994 as a part of the ICICI group of companies. ICICI Bank's initial equity capital was contributed 75.0% by ICICI and 25.0% by SCICI Limited, a diversified finance and shipping finance lender of which ICICI owned 19.9% at December 1996. In December 1996, SCICI was merged into ICICI, and as a result, ICICI Bank became a wholly-owned subsidiary of ICICI. In May 1994, when ICICI obtained its commercial banking license to establish ICICI Bank, the Reserve Bank of India imposed a condition regarding dilution of holdings in commercial banks by promoters. This condition required ICICI to reduce its shareholding in ICICI Bank in stages, first to not more than 75.0%

of its equity share capital and ultimately to not more than 40.0% of its equity share capital. In fiscal 1998, ICICI reduced its shareholding in ICICI Bank to just below 75.0% of its equity share capital as required, through a public offering of shares in India. In March 2000, ICICI Bank completed an equity offering in the form of ADRs listed on the NYSE for an amount of US$ 175 million. After this offering, ICICI's shareholding in ICICI Bank was approximately 62.2% of ICICI Bank's equity share capital.

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Effective March 10, 2001, ICICI Bank acquired Bank of Madura, an old private sector bank, in an all stock merger which was approved by ICICI Bank's shareholders at an extraordinary general meeting held on January 19, 2001. ICICI Bank issued two of its equity shares, par value Rs. 10 per share, for every equity share, par value Rs. 10 per share, of Bank of Madura. The market value of the shares issued by ICICI Bank was Rs 3.7 billion (US$ 80 million). The fair value of the net assets acquired by ICICI Bank was Rs. 1.3 billion (US$ 27 million) and the fair value of the liabilities assumed by ICICI Bank was Rs. 39.1 billion (US$ 0.8 billion). This acquisition gave ICICI Bank a larger balance sheet and extensive geographic reach. This acquisition was accounted for under the purchase method of accounting. Accordingly, ICICI Bank's income statement for fiscal 2001 includes the income and expenses of Bank of Madura from March 10, 2001, the effective date of the merger, to March 31, 2001 and ICICI Bank's balance sheet at year-end fiscal 2001 includes the assets and liabilities of Bank of Madura. The assets acquired and liabilities assumed were recorded at estimated fair values as determined by ICICI Bank's management based on information then available and on assumptions made at that time as to future operations. ICICI's shareholding in ICICI Bank was reduced to approximately 55.6% after this merger.

In further compliance with the bank licensing condition stipulated by the Reserve Bank of India regarding dilution of holdings in commercial banks by promoters, ICICI divested, through sales in the Indian secondary markets to institutional investors, 8.8% of ICICI Bank's equity shares during March 2001. At year-end fiscal 2001, ICICI held 46.4% of ICICI Bank's equity shares. During the first five months (April to August) of fiscal 2002, ICICI sold additional equity shares of ICICI Bank in the Indian secondary markets to institutional investors. Consequently, ICICI's holding in ICICI Bank was reduced to 46.0% of ICICI Bank's equity share capital. In accordance with Section 4 of the Indian Companies Act, ICICI Bank ceased to be a subsidiary of ICICI as of March 22, 2001 and was accounted for under the equity method of accounting from April 1, 2000. ICICI Bank had no subsidiaries during fiscal 2002.

ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses. Until the late 1980s, ICICI primarily focused its activities on project finance, providing long-term funds to a variety of industrial projects. With the liberalization of the financial sector in India in the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services provider that, along with its subsidiaries and affiliates, offered a wide variety of products and services. As India's economy became more market-oriented and integrated with the world economy, ICICI capitalized on the new opportunities to provide a wider range of financial products and services to a broader spectrum of clients. ICICI set up independent operations through the incorporation of subsidiaries and affiliates in the areas of venture capital funding (1988), asset management (1993), investment banking (1993), commercial banking (1994), brokering and marketing (1994), personal finance (1997), Internet stock trading (1999), home finance

(1999) and insurance (2000).

ICICI Bank offered products and services which largely complemented the products and services offered by ICICI and its other subsidiaries and affiliates. ICICI Bank sought to take advantage of the customer relationships of ICICI and its other subsidiaries and affiliates. These relationships were particularly effective in helping ICICI Bank gain access to the larger corporations, as ICICI Bank's balance sheet on a stand-alone basis would not have permitted it to take the large exposures that might be undertaken by ICICI given its large balance sheet capabilities. ICICI Bank also sought to benefit from ICICI's corporate relationships in growing its retail business. ICICI Bank sold retail products to the employees of ICICI group's corporate customers, including offering corporate customers its payroll deposit scheme for their employees. ICICI's retail bondholders also presented ICICI Bank with an opportunity for cross-selling a variety of products, including bank accounts, credit cards, depositary share accounts and, to a limited extent, retail loans.

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The issue of universal banking, which in the Indian context means conversion of long-term lending institutions into commercial banks, has been discussed at length over the past few years. The Reserve Bank of India in its Mid-Term Review of Monetary and Credit Policy for fiscal 2000 and its circular on Approach to Universal Banking issued on April 28, 2001, announced that it would consider proposals from long-term lending institutions (like ICICI) wishing to transform themselves into banks on a case-by-case basis. In its Mid-Term Review of Monetary and Credit Policy for fiscal 2002, the Reserve Bank of India encouraged financial institutions to submit proposals for their transformation into banks. See "Overview of the Indian Financial Sector - Recent Structural Reforms - Universal Banking Guidelines" for a discussion of the key regulatory provisions governing the transformation of financial institutions into banks.

As a bank, ICICI would have the ability to accept low-cost demand deposits and offer a wider range of products and services, and greater opportunities for earning non-fund based income in the form of banking fees and commissions. In view of the benefits of transformation into a bank and the Reserve Bank of India's pronouncements on universal banking, ICICI explored various corporate structuring alternatives for its transformation into a universal bank. ICICI also held discussions with the Reserve Bank of India on an appropriate transition path and compliance with regulatory requirements. ICICI Bank also considered various strategic alternatives, in the context of the emerging competitive scenario in the Indian banking industry, and the move towards universal banking. ICICI Bank identified a large capital base and size and scale of operations as key success factors in the Indian banking industry. The strategic alternatives examined by ICICI and ICICI Bank included an amalgamation of the two entities, in view of ICICI's significant shareholding in ICICI Bank, and the existing strong business synergies between the two entities. ICICI also considered the reorganization of its subsidiary companies.

Following this strategizing on the various alternatives including an amalgamation of ICICI and ICICI Bank, the senior managements of ICICI and ICICI Bank commenced a program of in-depth confidential discussions on the various strategic alternatives in July 2001. These discussions were held on various dates during July-August 2001. Based on these discussions, the managements of ICICI and ICICI Bank formed the view that the amalgamation of ICICI with ICICI Bank would be the optimal strategic alternative for both entities, and would create the optimal legal structure for ICICI group's universal banking strategy. The managements of ICICI and ICICI Bank accordingly decided to prepare, for submission to their respective boards of directors, a proposal for the amalgamation of ICICI, ICICI Capital Services and ICICI Personal Financial Services, with ICICI Bank. ICICI Capital Services was a wholly-owned subsidiary of ICICI, and was one of the largest distributors of financial and investment products in India. It also provided front-office services to the retail and semi-retail investors of ICICI, and undertook the management of the various ICICI centers, which were low-cost stand-alone offices acting as marketing and service centers, set up by ICICI. ICICI Personal Financial Services was also a wholly-owned subsidiary of ICICI, and was engaged in the distribution and servicing of various retail credit products and other services offered by ICICI and ICICI Bank. See "-Rationale for the Amalgamation of ICICI with ICICI Bank" for a discussion of the rationale for the amalgamation.

The amalgamation was approved by each of the boards of directors of ICICI, ICICI Personal Financial Services, ICICI Capital Services and ICICI Bank at their respective meetings held on October 25, 2001. The amalgamation was approved by the shareholders of ICICI Bank and ICICI at their extraordinary general meetings held on January 25, 2002 and January 30, 2002, respectively. The amalgamation was sanctioned by the High Court of Gujarat at Ahmedabad on March 7, 2002 and by the High Court of Judicature at Bombay on April 11, 2002. The amalgamation was approved by the Reserve Bank of India on April 26, 2002. The Statement on Financial Accounting Standards No. 141 on business combinations requires that business combinations be accounted for in the period in which the combination is consummated. The effective date of the amalgamation for accounting purposes under US GAAP was April 1, 2002. Accordingly, under US GAAP, the amalgamation has not been reflected in the financial statements of ICICI Bank for the year ended March 31, 2002, as it was consummated in April 2002. ICICI Bank's financial statements for fiscal 2002, therefore, do not

include the assets, liabilities and results of operations of ICICI, ICICI Personal Financial Services and ICICI Capital Services. Under US GAAP, the amalgamation was accounted for as a reverse acquisition. This means that ICICI was recognized as the accounting acquirer in the amalgamation, although ICICI Bank was the legal acquirer.

Under Indian GAAP, the amalgamation was accounted for on March 30, 2002, the Appointed Date specified in the Scheme of Amalgamation. As ICICI Bank is the surviving legal entity in the amalgamation, the other subsidiaries and affiliates of ICICI have become subsidiaries and affiliates of ICICI Bank.

Rationale for the Amalgamation of ICICI with ICICI Bank

The management and board of directors of ICICI believed that the amalgamation would enhance value for shareholders of ICICI through the merged entity's access to low-cost deposits, greater opportunities for earning fee-based income and the ability to participate in the payments system and provide transaction-banking services. The management and board of directors of ICICI Bank believed that the amalgamation would enhance value for shareholders of ICICI Bank through a large capital base and scale of operations, seamless access to ICICI's strong corporate relationships built up over more than 45 years, entry into new business segments, higher market share in various business segments, particularly fee-based services, and access to the vast talent pool of ICICI and its subsidiaries.

Following the amalgamation, the merged entity became the second largest among all banks in India, ranked on the basis of their total assets. The merged entity seeks to leverage on its large capital base, comprehensive suite of products and services, extensive corporate and retail customer relationships, technology-enabled distribution architecture, strong brand franchise and vast talent pool. The merged entity believes that it has improved capability to offer a wider range of products and services, ranging from project finance to retail finance, with a diversified resource base, improved portfolio risk management capability and deeper client relationships.

The amalgamation of ICICI Capital Service and ICICI Personal Financial Services (which were wholly-owned subsidiaries of ICICI) with ICICI Bank consolidates and integrates the retail business, which will be a key driver of growth for the merged entity, with respect to both assets and liabilities. Both ICICI Bank's and the ICICI group's retail strategy was based on the offering of multiple products through multiple delivery channels to provide choice and convenience to customers. The channels were owned and managed by different subsidiaries of ICICI. Offering the entire range of products and services through multiple channels also results in greater economies of scale.

See "Risk Factors" for factors that could cause the merged entity's results to differ materially from the forward-looking statements. See "Forward-Looking Statements" for information regarding the safe-harbor protection for forward-looking statements.

Shareholding of ICICI in ICICI Bank

At year-end fiscal 2002, ICICI held 101,395,949 shares of ICICI Bank, representing 46.0% of the equity share capital of ICICI Bank. Pursuant to the provisions of the Scheme of Amalgamation, ICICI transferred all of the ICICI Bank shares held by it to the ICICI Bank Shares Trust with the Western India Trustee & Executor Company Limited as the Trustee, to hold such ICICI Bank shares in trust exclusively for the benefit of ICICI and its successors. These shares constituted 16.5% of the equity share capital of the merged entity. The Trustee did not have any voting rights with respect to these shares. The Scheme of Amalgamation provided that the Trustees were to divest or otherwise dispose of the shares within 24 months of the amalgamation becoming effective and remit the proceeds of divestment to the merged entity. The Trustee had the discretion to extend this period based on the prevailing market conditions. These shares are accounted for as treasury stock under US GAAP in the unaudited pro forma condensed consolidated financial data for ICICI Bank and ICICI. See "Unaudited Pro Forma Condensed Consolidated Financial Data for ICICI Bank and ICICI". These shares were

sold by the Trust through the stock exchange to institutional investors on September 26, 2002 at an average sale price of approximately Rs. 130 per share. The settlement date for this transaction is October 3, 2002.

Shareholding Structure and Relationship with the Government of India

The merged entity operated as an autonomous and commercial enterprise, making decisions and pursuing strategies that are designed to maximize shareholder value, and the Indian government has never directly held any shares of the merged entity. However, reflecting the dominant role of the Indian government in the Indian economy and ICICI's status as a public financial institution named in the Indian Companies Act, ICICI's principal shareholders were government-controlled. They included the Life Insurance Corporation of India, the General Insurance Corporation of India and its subsidiaries and the Unit Trust of India. Consequent to the amalgamation of ICICI with ICICI Bank, these government-controlled shareholders have received shares in ICICI Bank in exchange for their shareholding in ICICI. There is no shareholders agreement or voting trust relating to the ownership of the shares held by the government-controlled shareholders. ICICI Bank is the surviving legal entity in the amalgamation. Accordingly, the merged entity is not a public financial institution. See "Supervision and Regulation - Public Financial Institution Status" for a discussion of ICICI's public financial institution status and the implications of the absence of such status for the merged entity.

The following table sets forth, at September 2, 2002, certain information regarding the ownership of the merged entity's equity shares.

	Percentage of total equity shares outstanding	N equ
Government-controlled shareholders:		
Life Insurance Corporation of India	8.56	
General Insurance Corporation of India and its subsidiaries	7.28	
Unit Trust of India	3.32	
Other government-controlled institutions, corporations and banks	1.64	
Total government-controlled shareholders	20.81	
Other Indian investors:		
Individual domestic investors (1) (2)	9.76	
Bajaj Auto Limited	3.51	
Indian corporates and others (excluding Bajaj Auto Limited)	1.33	
Mutual funds and banks (other than government-controlled banks)	1.46	
The Western India Trustee & Executor Co. Ltd. - ICICI Bank Shares Trust (3) (4)	16.54	
Total other Indian investors	32.61	
Total Indian investors	53.42	
Foreign investors:		
Deutsche Bank Trust Company Americas, as depositary(3) (5)	25.71	
Foreign institutional investors, foreign banks, overseas corporate bodies and non-resident Indians(2)	20.89	1
Total foreign investors	46.60	
Total	100.0	

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(1) Executive officers and directors as a group held less than 0.1% of the equity shares as of this date.

(2) No single shareholder in this group owned 5.0% or more of the merged entity's equity shares as of this date.

(3) Under the Indian Banking Regulation Act, no person holding shares in a banking company can exercise more than 10.0% of the total voting power. This means that Deutsche Bank Trust Company Americas (as depositary), which owned 25.7% of the merged entity's equity shares as of this date, could only vote 10.0% of the merged entity's equity shares.

(4) These shares were sold by the Trust through the stock exchange to institutional investors on September 26, 2002. The settlement date for the transaction is October 3, 2002.

(5) Deutsche Bank Trust Company Americas holds the shares as depositary on behalf of holders of all 78.81 million ADSs outstanding which are listed on the New York Stock Exchange. In March 2000, 15.91 million ADSs were offered in a SEC-registered public offering. In June 2002, 62.90 million ADSs were issued following the exchange offer of ICICI's ADSs for ICICI Bank's ADSs pursuant to the amalgamation.

Under the terms of the loan and guarantee facilities provided by the government of India to ICICI that have been transferred to the merged entity consequent to the amalgamation, the government of India is entitled to appoint and has appointed one representative to the board of the merged entity. ICICI had traditionally invited a representative each of the government-controlled insurance companies that are the merged entity's principal domestic institutional shareholders, General Insurance Corporation of India and its subsidiaries and Life Insurance Corporation of India, generally their respective Chairman, on its board. However, currently there is no representation of these shareholders on the merged entity's board. The merged entity had, effective May 3, 2002, appointed the then Chairman of General Insurance Corporation of India, Mr. D. Sengupta, to its board. He has resigned from the board effective June 30, 2002, upon completion of his tenure as Chairman of General Insurance Corporation of India. The merged entity expects to appoint the recently-appointed Chairman of Life Insurance Corporation of India, and the Chairman of General Insurance Corporation of India, when appointed, to its board. See "Management--Directors and Executive Officers" for a discussion of the composition of the merged entity's board of directors.

ICICI raised US$ 315 million through an offering of 32.14 million ADSs in September 1999. ICICI Bank raised US$ 175 million through an offering of 15.91 million ADSs in March 2000. Pursuant to the amalgamation of ICICI with ICICI Bank, holders of ADSs in ICICI have been issued ADSs in ICICI Bank. The depositary has the right to vote on the equity shares represented by the ADSs as directed by the merged entity's board of directors. The merged entity does not have any agreement with its government-controlled shareholders regarding management control, voting rights, anti-dilution or any other matter.

The holding of foreign investors increased to 46.6% in the merged entity at September 2, 2002 from 35.6% in ICICI Bank at year-end fiscal 2001, primarily due to the issue of ADSs and equity shares of the merged entity to the ADS holders and foreign shareholders of ICICI pursuant to the amalgamation. The holding of foreign investors in ICICI at year-end fiscal 2001 was 47.8%. The holding of foreign investors in ICICI Bank increased to 35.6% at end-fiscal 2001 from 20.0% at year-end fiscal 2000, primarily due to the increase in the holding of foreign institutional investors, foreign banks, overseas corporate bodies and non-resident Indians to 17.3% from 3.9% (including due to the divestment by ICICI of shares in ICICI Bank to foreign institutional investors during March 2001). The holding of Deutsche Bank Trust Company Americas as depositary increased to 25.7% in the merged entity at September 2, 2002 from 14.4% in ICICI Bank at year-end fiscal 2001 due to the issue of ADSs of the merged entity to ADS holders of ICICI pursuant to the amalgamation. The holding of Deutsche Bank Trust Company Americas as depositary declined to 14.4% in ICICI Bank at year-end fiscal 2001 from 16.2% at year-end fiscal 2000 due to the issue of equity shares to the equity shareholders of Bank of Madura pursuant to the amalgamation of Bank of Madura wit