

## ICICI BANK BASEL II – PILLAR 3 DISCLOSURES AT SEPTEMBER 30, 2011

ICICI Bank is subject to the Basel II framework with effect from March 31, 2008 as stipulated by the Reserve Bank of India (RBI). The Basel II framework consists of three-mutually reinforcing pillars:

- (i) Pillar 1: Minimum capital requirements for credit risk, market risk and operational risk
- (ii) Pillar 2: Supervisory review of capital adequacy
- (iii) Pillar 3: Market discipline

Market discipline (Pillar 3) comprises set of disclosures on the capital adequacy and risk management framework of the Bank. These disclosures have been set out in the following sections.

### 1. SCOPE OF APPLICATION

The Pillar 3 disclosures relate to ICICI Bank Limited (the Bank) at September 30, 2011 and have been presented at the standalone level.

#### a. Capital deficiency

Majority owned financial entities that are not consolidated for capital adequacy purposes and for which the investment in equity and other instruments eligible for regulatory capital status is deducted from capital, meet their respective regulatory capital requirements at all times. There is no deficiency in capital in any of the subsidiaries of the Bank at September 30, 2011. ICICI Bank maintains an active oversight on all its subsidiaries through their respective Boards and regular updates to the Board of the Bank. On a periodic basis the capital adequacy/solvency position of subsidiaries, as per the applicable regulations, is reported to their respective Boards as well as to the Board of the Bank.

#### b. Bank's interest in insurance entities

The book value of the Bank's total investment in its insurance subsidiaries at September 30, 2011, which is deducted from capital funds for capital adequacy computation under Basel II, is detailed in the following table. The Bank has no investment in insurance entities that are risk-weighted.

₹ in billion

Name of the entity	Country of incorporation	Ownership interest	Book value of investment
ICICI Prudential Life Insurance Co. Ltd.	India	73.88%	35.94
ICICI Lombard General Insurance Co. Ltd.	India	73.53%	13.48

The quantitative impact on regulatory capital of using risk weighted investments method versus using the deduction method at September 30, 2011 is set out in the following table:

₹ in billion

Method	Quantitative impact
Deduction method	49.42
Capital at 9% based on risk weighted assets	4.45

## 2. CAPITAL STRUCTURE

### a. Amount of Tier-1 capital (September 30, 2011)

₹ in billion

<b>Tier – 1 Capital elements</b>	<b>Amount</b>
Paid-up share capital <sup>1</sup>	12.77
Reserves <sup>2</sup>	558.43
Innovative Tier-1 capital instruments	29.61
<b>Gross Tier-1 capital</b>	<b>600.81</b>
<b>Deductions:</b>	-
Investments in instruments eligible for regulatory capital of financial subsidiaries/associates	70.58
Securitisation exposures including credit enhancements	18.68
Deferred tax assets	27.82
Others <sup>3</sup>	1.47
<b>Net Tier-1 capital</b>	<b>482.26</b>

1. Includes preference shares permitted by Reserve Bank of India (RBI) for inclusion in Tier-1 capital.

2. Includes statutory reserves, disclosed free reserves, capital reserves and special reserves (net of tax payable).

3. Includes adjustment for less liquid positions.

### b. Amount of Tier-2 capital (September 30, 2011)

₹ in billion

<b>Tier – 2 Capital elements</b>	<b>Amount</b>
General provisions	16.32
Investment reserves	-
Upper Tier-2 capital instruments	142.18
Lower Tier-2 capital instruments	145.26
<b>Gross Tier-2 capital</b>	<b>303.76</b>
<b>Deductions :</b>	
Investments in instruments eligible for regulatory capital of financial subsidiaries/associates	70.58
Securitisation exposures including credit enhancements	18.68
<b>Net Tier-2 capital</b>	<b>214.50</b>

### c. Debt capital instruments eligible for inclusion in Tier-1 and Tier-2 capital

₹ in billion

	<b>Lower Tier-1</b>	<b>Upper Tier-2</b>	<b>Lower Tier-2</b>
Total amount outstanding at September 30, 2011	29.61	142.18	186.10
Of which, amounts raised during the six months ended September 30, 2011	-	-	-
Amount eligible to be reckoned as capital funds at September 30, 2011	29.61	142.18	145.26

### d. Total eligible capital (September 30, 2011)

₹ in billion

	<b>Amount</b>
Tier-1 capital	482.26
Tier-2 capital	214.50
<b>Total eligible capital</b>	<b>696.76</b>

### 3. CAPITAL ADEQUACY

#### a. Capital requirements (September 30, 2011)

As required by RBI guidelines on Basel II, the Bank's capital requirements have been computed using the Standardised approach for credit risk, Standardised Duration method for market risk and Basic Indicator approach for operational risk. The minimum capital required to be held at 9.00% for credit, market and operational risks is given below:

₹ in billion	
<b>Risk area</b>	<b>Amount</b>
<b>I. Capital required for credit risk</b>	<b>284.37</b>
- for portfolio subject to standardised approach	283.56
- for securitisation exposure	0.81
<b>II. Capital required for market risk</b>	<b>23.53</b>
- for interest rate risk <sup>1</sup>	19.78
- for foreign exchange (including gold) risk	0.54
- for equity position risk	3.21
<b>III. Capital required for operational risk</b>	<b>22.36</b>
<b>Total capital requirement (I+II+III)</b>	<b>330.26</b>
<b>Total capital funds of the Bank</b>	<b>696.76</b>
<b>Total risk weighted assets</b>	<b>3,669.55</b>
<b>Capital adequacy ratio</b>	<b>18.99%</b>

1. Includes capital required of ₹ 0.14 billion for securitisation exposures.

#### b. The capital ratios of the Bank and of its banking subsidiaries at the standalone level at September 30, 2011 are as follows:

<b>Capital ratios</b>	<b>ICICI Bank Ltd</b>	<b>ICICI Bank UK PLC<sup>1</sup></b>	<b>ICICI Bank Canada<sup>1</sup></b>	<b>ICICI Bank Eurasia LLC<sup>1,2</sup></b>
Tier-1 capital ratio	13.14%	18.65%	27.70%	n.a.
Total capital ratio	18.99%	29.81%	29.30%	30.60%

1. Computed as per capital adequacy guidelines issued by regulators of respective jurisdictions.

2. Tier-1 capital ratio is not required to be reported in line with regulatory norms stipulated by the Central Bank of Russia.

### 4. CREDIT RISK

#### a. Credit risk exposures (September 30, 2011)

Credit risk exposures include all credit exposures as per RBI guidelines on exposure norms and investments in the held-to-maturity category. Domestic sovereign exposures that are risk-weighted at zero percent and exposures to regulatory capital instruments of subsidiaries that are deducted from the capital funds have been excluded.

₹ in billion	
<b>Category</b>	<b>Credit exposure</b>
Fund-based facilities	3,600.92
Non-fund based facilities	2,846.12
<b>Total</b>	<b>6,447.04</b>

**b. Geographic distribution of exposures (September 30, 2011)**

₹ in billion

	<b>Fund-based facilities</b>	<b>Non-fund based facilities</b>
Domestic	2,821.17	2,487.47
Overseas	779.75	358.65
<b>Total</b>	<b>3,600.92</b>	<b>2,846.12</b>

**c. Industry-wise distribution of exposures (September 30, 2011)**

₹ in billion

<b>Industry</b>	<b>Fund based facilities</b>	<b>Non-fund based facilities</b>
Retail finance <sup>1</sup>	1,001.93	31.40
Banks <sup>2</sup>	166.19	438.84
Services - finance	405.21	125.78
Electronics and engineering	74.38	453.52
Road, port, telecom, urban development and other infrastructure	250.55	181.88
Crude petroleum/refining and petrochemicals	144.72	263.78
Power	182.29	214.24
Services – non-finance	228.13	144.03
Iron/steel and products	143.96	179.41
Construction	64.03	196.06
Metal and products (excluding iron and steel)	76.44	147.31
Mutual funds	176.05	2.64
Food and beverages	81.51	52.61
Wholesale/retail trade	62.82	70.14
Chemicals and fertilisers	52.73	68.14
Mining	58.50	41.50
Cement	51.53	33.77
Automobiles	45.48	39.62
Shipping	43.34	37.50
Manufacturing products (excluding metals)	37.05	18.41
Drugs and pharmaceuticals	26.49	22.52
Textiles	32.20	13.43
Gems and jewellery	15.11	13.43
Fast moving consumer goods	7.54	4.15
Venture capital funds	7.84	-
Other industries	164.91	52.02
<b>Total</b>	<b>3,600.92</b>	<b>2,846.12</b>

1. Includes home loans, automobile loans, commercial business loans, two wheeler loans, personal loans and credit cards. Also includes dealer funding exposures and developer financing exposures.

2. Includes balances with banks.

**d. Maturity pattern of assets (September 30, 2011)**

The maturity pattern of assets at September 30, 2011, based on the methodology used for reporting positions to the RBI on the Bank's asset-liability management, is detailed in the table below.

₹ in billion

<b>Maturity buckets</b>	<b>Cash &amp; balances with RBI</b>	<b>Balances with banks &amp; money at call and short notice</b>	<b>Investments</b>	<b>Loans &amp; Advances</b>	<b>Fixed assets</b>	<b>Other assets</b>	<b>Total assets</b>
Day 1	67.42	22.82	85.38	5.42	-	3.05	<b>184.09</b>
2 to 7 days	-	55.32	27.21	15.93	-	5.49	<b>103.95</b>
8 to 14 days	-	2.01	24.82	21.05	-	6.41	<b>54.29</b>
15 to 28 days	11.53	6.84	87.95	28.49	-	12.83	<b>147.64</b>
29 days to 3 months	27.44	8.78	126.42	140.39	0.02	9.62	<b>312.67</b>
3 to 6 months	21.07	2.60	102.37	192.57	0.02	11.64	<b>330.27</b>
6 months to 1 year	24.37	28.99	112.21	294.77	0.03	1.59	<b>461.96</b>
1 to 3 years	34.82	1.41	230.94	938.25	0.03	0.47	<b>1,205.92</b>
3 to 5 years	14.78	-	155.29	360.76	2.41	-	<b>533.24</b>
Above 5 years	31.59	-	524.26	341.89	44.46	131.02	<b>1,073.22</b>
<b>Total</b>	<b>233.02</b>	<b>128.77</b>	<b>1,476.85</b>	<b>2,339.52</b>	<b>46.97</b>	<b>182.12</b>	<b>4,407.25</b>

**e. Amount of non-performing loans (NPLs) (September 30, 2011)**

₹ in billion

<b>NPL Classification</b>	<b>Gross NPLs</b>	<b>Net NPLs</b>
Sub-standard	16.90	12.32
Doubtful	72.46	9.52
- Doubtful 1 <sup>1</sup>	18.95	4.28
- Doubtful 2 <sup>1</sup>	48.37	5.24
- Doubtful 3 <sup>1</sup>	5.14	-
Loss	10.85	-
<b>Total<sup>2</sup></b>	<b>100.21</b>	<b>21.84</b>
<b>NPL ratio<sup>3</sup></b>	<b>4.17%</b>	<b>0.93%</b>

1. Loans classified as NPLs for 456-820 days are classified as Doubtful 1, 820-1,550 days as Doubtful 2 and above 1,550 days as Doubtful 3.

2. Identification of loans as non-performing is as per the guidelines issued by RBI.

3. Gross NPL ratio is computed as a ratio of gross NPLs to gross advances. Net NPL ratio is computed as a ratio of net NPLs to net advances.

**f. Movement of NPLs**

₹ in billion

	<b>Gross NPL</b>	<b>Net NPL</b>
Opening balance at April 1, 2011	100.34	24.07
Additions during the period <sup>1</sup>	15.45	10.08
Reductions/write-offs during the period	(15.58)	(12.32)
<b>Closing balance at September 30, 2011</b>	<b>100.21</b>	<b>21.83</b>

1. The difference between the opening and closing balances (other than accounts written off) during the period of NPLs in credit cards is included in additions during the period.

**g. Movement of provisions for NPLs**

₹ in billion

	<b>Amount</b>
Opening balance at April 1, 2011	76.27
Provisions made during the period <sup>1</sup>	10.67
Write-offs during the period	(3.84)
Write-back of excess provisions during the period	(4.73)
<b>Closing balance at September 30, 2011</b>	<b>78.37</b>

1. The difference between the opening and closing balances (other than accounts written off) during the period of provisions on credit cards is included in provisions made during the period.

**h. Amount of non-performing investments (NPIs) in securities, other than government and other approved securities**

₹ in billion

	<b>Amount</b>
Gross NPIs at September 30, 2011	4.53
Total provisions held on NPIs	3.73
Net NPIs at September 30, 2011	0.80

**i. Movement of provision/depreciation on investments<sup>1</sup>**

₹ in billion

	<b>Amount</b>
Opening balance at April 1, 2011	20.06
Provision/depreciation (net) made during the period	3.61
(Write-off)/(write back) of excess provision during the period	(1.25)
Closing balance at September 30, 2011	22.42

1. After considering movement in appreciation on investments.

**5. CREDIT RISK: PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH**

At September 30, 2011, the credit exposures subject to the Standardised approach after adjusting for credit risk mitigation by risk weights were as follows:

₹ in billion

<b>Exposure Category</b>	<b>Amount outstanding<sup>1</sup></b>
Less than 100% risk weight	2,246.92
100% risk weight	3,530.69
More than 100% risk weight	455.06
Deducted from capital	34.69
<b>Total</b>	<b>6,267.36</b>

1. Credit risk exposures include all exposures, as per RBI guidelines on exposure norms, subject to credit risk and investments in held-to-maturity category. Claims on domestic sovereign which are risk-weighted at 0% and regulatory capital instruments of subsidiaries which are deducted from the capital funds have been excluded. The credit exposures have been adjusted for credit risk mitigation.

## 6. CREDIT RISK MITIGATION (September 30, 2011)

₹ in billion

	<b>Amount</b>
Exposures fully covered by eligible financial collateral, after application of haircut	82.53
Exposures fully covered by eligible guarantees	15.25

## 7. SECURITISATION

### I. Details of securitisation exposures in the banking book

#### i. Total outstanding exposures securitised and the related unrecognised gains/(losses) (September 30, 2011)

₹ in billion

Exposure type	Outstanding <sup>1</sup>	Unrecognised gains/(losses)
Vehicle/equipment loans	0.16	-
Home and home equity loans	10.43	-
Personal loans	-	-
Corporate loans	2.14	-
Mixed asset pool	-	-
<b>Total</b>	<b>12.73</b>	<b>-</b>

1. The amounts represent the outstanding principal at September 30, 2011 for securitisation deals and include direct assignments. Credit enhancements and liquidity facilities are not included in the above amounts. During the six months ended September 30, 2011, the Bank had not securitised any assets as an originator.

#### ii. Break-up of securitisation gains/(losses) (net)

₹ in billion

Exposure type	Six months ended September 30, 2011 <sup>1</sup>
Vehicle/equipment loans	(0.71)
Home and home equity loans	0.07
Personal loans	(0.37)
Corporate loans	-
Mixed asset pool	-
<b>Total</b>	<b>(1.01)</b>

1. The amounts include gain amortised during the period and expenses relating to utilisation of credit enhancements.

#### iii. Assets to be securitised within a year

₹ in billion

	<b>Amount</b>
Amount of assets intended to be securitised within a year at September 30, 2011	-
Of which:	
Amount of assets originated within a year before securitisation	n.a.

**iv. Securitisation exposures retained or purchased (September 30, 2011)**

₹ in billion

<b>Exposure type<sup>1</sup></b>	<b>On-balance sheet</b>	<b>Off-balance sheet</b>	<b>Total</b>
Vehicle/equipment loans	4.12	7.95	12.07
Home and home equity loans	10.98	0.19	11.17
Personal loans	6.21	4.88	11.09
Corporate loans	1.69	8.45	10.14
Mixed asset pool	6.67	9.93	16.60
<b>Total</b>	<b>29.67</b>	<b>31.40</b>	<b>61.07</b>

1. Securitisation exposures include but are not restricted to liquidity facilities, other commitments and credit enhancements such as interest only strips, cash collateral accounts and other subordinate assets as well as direct assignments in the nature of sell-downs. The amounts are net of provisions. Credit enhancements have been stated at gross levels and not been adjusted for their utilization. Utilised portion of unfunded credit enhancements have been disclosed under off-balance sheet exposures at September 2011.

**v. Risk weight bands break-up of securitisation exposures retained or purchased (September 30, 2011)**

₹ in billion

<b>Exposure type<sup>1</sup></b>	<b>&lt; 100% risk weight</b>	<b>100% risk weight</b>	<b>&gt; 100% risk weight</b>	<b>Total</b>
Vehicle/equipment loans	2.67	1.82	-	4.49
Home and home equity loans	4.88	-	-	4.88
Personal loans	0.75	-	-	0.75
Corporate loans	8.40	-	-	8.40
Mixed asset pool	7.86	-	-	7.86
<b>Total</b>	<b>24.56</b>	<b>1.82</b>	<b>-</b>	<b>26.38</b>
<b>Total capital charge</b>	<b>0.64</b>	<b>0.16</b>	<b>-</b>	<b>0.81</b>

1. Includes direct assignments in the nature of sell-downs.

**vi. Securitisation exposures deducted from capital (September 30, 2011)**

₹ in billion

<b>Exposure type<sup>1</sup></b>	<b>Exposures deducted entirely from Tier-1 capital</b>	<b>Credit enhancing interest-only strips deducted from total capital<sup>2</sup></b>	<b>Other exposures deducted from total capital<sup>3</sup></b>
Vehicle/equipment loans	-	0.59	6.99
Home and home equity loans	-	0.75	5.54
Personal loans	-	0.98	9.36
Corporate loans	-	-	1.74
Mixed asset pool	-	0.91	7.83
<b>Total</b>	<b>-</b>	<b>3.23</b>	<b>31.46</b>

1. Includes direct assignments in the nature of sell-downs.

2. Includes subordinate contribution amount deducted from capital.

3. Includes credit enhancements (excluding interest only strips). Credit enhancements have been stated at gross levels and not been adjusted for their utilisation. The amounts are net of provisions.



## II. Details of securitisation exposures in the trading book

### i. Aggregate amount of exposures securitised for which the Bank has retained some exposures subject to market risk (September 30, 2011)

₹ in billion

Exposure type	Total <sup>1</sup>
Vehicle/equipment loans	2.66
Home and home equity loans	3.10
Personal loans	-
Corporate loans	-
Mixed asset pool	-
<b>Total</b>	<b>5.76</b>

1. The amounts represent the outstanding principal at September 30, 2011 for securitisation deals.

### ii. Securitisation exposures retained or purchased (September 30, 2011)

₹ in billion

Exposure type <sup>1</sup>	On-balance sheet	Off-balance sheet	Total
Vehicle/equipment loans	2.66	-	2.66
Home and home equity loans	7.60	-	7.60
Personal loans	-	-	-
Corporate loans	-	-	-
Mixed asset pool	-	-	-
<b>Total</b>	<b>10.26</b>	<b>-</b>	<b>10.26</b>

1. Securitisation exposures include PTCs originated by the Bank as well as PTCs purchased in case of third party originated securitisation transactions.

### iii. Risk weight bands break-up of securitisation exposures retained or purchased and the related capital charge (September 30, 2011)

₹ in billion

	Exposure	Capital charge <sup>1</sup>
< 100% risk weight	7.60	0.14
100% risk weight	-	-
> 100% risk weight	-	-
<b>Total</b>	<b>7.60</b>	<b>0.14</b>

1. Represents capital required to be maintained at 9.00% as per RBI guidelines.

**iv. Securitisation exposures deducted from capital (September 30, 2011)**

₹ in billion

<b>Exposure type</b>	<b>Exposures deducted entirely from Tier-1 capital</b>	<b>Credit enhancing interest-only strips deducted from total capital</b>	<b>Other exposures deducted from total capital<sup>1</sup></b>
Vehicle/equipment loans	-	-	2.66
Home and home equity loans	-	-	-
Personal loans	-	-	-
Corporate loans	-	-	-
Mixed asset pool	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2.66</b>

1. PTCs originated by the Bank whose external credit ratings are at least partly based on unfunded support provided by the Bank have been treated as unrated and deducted from the capital funds at their book values.

**8. CAPITAL REQUIREMENTS FOR MARKET RISK (September 30, 2011)**

The capital requirements for market risk (general and specific) at September 30, 2011 were:

₹ in billion

	<b>Amount</b>
<b>Capital required</b>	<b>23.53</b>
- for interest rate risk <sup>1</sup>	19.78
- for foreign exchange (including gold) risk	0.54
- for equity position risk	3.21

1. Includes capital required of ₹ 0.14 billion for securitisation exposures.

**9. INTEREST RATE RISK IN THE BANKING BOOK**

The following table sets forth one possible prediction of the impact on the net interest income of changes in interest rates on interest sensitive positions for the twelve months ending September 30, 2011, assuming a parallel shift in the yield curve:

₹ in million

<b>Currency</b>	<b>Change in interest rates</b>	
	<b>-100 basis points</b>	<b>+100 basis points</b>
INR	(447.1)	447.1
USD	(68.2)	68.2
JPY	(60.7)	60.7
GBP	10.1	(10.1)
EURO	0.6	(0.6)
CHF	11.1	(11.1)
CAD	371.1	(371.1)
Others	(108.2)	108.2
<b>Total</b>	<b>(291.3)</b>	<b>291.3</b>

The following table sets forth one possible prediction of the impact on economic value of equity of changes in interest rates on interest sensitive positions at September 30, 2011, assuming a parallel shift in the yield curve:

₹ in million

Currency	Change in interest rates <sup>1</sup>	
	-100 basis points	+100 basis points
INR	27,164.7	(27,164.7)
USD	1,803.0	(1,803.0)
JPY	(114.8)	114.8
GBP	(2.2)	2.2
EURO	(288.0)	288.0
CHF	12.4	(12.4)
CAD	192.6	(192.6)
Others	(266.0)	266.0
<b>Total</b>	<b>28,501.8</b>	<b>(28,501.8)</b>

1. For INR, coupon and yield of Indian government securities and for other currencies, coupon and yield of currency-wise Libor/swap rates have been assumed across all time buckets that are closest to the mid point of the time buckets.