ICICI BANK BASEL II – PILLAR 3 DISCLOSURES AT SEPTEMBER 30, 2012

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 the 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, 2012 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, 2012. 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, 2012, 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	73.86%	35.93
ICICI Lombard General Insurance Co. Ltd.	India	73.40%	13.48

The quantitative impact on regulatory capital of using risk weighted investments method versus using the deduction method at September 30, 2012 is set out in the following table:

₹ in billion

Method	Quantitative impact
Deduction method	49.41
Capital at 9% based on risk weighted assets	4.45

2. CAPITAL STRUCTURE

a. Amount of Tier-1 capital (September 30, 2012)

₹ in billion

Tier – 1 Capital elements	Amount
Paid-up share capital[1]	12.55
Reserves[2]	609.07
Innovative Tier-1 capital instruments	30.93
Gross Tier-1 capital	**652.55**
Deductions:	
Investments in instruments eligible for regulatory capital of financial subsidiaries/associates	71.17
Securitisation exposures including credit enhancements	9.03
Deferred tax assets	25.63
Others[3]	1.43
Net Tier-1 capital	**545.29**

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, 2012)

₹ in billion

Tier – 2 Capital elements	Amount
General provisions	18.25
Upper Tier-2 capital instruments	145.67
Lower Tier-2 capital instruments	147.81
Gross Tier-2 capital	**311.73**
Deductions :	
Investments in instruments eligible for regulatory capital of financial subsidiaries/associates	71.17
Securitisation exposures including credit enhancements	9.03
Net Tier-2 capital	**231.53**

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

₹ in billion

	Lower Tier-1	Upper Tier-2	Lower Tier-2
Total amount outstanding at September 30, 2012	30.93	145.67	186.12
Of which, amounts raised during the six months ended September 30, 2012	-	-	-
Amount eligible to be reckoned as capital funds at September 30, 2012	30.93	145.67	147.81

d. Total eligible capital (September 30, 2012)

₹ in billion

	Amount
Tier-1 capital	545.29
Tier-2 capital	231.53
Total eligible capital	**776.82**

3. CAPITAL ADEQUACY

a. Capital requirements (September 30, 2012)

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

Risk area	Amount
I. Capital required for credit risk	**333.81**
- for portfolio subject to standardised approach	333.37
- for securitisation exposure	0.44
II. Capital required for market risk	**24.29**
- for interest rate risk[1]	19.07
- for foreign exchange (including gold) risk	0.54
- for equity position risk	4.68
III. Capital required for operational risk	**24.29**
Total capital requirement (I+II+III)	**382.39**
Total capital funds of the Bank	**776.82**
Total risk weighted assets	**4,248.75**
Capital adequacy ratio	**18.28%**

1. Includes capital required of ₹ 0.25 billion for securitisation exposures.

b. The capital ratios of the Bank and of its banking subsidiaries at the standalone level at September 30, 2012 are as follows:

Capital ratios	ICICI Bank Ltd	ICICI Bank UK PLC[1]	ICICI Bank Canada[1]	ICICI Bank Eurasia LLC[1,2]
Tier-1 capital ratio	12.83%	22.03%	32.20%	n.a.
Total capital ratio	18.28%	33.64%	34.07%	35.07%

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, 2012)

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

₹ in billion

Category	Credit exposure
Fund-based facilities	5,032.34
Non-fund based facilities	2,896.93
Total	**7,929.27**

b. Geographic distribution of exposures (September 30, 2012)

₹ in billion

	Fund-based facilities	Non-fund based facilities
Domestic	4,117.09	2,482.00
Overseas	915.26	414.93
Total	**5,032.34**	**2,896.93**

c. Industry-wise distribution of exposures (September 30, 2012)

₹ in billion

Industry	Fund based facilities	Non-fund based facilities
Retail finance[1]	1,134.16	15.92
Banks[2]	264.37	323.34
Services - finance	454.68	214.53
Electronics and engineering	119.64	518.43
Road, port, telecom, urban development and other infrastructure	280.33	149.81
Crude petroleum/refining and petrochemicals	179.76	256.53
Power	252.14	188.12
Services – non-finance	261.54	149.19
Iron/steel and products	176.28	196.50
Construction	78.53	232.11
Metal and products (excluding iron and steel)	60.48	138.45
Mutual funds	174.95	0.01
Food and beverages	90.65	51.75
Wholesale/retail trade	61.70	92.46
Chemicals and fertilisers	64.46	64.59
Mining	91.24	43.33
Cement	71.63	29.30
Automobiles	70.82	49.82
Shipping	49.55	42.29
Manufacturing products (excluding metals)	38.64	23.09
Drugs and pharmaceuticals	30.19	23.59
Textiles	37.26	22.01
Gems and jewellery	21.89	16.11
Fast moving consumer goods	9.50	7.33
Venture capital funds	3.21	-
Other industries[3]	954.74	48.34
Total	**5,032.34**	**2,896.93**

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.
3. Includes investment in government securities held under HTM category.

d. Maturity pattern of assets (September 30, 2012)

The maturity pattern of assets at September 30, 2012, 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

Maturity buckets	Cash & balances with RBI	Balances with banks & money at call and short notice	Investments	Loans & Advances	Fixed assets	Other assets	Total assets
Day 1	76.25	42.77	220.66	6.82	-	6.12	352.62
2 to 7 days	4.36	77.70	40.14	38.12	-	6.01	166.33
8 to 14 days	3.65	4.76	38.68	14.19	-	7.05	68.33
15 to 28 days	5.95	9.10	70.96	42.10	-	13.99	142.10
29 days to 3 months	13.36	41.22	86.14	222.67	0.01	8.24	371.64
3 to 6 months	15.09	3.41	104.41	194.36	0.00	12.20	329.47
6 months to 1 year	21.94	32.98	149.81	323.49	0.00	1.51	529.73
1 to 3 years	30.05	0.53	259.37	1,097.60	2.38	0.39	1,390.32
3 to 5 years	12.38	-	156.40	424.09	0.06	-	592.93
Above 5 years	28.72	-	452.57	387.32	43.76	114.71	1,027.08
Total	**211.75**	**212.47**	**1,579.14**	**2,750.76**	**46.21**	**170.22**	**4,970.55**

e. Amount of non-performing loans (NPLs) (September 30, 2012)

₹ in billion

NPL Classification	Gross NPLs	Net NPLs
Sub-standard	20.54	13.08
Doubtful		
- Doubtful 1[1]	11.39	3.51
- Doubtful 2[1]	51.04	4.75
- Doubtful 3[1]	8.51	-
Loss	8.88	-
Total[2]	**100.36**	**21.34**
NPL ratio[3]	**3.54%**	**0.78%**

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

	Gross NPL	Net NPL
Opening balance at April 1, 2012	94.75	18.61
Additions during the period[1]	20.53	10.92
Reductions/write-offs during the period	(14.92)	(8.19)
Closing balance at September 30, 2012	**100.36**	**21.34**

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

	Amount
Opening balance at April 1, 2012	76.14
Provisions made during the period[1]	13.53
Write-offs during the period	(6.25)
Write-back of excess provisions during the period	(4.40)
Closing balance at September 30, 2012	**79.02**

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

	Amount
Gross NPIs at September 30, 2012	4.64
Total provisions held on NPIs	(4.19)
Net NPIs at September 30, 2012	0.45

i. Movement of provision/depreciation on investments[1]

₹ in billion

	Amount
Opening balance at April 1, 2012	26.00
Provision/depreciation (net) made during the period	1.90
(Write-off)/(write back) of excess provision during the period	(1.50)
Closing balance at September 30, 2012	26.40

1. After considering movement in appreciation on investments.

5. CREDIT RISK: PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

At September 30, 2012, the credit exposures subject to the Standardised approach after adjusting for credit risk mitigation by risk weights were as follows:

₹ in billion

Exposure Category	Amount outstanding[1]
Less than 100% risk weight	2,895.72
100% risk weight	4,368.88
More than 100% risk weight	491.33
Deducted from capital	17.74
Total	**7,773.67**

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.

6. CREDIT RISK MITIGATION (September 30, 2012)

₹ in billion

	Amount
Exposures fully covered by eligible financial collateral, after application of haircut	96.05
Exposures fully covered by eligible guarantees	6.71

7. SECURITISATION

I. Details of securitisation exposures in the banking book

i. Total outstanding exposures securitised and the related unrecognised gains/(losses) (September 30, 2012)

₹ in billion

Exposure type	Outstanding[1]	Unrecognised gains/(losses)
Vehicle/equipment loans	-	-
Home and home equity loans	7.71	-
Personal loans	-	-
Corporate loans	1.28	-
Mixed asset pool	-	-
Total	**8.99**	**-**

1. The amounts represent the outstanding principal at September 30, 2012 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, 2012, 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, 2012[1]
Vehicle/equipment loans	(0.47)
Home and home equity loans	0.08
Personal loans	0.01
Corporate loans	0.00
Mixed asset pool	0.00
Total	**(0.38)**

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

iv. Securitisation exposures retained or purchased (September 30, 2012)

₹ in billion

Exposure type[1]	On-balance sheet	Off-balance sheet	Total
Vehicle/equipment loans	1.98	5.32	7.30
Home and home equity loans	9.33	0.21	9.54
Personal loans	0.44	1.09	1.53
Corporate loans	1.15	6.14	7.29
Mixed asset pool	3.53	9.30	12.83
Total	**16.43**	**22.06**	**38.49**

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.

v. Risk weight bands break-up of securitisation exposures retained or purchased (September 30, 2012)

₹ in billion

Exposure type[1]	<100% risk weight	100% risk weight	>100% risk weight	Total
Vehicle/equipment loans	3.07	-	-	3.07
Home and home equity loans	3.69	-	-	3.69
Personal loans	0.00	-	-	0.00
Corporate loans	6.14	-	-	6.14
Mixed asset pool	7.86	-	-	7.86
Total	**20.76**	**-**	**-**	**20.76**
Total capital charge	**0.44**	**-**	**-**	**0.44**

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

vi. Securitisation exposures deducted from capital (September 30, 2012)

₹ in billion

Exposure type[1]	Exposures deducted entirely from Tier-1 capital	Credit enhancing interest-only strips deducted from total capital [2]	Other exposures deducted from total capital [3]
Vehicle/equipment loans	-	0.02	4.21
Home and home equity loans	-	0.52	5.33
Personal loans	-	-	1.53
Corporate loans	-	-	1.15
Mixed asset pool	-	0.05	4.92
Total	**-**	**0.59**	**17.14**

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, 2012)

₹ in billion

Exposure type	Total[1]
Vehicle/equipment loans	0.00
Home and home equity loans	1.79
Personal loans	0.00
Corporate loans	0.00
Mixed asset pool	0.00
Total	**1.79**

1. The amounts represent the outstanding principal at September 30, 2012 for securitisation deals.

ii. Securitisation exposures retained or purchased (September 30, 2012)

₹ in billion

Exposure type[1]	On-balance sheet	Off-balance sheet	Total
Vehicle/equipment loans	8.57	0.00	8.57
Home and home equity loans	5.14	0.00	5.14
Personal loans	0.00	0.00	0.00
Corporate loans	0.00	0.00	0.00
Mixed asset pool	0.00	0.00	0.00
Total	13.71	0.00	13.71

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 (September30, 2012)

₹ in billion

	Exposure	Capital charge[1]
<100% risk weight	13.69	0.25
100% risk weight	0.00	0.00
>100% risk weight	0.00	0.00
Total	**13.69**	**0.25**

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

iv. Securitisation exposures deducted from capital (September 30, 2012)

₹ in billion

Exposure type	Exposures deducted entirely from Tier-1 capital	Credit enhancing interest-only strips deducted from total capital	Other exposures deducted from total capital[1]
Vehicle/equipment loans	0.00	0.00	0.01
Home and home equity loans	0.00	0.00	0.30
Personal loans	0.00	0.00	0.00
Corporate loans	0.00	0.00	0.00
Mixed asset pool	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.31**

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, 2012)

The capital requirements for market risk (general and specific) at September 30, 2012 were:

₹ in billion

	Amount
Capital required	
- for interest rate risk[1]	19.07
- for foreign exchange (including gold) risk	0.54
- for equity position risk	4.68

1. Includes capital required of ₹ 0.25 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, 2012, assuming a parallel shift in the yield curve:

₹ in million

Currency	Change in interest rates	
	-100 basis points	**+100 basis points**
INR	(2,954.5)	2,954.5
USD	(415.3)	415.3
JPY	(57.5)	57.5
GBP	22.9	(22.9)
EURO	(90.9)	90.9
CHF	8.5	(8.5)
CAD	289.3	(289.3)
Others	(154.4)	154.4
Total	**(3,351.9)**	**3,351.9**

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, 2012, assuming a parallel shift in the yield curve:

₹ in million

Currency	Change in interest rates[1]	
	-100 basis points	**+100 basis points**
INR	23,602.2	(23,602.2)
USD	2,154.9	(2,154.9)
JPY	(78.2)	78.2
GBP	66.3	(66.3)
EURO	(445.2)	445.2
CHF	7.9	(7.9)
CAD	81.5	(81.5)
Others	(592.7)	592.7
Total	**24,796.7**	**(24,796.7)**

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.