BASEL - PILLAR 3 DISCLOSURES (CONSOLIDATED) AT JUNE 30, 2018

Reserve Bank of India (RBI) issued Basel III guidelines applicable with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till March 31, 2019. Upon full implementation of Basel III guidelines, the minimum capital to risk-weighted assets ratio (CRAR) would be 11.65%, minimum Common Equity Tier-1 (CET1) CRAR ratio would be 8.15% and minimum Tier-1 CRAR ratio would be 9.65%. This includes capital conservation buffer (CCB) and additional CET1 capital surcharge on account of the Bank being designated as a Domestic Systemically Important Bank (D-SIB).

As per the transitional arrangement, at June 30, 2018, ICICI Bank (the Bank) is required to maintain minimum CET1 CRAR of 7.525%, minimum Tier-1 CRAR of 9.025% and minimum total CRAR of 11.025%. The minimum capital requirement includes capital conservation buffer (CCB) of 1.875% and additional CET1 capital surcharge of 0.15% on account of the Bank being designated as a Domestic Systemically Important Bank (D-SIB).

The Basel III 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.

Table DF-2: CAPITAL ADEQUACY

Qualitative disclosures

a. Capital management

Objective

The Bank actively manages its capital to meet regulatory norms and current and future business needs considering the risks in its businesses, expectation of rating agencies, shareholders and investors, and the available options of raising capital.

Organisational set-up

The capital management framework of the Bank is administered by the Finance Group and the Risk Management Group (RMG) under the supervision of the Board and the Risk Committee.

Regulatory capital

ICICI Bank

RBI issued Basel III guidelines applicable with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till March 31, 2019. Upon full implementation of Basel III guidelines, the minimum CRAR would be 11.65%, minimum CET1 CRAR ratio would be 8.15% and minimum Tier-1 CRAR ratio would be 9.65%. This includes CCB and additional CET1 capital surcharge on account of the Bank being designated as a D-SIB.

As per the transitional arrangement, at June 30, 2018, the Bank is required to maintain minimum CET1 CRAR of 7.525%, minimum Tier-1 CRAR of 9.025% and minimum total CRAR of 11.025%. The minimum capital requirement includes capital conservation buffer (CCB) of 1.875% and additional CET1 capital surcharge of 0.15% on account of the Bank being designated as a D-SIB.

Subsidiaries

Each subsidiary in the Group assesses the adequate level of capitalisation required to meet its respective host regulatory requirements and business needs. The Board of each subsidiary maintains oversight over the capital adequacy framework for the subsidiary either directly or through separately constituted committees.

Internal assessment of capital

The Bank's capital management framework includes a comprehensive internal capital adequacy assessment process (ICAAP) conducted annually which determines the adequate level of capitalisation for the Bank to meet regulatory norms and current and future business needs, including under stress scenarios. The ICAAP is formulated at both standalone bank level and the consolidated group level. The ICAAP encompasses capital planning for a four-year time horizon, identification and measurement of material risks and the relationship between risk and capital.

The capital management framework is complemented by the risk management framework, which covers the policies, processes, methodologies and frameworks established for the management of material risks.

Stress testing, which is a key aspect of the ICAAP and the risk management framework, provides an insight on the impact of extreme but plausible scenarios on the Bank's risk profile and capital position. Based on the stress testing framework, the Bank conducts stress tests on its various portfolios and assesses the impact on its capital adequacy ratio and the adequacy of capital buffers for current and future periods. The Bank periodically assesses and refines its stress testing framework in an effort to ensure that the stress scenarios capture material risks as well as reflect market conditions and operating environment. The business and capital plans and the stress testing results of certain key group entities are integrated into the ICAAP.

Based on the ICAAP, the Bank determines the level of capital that needs to be maintained by considering the following in an integrated manner:

- Bank's strategic focus, business plan and growth objectives;
- regulatory capital requirements as per the RBI guidelines;
- assessment of material risks and impact of stress testing;
- perception of shareholders and investors;
- future strategy with regard to investments or divestments in subsidiaries; and
- evaluation of options to raise capital from domestic and overseas markets, as permitted by RBI from time to time.

Monitoring and reporting

The Board of Directors of the Bank maintains an active oversight over the Bank's capital adequacy levels. On a quarterly basis, an analysis of the capital adequacy position and the risk weighted assets and an assessment of the various aspects of Basel III on capital and risk management as stipulated by RBI, are reported to the Board. Further, the capital adequacy position of the banking subsidiaries and the non-banking subsidiaries based on the respective host regulatory requirements is also reported to the Board on a periodic basis. In line with the RBI requirements for consolidated prudential report, the capital adequacy position of the Group (consolidated) is reported to the Board on a quarterly basis.

Further, the ICAAP which is an annual process also serves as a mechanism for the Board to assess and monitor the Bank's and the Group's capital adequacy position over a four-year time horizon.

Quantitative disclosures

Capital requirements for various risk areas (June 30, 2018)

The Bank is subject to the capital adequacy norms stipulated by the RBI guidelines on Basel III. The total capital adequacy ratio of the Bank at a standalone level at June 30, 2018 as per the RBI guidelines on Basel III is 18.35% with a Tier-1 capital adequacy ratio of 15.84%. The total capital adequacy ratio of the Group (consolidated) at June 30, 2018 as per the RBI guidelines on Basel III is 17.80% with a Tier-1 capital adequacy ratio of 15.41%.

As required by RBI guidelines on Basel III, the Bank's capital requirements (at Group level) have been computed using the Standardised approach for credit risk, Standardised Measurement method for market risk and Basic Indicator approach for operational risk. Capital required for credit, market and operational risks given below is arrived at after multiplying the risk weighted assets by 11.025%.

₹ in million

	Amount
b. Capital required for credit risk	**630,778.6**
- for portfolio subject to standardised approach	626,796.3
- for securitisation exposure	3,982.3
c. Capital required for market risk	**71,292.1**
- for interest rate risk[1]	49,026.0
- for foreign exchange (including gold) risk	2,071.3
- for equity position risk	20,194.8
d. Capital required for operational risk	**79,104.4**
Total capital requirement (b+c+d)	**781,175.1**
Total capital funds of the Group[2,3]	**1,261,355.8**
Total risk weighted assets	**7,085,488.9**
Capital adequacy ratio	**17.80%**

1. Includes capital required of ₹ 3,929.7 million for securitisation exposure.
2. Includes all entities considered for Basel III capital adequacy computation.
3. Includes revaluation reserve except revaluation reserve on leasehold property at June 30, 2018.

e. Common Equity Tier 1, Tier 1 and Total CRAR

The CRAR of the Bank and its banking subsidiaries at June 30, 2018 are given below.

CRAR	ICICI Bank Ltd (consolidated)[1,4]	ICICI Bank Ltd (standalone)[1]	ICICI Bank UK PLC[1,2]	ICICI Bank Canada[1,3]
CET1 CRAR	14.14%	14.42%	14.03%	17.03%
Tier-1 CRAR	15.41%	15.84%	14.03%	17.03%
Total CRAR	17.80%	18.35%	16.38%	17.57%

1. Computed as per capital adequacy guidelines issued by regulators of respective jurisdictions.
2. As per UK Prudential Regulation Authority (PRA) Basel III guidelines.
3. As per Office of the Superintendent of Financial Institutions (OSFI) Basel III guidelines.
4. Excludes retained earnings for Q1-2019.

RISK EXPOSURE AND ASSESSMENT

As a financial intermediary, the Bank is exposed to various types of risks including credit, market, liquidity, operational, legal, compliance and reputation risks. The objective of the risk management framework at the Bank is to ensure that various risks are understood, measured and monitored and that the policies and procedures established to address these risks are strictly adhered to.

The key principles underlying the risk management framework at the Bank are as follows:

1. The Board of Directors has oversight on all the risks assumed by the Bank. Specific Committees of the Board have been constituted to facilitate focused oversight of various risks. The Risk Committee reviews the risk management policies, the Bank's compliance with risk management guidelines stipulated by the RBI and the status of implementation of the advanced approaches under the Basel framework. It reviews the risk dashboard covering areas such as credit risk, interest rate risk, liquidity risk, foreign exchange risk, operational and outsourcing risks and the limits framework, including stress test limits for various risks. The Risk Committee also reviews the risk profile of the overseas banking subsidiaries and certain other key subsidiaries. The Credit Committee reviews developments in key industrial sectors and the Bank's exposure to these sectors and various portfolios on a periodic basis. The Audit Committee provides direction to and also monitors the quality of the internal audit function.

2. Policies approved from time to time by the Board of Directors/Committees of the Board form the governing framework for each type of risk. The business activities are undertaken within this policy framework.

3. Independent groups and sub-groups have been constituted across the Bank to facilitate independent evaluation, monitoring and reporting of various risks. These control groups function independent of the business groups/sub-groups.

The risk management framework forms the basis of developing consistent risk principles across the Bank including its overseas branches and overseas banking subsidiaries.

Material risks are identified, measured, monitored and reported to the Board of Directors and the Board level Committees.

Measurement of risks for capital adequacy purposes

Under Pillar 1 of the extant RBI guidelines on Basel III, the Bank currently follows the standardised approach for credit risk, standardised measurement method for market risk and basic indicator approach for operational risk.

CREDIT RISK

Table DF-3: Credit risk: General disclosures for all banks

The Bank is exposed to credit risk in its lending operations. Credit risk is the risk of loss that may occur from the failure of any counterparty to abide by the terms and conditions of any financial contract with the Bank, principally the failure to make required payments as per the terms and conditions of the contracts.

Policies and processes

All credit risk related aspects are governed by Credit and Recovery Policy (Credit Policy). Credit Policy outlines the type of products that can be offered, customer categories, target customer profile, credit approval process and limits. The Credit Policy is approved by the Board of Directors.

The delegation structure for approval of credit limits is approved by the Board of Directors. The delegation is based on the level of risk and the quantum of exposure, to ensure that the transactions with higher exposure and level of risk are put up to correspondingly higher forum/committee for approval. All credit proposals other than retail products, program lending and certain other specified products are rated internally by the Risk Management Group (RMG) prior to approval by the appropriate forum.

- Credit facilities with respect to retail products are provided as per approved product policies. All products and policies require the approval of the Committee of Executive Directors. The individual credit proposals are evaluated and approved by executives on the basis of the product policies. The sourcing and approval are segregated to achieve independence. The Credit Risk Management Group, Credit and Policy Group and credit teams are assigned complementary roles to facilitate effective credit risk management for retail assets.

- Program lending involves lending to individuals/business entities which comply with certain laid down parameterised norms. The approving authority as per the Board approved authorisation lays down these parameters.

- For certain products including dealer funding, builder finance and loan against securities up to certain threshold limits and for facilities fully collateralised by cash and cash equivalents, the delegation structure approved by the Board of Directors may permit exemption from the stipulation pertaining to internal rating, up to a certain loan amount. Credit approval limits with respect to such products are laid out in the delegation structure approved by the Board of Directors.

Structure and organisation

RMG is responsible for rating of the credit portfolio, tracking trends in various industries and periodic reporting of portfolio-level changes. The group is segregated into sub-groups for corporate, banks, sovereign and financial institutions, small enterprises, rural and agri-linked business group and retail businesses.

The overseas banking subsidiaries of the Bank have also established broadly similar structures to ensure adequate risk management, factoring in the risks particular to the respective businesses and the regulatory and statutory guidelines. The risk heads of all overseas banking subsidiaries have a reporting relationship to the Chief Risk officer, in addition to reporting to the Chief Executive Officer of the respective subsidiary.

Credit risk assessment process

There exists a structured and standardised credit approval process including a comprehensive credit risk assessment process, which encompasses analysis of relevant quantitative and qualitative information to ascertain credit rating of the borrower.

The credit rating process involves assessment of risk emanating from various sources such as industry risk, business risk, financial risk, management risk, project risk and structure risk.

In respect of retail advances, the Bank's credit officers evaluate credit proposals on the basis of the product policy reviewed by the Credit Risk Management Group and approved by the Committee of Executive Directors.

Credit approval authorisation structure

The Board of Directors has delegated the approving authority to committees such as the Credit Committee (CC) (comprising a majority of independent Directors), the Committee of Executive Directors (COED) (comprising wholetime Directors), the Committee of Senior Management (COSM) (comprising wholetime Directors, Group Executives/Presidents and select Senior General Managers and General Managers), the Committee of Executives (COE), the Regional Committee, and Retail Credit Forums (RCFs) (comprising designated executives) and also to individual executives (under joint delegation). RCFs and individual executives can approve proposals under program norms approved by the COED. The above authorities can approve financial assistance within certain individual and group exposure limits set by the Board of Directors. The authorisation is based on the level of risk and the quantum of exposure, to ensure that the transactions with higher exposure and level of risk are put up to correspondingly higher forum/committee for approval.

In respect of retail loans, all exposures are approved under operating notes or programs approved by the COED. The norms vary across product segments/customer profile, but typically include factors such as the borrower’s income, the loan-to-value ratio and demographic parameters. The individual credit proposals are evaluated and approved by executives on the basis of the product policies.

Credit risk monitoring process

For effective monitoring of credit facilities, the Bank has laid down a credit supervision mechanism which includes monitoring tools such as stock audits, unit visits, risk based asset quality reviews (AQRs), etc. As per the risk based review framework, AQRs are done on quarterly, half-yearly or annual basis based on the rating and exposure of the borrower. The AQR framework ensures that borrowers with higher exposure and level of risk are reviewed more frequently.

For corporate, small enterprises and rural and agriculture linked banking business, Credit Middle Office Group (CMOG) verifies adherence to the terms of the approval prior to commitment and disbursement of credit facilities. The Bank has formed a dedicated Credit Monitoring Group (CMG), distinct from the client relationship and risk management teams, to further enhance and strengthen the monitoring of the corporate and SME portfolio. This group is responsible for day-to-day monitoring of the portfolio,

as well as providing structured inputs for proactive portfolio monitoring, leveraging analytics and developing predictive models and parameters for early warning signals.

The Bank has established centralised operations to manage operating risk in the various back-office processes of its retail assets business except for a few operations, which are decentralised to improve turnaround time for customers. A separate team under the Credit and Policy Group undertakes review and audits of credit quality and processes across different products. The Bank also has a Debt Services Management Group (DSMG) structured along various product lines and geographical locations, to manage debt recovery. The group operates under the guidelines of a standardised recovery process. The Bank has established the Financial Crime Prevention Group (FCPG), as a dedicated and independent group, overseeing/handling the fraud prevention, detection, investigation, monitoring, reporting and awareness creation activities. Critical functions of FCPG include addressing fraud risk at the customer acquisition stage, investigation of reported or suspected frauds, monitoring of debit/credit card and internet banking transactions, compliance with regulatory requirements relating to fraud reporting, vulnerability assessment reviews in banking operations like branch banking, operations, treasury, cards, electronic channels and international branches and subsidiaries. Investigation activity covers reported/suspected frauds in various areas including internal frauds, which are handled by a Special Investigation Unit. Awareness creation activities cover various stakeholders including customers and employees.

Reporting and measurement

Credit exposure for the Bank is measured and monitored using a centralised exposure management system. The analysis of the composition of the portfolio is presented to the Risk Committee on a periodic basis.

The Bank complies with the norms on exposure stipulated by RBI for both single borrower as well as borrower group at the consolidated level. Limits have been set as a percentage of the Bank's consolidated capital funds and are regularly monitored. The utilisation against specified limits is reported to the COED and Credit Committee on a periodic basis.

Credit concentration risk

Credit concentration risk arises mainly on account of concentration of exposures under various categories including industry, products, geography, sensitive sectors, underlying collateral nature and single/group borrower exposures.

Limits have been stipulated on single borrower, borrower group and industry. Exposure to top 10 borrowers and borrower groups, exposure to capital market segment and unsecured exposures for the Group (consolidated) are reported to the senior management committees on a periodic basis. Limits on countries and bank counterparties have also been stipulated. In addition, a framework has been created for managing concentration risk. It specifies various single borrower exposure thresholds along with authorisation matrix that must be followed in case exposures exceed the stipulated thresholds. It also specifies, limits on exposure to internally lower rated borrowers and limits on exposures to borrower groups. These limits are in addition to the prudential limits prescribed by the regulator.

Definition and classification of non-performing assets (NPAs)

The Bank classifies its advances (loans and credit substitutes in the nature of an advance) into performing and non-performing loans in accordance with the extant RBI guidelines.

An NPA is defined as a loan or an advance where:

i) interest and/or installment of principal remain overdue for more than 90 days in respect of a term loan. Any amount due to the Bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the Bank;

ii) if the interest due and charged during a quarter is not serviced fully within 90 days from the end of the quarter;

iii) the account remains 'out of order' in respect of an overdraft/cash credit facility. An account is treated as 'out of order' if:
   - the outstanding balance remains continuously in excess of the sanctioned limit/drawing power for 90 days; or
   - where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of the balance sheet; or
   - credits in the account are not enough to cover the interest debited during the accounting period; or
   - drawings have been permitted in the account for a continuous period of 90 days based on drawing power computed on the basis of stock statements that are more than three months old even though the unit may be working or the borrower's financial position is satisfactory; or
   - the regular/*ad hoc* credit limits have not been reviewed/ renewed within 180 days from the due date/date of *ad hoc* sanction.

iv) a bill purchased/discounted by the Bank remains overdue for a period of more than 90 days;

v) interest and/or installment of principal in respect of an agricultural loan remains overdue for two crop seasons for short duration crops and one crop season for long duration crops;

vi) In respect of a securitisation transaction undertaken in terms of the RBI guidelines on securitisation, the amount of liquidity facility remains outstanding for more than 90 days;

vii) In respect of derivative transaction, if the overdue receivable representing positive mark-to-market value of a derivative contract, remains unpaid for a period of 90 days from the specified due date for payment.

Irrespective of payment performance, the Bank identifies a borrower account as an NPA even if it does not meet any of the above mentioned criteria, where:

- loans availed by a borrower are classified as fraud;
- project does not commence commercial operations within the timelines permitted under the RBI guidelines in respect of the loans extended to a borrower for the purpose of implementing a project;
- the borrower's loans are restructured by the Bank. However, loans given for the purpose of implementing a project and which are restructured because of a change in the documented date of commencement of commercial operations (DCCO) are not classified as non-performing, subject to certain conditions being fulfilled;
- any security in nature of debenture/bonds/equity shares issued by a borrower and held by the Bank is classified as non-performing investment.

Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. A sub-standard asset is one, which has remained an NPA for a period less than or equal to 12 months. An asset is classified as doubtful if it has remained in the sub-standard category for more than 12 months. A loss asset is one where loss has been identified by the Bank or internal or external auditors or during RBI inspection but the amount has not been written off fully. Further, an asset where the realisable value of security is less than 10% of the loan outstanding or it has been continuously classified as non-performing for more than seven years is also classified as a loss asset.

An Non Performing Investment (NPI), similar to NPA, is one where:

(i) Interest/ installment (including maturity proceeds) is due and remains unpaid for more than 90 days.

(ii) The above would apply mutatis-mutandis to preference shares where the fixed dividend is not paid. If the dividend on preference shares (cumulative or non-cumulative) is not declared/paid in any year it would be treated as due/unpaid in arrears and the date of balance sheet of the issuer for that particular year would be reckoned as due date for the purpose of asset classification.

(iii) In the case of equity shares, in the event the investment in the shares of any company is valued at ₹1 per company on account of the non-availability of the latest balance sheet, those equity shares would also be reckoned as NPI.

(iv) If any credit facility availed by the issuer is NPA in the books of the Bank, investment in any of the securities, including preference shares issued by the same issuer would also be treated as NPI and vice versa. However, if only the preference shares are classified as NPI, the investment in any of the other performing securities issued by the same issuer will not be classified as NPI and any performing credit facilities granted to that borrower need not be treated as NPA.

(v) The investments in debentures/bonds, which are deemed to be in the nature of advance, would also be subjected to NPI norms as applicable to investments.

(vi) In case of conversion of principal and/or interest into equity, debentures, bonds, etc., such instruments should be treated as NPA *ab initio* in the same asset classification category as the loan if the loan's classification is substandard or doubtful on implementation of the restructuring package and provision should be made as per the norms.

For loans held at the overseas branches, identification of NPAs is based on the home country regulations (RBI guidelines) or the host country regulations (overseas branch regulator's guidelines), whichever is more stringent.

RBI issued a revised framework for resolution of stressed assets on February 12, 2018. This framework replaced, with immediate effect, RBI's extant instructions on resolution of stressed assets such as the framework for revitalising distressed assets in the economy, corporate debt restructuring scheme, flexible structuring of existing long-term project loans, strategic debt restructuring scheme (SDR), change in ownership outside SDR and the scheme for sustainable structuring of stressed assets (S4A). The Joint Lenders' Forum (JLF) as an institutional mechanism for resolution of stressed accounts has been discontinued. All accounts, including such accounts where any of the schemes

have been invoked but not yet implemented, would be governed by the revised framework, which takes away all dispensations/standstill provided to loan classification under various schemes, other than that for projects under implementation (PUI).

In the case of ICICI Home Finance Company Limited, the Bank's housing finance subsidiary, loans and other credit facilities are classified as per the NHB guidelines into performing and non-performing assets. Further, NPAs are classified into sub-standard, doubtful and loss assets based on criteria stipulated by NHB. Additional provisions are made against specific non-performing assets over and above what is stated above, if in the opinion of the management, such additional provisions are necessary.

In the case of the Bank's overseas banking subsidiaries, loans are stated net of allowance for credit losses. Loans are classified as impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition on the loan (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the loans that can be reliably estimated. An allowance for impairment losses is maintained at a level that management considers adequate to absorb identified credit related losses as well as losses that have occurred but have not yet been identified.

Restructured assets

Restructured loans can be upgraded to standard category only after satisfactory performance during the specified period, that is, date by which at least 20% of the outstanding principal debt as per the resolution plan and interest capitalisation sanctioned as part of the restructuring, if any, is repaid or one year from the commencement of the first payment of interest or principal on the credit facility with longest period of moratorium under the terms of the RP whichever is later. In addition to satisfactory performance during the specified period, accounts above a specified threshold shall also require their credit facilities to be rated investment grade rating (BBB- or better) at the end of specified period by credit rating agencies accredited by RBI for the purpose of bank loan ratings.

Restructuring in respect of loans for PUI involving deferment of the date of commencement of commercial operations would continue as per the instructions contained in the guidelines on income recognition, asset classification and provisioning.

Credit risk exposures

Credit risk exposures (excluding specific risk on available-for-sale and held-for-trading portfolio) 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.

The following table sets forth the details of credit exposure at June 30, 2018.

₹ in million

Category	Credit exposure
Fund-based facilities[1]	8,678,710.0
Non-fund based facilities	2,683,423.2
Total[2]	**11,362,133.2**

1. Includes investment in government securities held under held-to-maturity category.
2. Includes all entities considered for Basel III capital adequacy computation.

a. Geographic distribution of exposures at June 30, 2018

₹ in million

Category	Fund-based facilities[1]	Non-fund based facilities
Domestic	7,305,140.3	2,312,037.0
Overseas	1,373,569.7	371,386.2
Total[2]	**8,678,710.0**	**2,683,423.2**

1. Includes investment in government securities held under held-to-maturity category.
2. Includes all entities considered for Basel III capital adequacy computation.

b. Industry-wise distribution of exposures at June 30, 2018

₹ in million

Industry	Fund-based facilities	Non-fund based facilities
Retail finance[1]	3,803,590.5	37,022.5
Services-finance	645,226.9	121,689.2
Banks[2]	544,798.2	239,626.5
Electronics and engineering	127,093.0	619,835.9
Crude petroleum/refining and petrochemicals	144,924.1	393,467.1
Road, port, telecom, urban development and other infra	245,526.0	175,978.6
Power	306,865.3	104,440.8
Services-non finance	250,802.6	133,889.9
Wholesale/retail trade	199,791.1	139,000.6
Construction	86,022.8	188,245.3
Iron/steel and products	130,583.4	88,871.2
Mutual funds	176,750.0	3,286.2
Chemical and fertilisers	106,595.8	66,659.1

Industry	Fund-based facilities	Non-fund based facilities
Metal and products (excluding iron and steel)	51,274.1	92,420.8
Automobiles	69,260.6	66,876.4
Food and beverages	103,388.3	17,898.3
Mining	80,928.5	41,849.6
Cement	67,844.5	21,580.1
Manufacturing products (excluding metal)	46,654.4	19,073.1
Drugs and pharmaceuticals	35,185.9	23,539.5
Textile	40,866.1	17,655.0
Gems and jewellery	44,458.8	8,897.9
Shipping	19,134.9	14,202.5
FMCG	14,456.4	11,428.2
Venture capital funds	2,777.5	-
Other industries[3]	1,333,910.3	35,988.9
Grand Total[4]	**8,678,710.0**	**2,683,423.2**

1. Includes home loans, commercial business loans, automobile loans, business banking, credit cards, personal loans, rural loans, loans against FCNR(B) deposits, loans against securities and dealer financing portfolio.
2. Includes balances with banks.
3. Other industries include investment in government securities held under held-to-maturity category and developer financing portfolio.
4. Includes all entities considered for Basel III capital adequacy computation.

The following table sets forth, the exposures to industries (other than retail finance) in excess of 5.00% of total exposure at June 30, 2018.

₹ in million

Industry	Fund-based facilities	Non-fund based facilities
Services-finance	645,226.9	121,689.2
Banks	544,798.2	239,626.5
Electronics and engineering	127,093.0	619,835.9
Total	**1,317,118.1**	**981,151.6**

c. Maturity pattern of assets[1]

The following table sets forth, the maturity pattern of assets at June 30, 2018.

₹ in million

Maturity buckets	Cash & balances with RBI	Balances with banks & money at call and short notice	Investments	Loans & advances	Fixed assets	Other assets	Total
Day 1	90,212.0	40,684.3	381,461.5	11,104.7	-	8,738.2	532,200.7
2 to 7 days	6,581.8	261,729.8	207,259.4	58,132.4	-	110,068.1	643,771.5
8 to 14 days	7,138.4	14,311.7	52,498.9	77,725.1	-	14,356.3	166,030.4
15 to 30 days	6,516.6	34,456.6	103,560.0	106,305.3	-	32,382.7	283,221.2
31 days upto 2 months	6,239.2	8,199.8	37,855.2	204,774.1	-	19,711.2	276,779.5
More than 2 months and upto 3 months	6,014.6	2,704.6	46,644.8	268,755.6	-	15,180.2	339,299.8
More than 3 months and upto 6 months	14,320.9	2,652.0	96,640.3	449,525.3	-	33,996.6	597,135.1
More than 6 months and upto 1 year	23,727.4	6,811.9	196,210.7	587,706.5	-	13,459.5	827,916.0
More than 1 year and upto 3 years	26,195.2	4,604.5	215,258.1	1,410,555.1	-	68,715.9	1,725,328.8
More than 3 year and upto 5 years	62,007.8	-	303,311.7	1,077,912.9	-	84,425.1	1,527,657.5
Above 5 years	61,782.1	812.0	422,650.9	1,468,152.2	79,623.1	316,739.9	2,349,760.2
Total	**310,736.0**	**376,967.2**	**2,063,351.5**	**5,720,649.2**	**79,623.1**	**717,773.7**	**9,269,100.7**

1. Consolidated figures for the Bank and its banking subsidiaries, ICICI Home Finance Company Limited, ICICI Securities Primary Dealership Limited and ICICI Securities Limited and its subsidiaries. The maturity pattern of assets for the Bank is based on methodology used for reporting positions to the RBI on asset-liability management. The maturity pattern of assets for the subsidiaries is based on similar principles.

d. Amount of non-performing loans (NPLs) at June 30, 2018

₹ in million

NPL classification	Gross NPLs	Net NPLs
Sub-standard	92,925.8	68,540.5
Doubtful	456,436.1	189,875.5
- Doubtful 1[1]	*232,356.3*	*130,253.0*
- Doubtful 2[1]	*152,867.3*	*57,553.6*
- Doubtful 3[1]	*71,212.5*	*2,068.9*
Loss	15,790.1	-
Total[2, 3]	**565,152.0**	**258,416.0**
NPL ratio[4]	**9.37%**	**4.51%**

1. Loans (other than direct agri) classified as NPLs for 456-820 days are classified as Doubtful 1,821-1,550 days as Doubtful 2 and above 1,550 days as Doubtful 3.
2. Identification of loans as non-performing/impaired is in line with the guidelines issued by regulators of respective subsidiaries.
3. Represents advances portfolio of the Bank and its banking subsidiaries, ICICI Home Finance Company Limited and ICICI Securities Limited.
4. 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.

e. Movement of NPLs during the three months ended June 30, 2018

₹ in million

	Gross NPL	Net NPL
Opening balance at April 1, 2018	567,038.0	292,920.0
Additions during the period/year	45,399.7	25,722.8
Reduction/write-off during the period/year	(47,285.7)	(60,226.8)
Closing balance at June 30, 2018[1]	**565,152.0**	**258,416.0**

1. Includes advances portfolio of the Bank and its banking subsidiaries, ICICI Home Finance Company Limited and ICICI Securities Limited.

f. Movement of provisions during the three months ended June 30, 2018

₹ in million

	Specific provision[2]	General provision
Opening balance at April 1, 2018	274,746.1	28,053.7
Provisions made during the period/year	61,513.4	507.1
Write-off during the period/year	(25,970.7)	-

	Specific provision[2]	General provision
Write-back of excess provisions/reversals during the period/year	(3,231.3)	(133.8)
Adjustments (including transfers between provisions)	-	250.0
Closing balance at June 30, 2018[1]	**307,057.5**	**28,677.0**

1. Includes advances portfolio of the Bank and its banking subsidiaries, ICICI Home Finance Company Limited and ICICI Securities Limited.
2. Specific provision relating to NPAs and restructured loans.

g. Details of write-offs and recoveries booked in income statement for the three months ended June 30, 2018

₹ in million

Write-off that have been booked directly to the income statement	127.3
Recoveries that have been booked directly to the income statement	174.9

h. Amount of non-performing investments (NPIs) in securities, other than government and other approved securities at June 30, 2018

₹ in million

	Amount[1]
Gross NPIs	43,589.5
Total provisions held against NPIs	(35,941.9)
Net NPIs[2]	**7,647.6**

1. Excludes amount outstanding under application money.
2. Includes NPIs of the Bank and its banking subsidiaries.

i. Movement of provisions for depreciation on investments[1] during the three months ended June 30, 2018

₹ in million

	Amount[2,3]
Opening balance at April 1, 2018	51,589.9
Provision/depreciation (net) made during the period/year	6,994.3
Write-off/write-back of excess provision during the period/year	(282.2)
Closing balance at June 30, 2018[4]	**58,302.0**

1. After considering movement in appreciation on investments.
2. Includes all entities considered for Basel III capital adequacy computation.
3. Excludes amount outstanding under application money.
4. Includes provisions for depreciation on investments of the Bank and its subsidiaries.

j. Top five industries based on total credit risk exposure (other than banks) at June 30, 2018

₹ in million

	Gross NPAs	Specific provision[1]	General provision	Specific provision during the period/year	Write-off during the period/year
Top 5 Industries	118,946.4	79,366.4	16,349.2	7,570.1	1,112.3

1. Specific provision relating to NPAs and restructured loans.

k. Geography-wise breakup of gross NPAs, specific provision and general provision at June 30, 2018

₹ in million

Category	Gross NPAs	Specific provision[1]	General provision
Domestic	350,148.3	208,227.3	22,369.1
Overseas	215,003.7	98,830.2	6,307.9
Total	**565,152.0**	**307,057.5**	**28,677.0**

1. Specific provision relating to NPAs and restructured loans.

CREDIT RISK: PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

Table DF-4: Credit risk: Disclosures for portfolios subject to the standardised approach

a. External ratings

The Bank uses the standardised approach to measure the capital requirements for credit risk. As per the standardised approach, regulatory capital requirement for credit risk on corporate exposures is measured based on external credit ratings assigned by external credit assessment institutions (ECAIs) specified by RBI in its guidelines on Basel III. As stipulated by RBI, the risk weights for resident corporate exposures are assessed based on the external ratings assigned by domestic ECAI and the risk weights for non-resident corporate exposures are assessed based on the external ratings assigned by international ECAI. For this purpose, at June 30, 2018, the domestic ECAI specified by RBI were CRISIL Limited, Credit Analysis & Research Limited, ICRA Limited, India Ratings and Research, SME Rating Agency of India Limited and Brickwork Ratings India Private Limited, INFORMERICS and international ECAIs specified by RBI were Standard & Poor's, Moody's and Fitch. Further, the RBI's Basel III framework stipulates guidelines on the scope and eligibility of application of external ratings. The Bank reckons the external rating on the exposure for risk weighting purposes, if the external rating assessment complies with the guidelines stipulated by RBI.

The key aspects of the Bank's external ratings application framework are as follows:

- The Bank uses only those ratings that have been solicited by the counterparty.
- Foreign sovereign and foreign bank exposures are risk-weighted based on issuer ratings assigned to them.
- The risk-weighting of corporate exposures based on the external credit ratings includes the following:

  i. The Bank reckons external ratings of corporates either at the credit facility level or at the borrower (issuer) level. The Bank considers the facility rating where both the facility and the borrower rating are available, given the more specific nature of the facility credit assessment.

  ii. The Bank ensures that the external rating of the facility/borrower has been reviewed at least once by the ECAI during the previous 15 months and is in force on the date of its application.

  iii. When a borrower is assigned a rating that maps to a risk weight of 150%, then this rating is applied on all the unrated facilities of the borrower and risk weighted at 150%.

  iv. Unrated short-term claim on counterparty is assigned a risk weight of at least one level higher than the risk weight applicable to the rated short-term claim on that counterparty.

- The RBI guidelines outline specific conditions for facilities that have multiple ratings. In this context, the lower rating, where there are two ratings and the second-lowest rating where there are three or more ratings are used for a given facility.

b. Credit exposures by risk weights

The following table sets forth, the credit exposures subject to the standardised approach after adjusting for credit risk mitigation by risk weights at June 30, 2018.

₹ in million

Exposure category	**Amount[1,2]**
Less than 100% risk weight	5,890,988.8
100% risk weight	4,556,956.6
More than 100% risk weight	988,095.9
Total	**11,436,041.3**

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.
2. Includes all entities considered for Basel III capital adequacy computation.

LEVERAGE RATIO

The Basel III leverage ratio is defined as the capital measure (Tier-1 capital of the risk-based capital framework) divided by the exposure measure, with this ratio expressed as a percentage. As per RBI guidelines, the Basel III leverage for the Group at the consolidated level at June 30, 2018 is as follows.

₹ in million

Tier-1 capital (A)	1,091,692.6
Exposure measure (B)	10,877,739.4
Leverage ratio (A/B)	**10.04%**

1. Tier 1 capital at September 30, 2017, December 31, 2017 and March 31, 2018 was ₹ 995,176.7 million, ₹ 995,200.6 million and ₹ 1,096,563.0 million, respectively.
2. Total exposures at September 30, 2017, December 31, 2017 and March 31, 2018 were ₹ 10,332,206.2 million, ₹ 10,488,181.2 million, ₹ 11,159,400.4 million, respectively.
3. Leverage ratio at September 30, 2017, December 31, 2017 and March 31, 2018 was 9.63%, 9.49% and 9.83%, respectively.

MAIN FEATURES OF CAPITAL INSTRUMENTS

Disclosure pertaining to main features of equity and debt capital instruments, terms and conditions of equity and debt capital instruments have been disclosed separately on the Bank's website under 'Regulatory Disclosures Section'. The link to this section is http://www.icicibank.com/regulatory-disclosure.page