BASEL II – Pillar 3 Disclosures (Consolidated)

1. SCOPE OF APPLICATION

Pillar 3 disclosures apply to ICICI Bank Limited and its consolidated entities, wherein ICICI Bank Limited is the controlling entity in the group.

Basis of consolidation for capital adequacy

Consolidation for capital adequacy is based on consolidated financial statements of ICICI Bank and its subsidiaries in line with guidelines for consolidated accounting and other quantitative methods vide DBOD.No.BP.BC.72/21.04.018/2001-02 issued by Reserve Bank of India (RBI). The capital charge is computed as per RBI guidelines for implementation of the New Capital Adequacy Framework (Basel II) released in April 2007.

The entities considered for consolidation for capital adequacy include subsidiaries, associates and joint ventures of the Bank, which carry on activities of banking or financial nature as stated in the scope for preparing consolidated prudential reports laid down in RBI guidelines.

As per Basel II guidelines, entities engaged in insurance business and businesses not pertaining to financial services have been excluded from consolidation for capital adequacy. Investment above 30% in paid-up equity capital of financial entities which are not consolidated for capital adequacy (including insurance entities) and investments in other instruments eligible for regulatory capital status in those entities have been deducted to the extent of 50% from Tier-1 and 50% from Tier-2 capital.

The table below lists ICICI Bank's financial and non-financial subsidiaries/associates/joint ventures and other entities consolidated for accounting and their treatment in consolidated capital adequacy computations:

Sr. No.	Name of the entity	Nature of business & consolidation status
1	ICICI Securities Primary Dealership Limited	Securities investment, trading and underwriting – fully consolidated
2	ICICI Securities Limited	Securities broking & merchant banking – fully consolidated
3	ICICI Securities Inc.	Securities broking – fully consolidated
4	ICICI Securities Holdings Inc.	Holding company of ICICI Securities Inc. – fully consolidated
5	ICICI Venture Funds Management Company Limited	Private equity/venture capital fund management – fully consolidated
6	ICICI Home Finance Company Limited	Housing finance – fully consolidated
7	ICICI Trusteeship Services Limited	Trusteeship services – fully consolidated
8	ICICI Investment Management Company Limited	Asset management – fully consolidated
9	ICICI International Limited	Asset management – fully consolidated
10	ICICI Bank UK PLC	Banking – fully consolidated
11	ICICI Bank Canada	Banking – fully consolidated
12	ICICI Wealth Management Inc.	Wealth management – fully consolidated
13	ICICI Bank Eurasia LLC	Banking – fully consolidated
14	ICICI Eco-net Internet and Technology Fund[1]	Venture capital fund – fully consolidated
15	ICICI Equity Fund[1]	Unregistered venture capital fund – fully consolidated
16	ICICI Emerging Sectors Fund[1]	Venture capital fund – fully consolidated
17	ICICI Strategic Investments Fund[1]	Unregistered venture capital fund – fully consolidated
18	ICICI Prudential Asset Management Company Limited	Asset management – fully consolidated
19	ICICI Prudential Trust Limited	Trusteeship – fully consolidated
20	TCW/ICICI Investment Partners LLC	Asset management – pro-rata consolidated

Sr. No.	Name of the entity	Nature of business & consolidation status
21	ICICI Prudential Life Insurance Company Limited	Life insurance – consolidated for financial reporting but not for capital adequacy and deducted from capital for capital adequacy
22	ICICI Lombard General Insurance Company Limited	General Insurance – consolidated for financial reporting but not for capital adequacy and deducted from capital for capital adequacy
23	ICICI Venture Value Fund[1]	Unregistered venture capital fund – consolidated by equity method
24	TSI Ventures (India) Private Limited	Real estate consultancy – consolidated for financial reporting but not for capital adequacy
25	ICICI Kinfra Limited	Infrastructure development consultancy – consolidated for financial reporting but not for capital adequacy
26	ICICI West Bengal Infrastructure Development Corporation Limited	Infrastructure development consultancy – consolidated for financial reporting but not for capital adequacy
27	Financial Information Network and Operations Limited	Service provider – consolidated by equity method for financial reporting but not consolidated for capital adequacy
28	I-Process Services (India) Private Limited	Service provider – consolidated by equity method for financial reporting but not consolidated for capital adequacy
29	I-Solutions Providers (India) Private Limited	Service provider – consolidated by equity method for financial reporting but not consolidated for capital adequacy
30	NIIT Institute of Finance, Banking and Insurance Training Limited	Education and training in banking and finance – consolidated by equity method for financial reporting but not consolidated for capital adequacy

1. Consolidating entities under Accounting Standard 21

a. Capital deficiencies

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 as on March 31, 2008. ICICI Bank maintains an active oversight on all its subsidiaries through their respective Boards and regular updates to the Board of ICICI Bank. On a quarterly basis the capital adequacy position of subsidiaries (banking, non-banking & insurance subsidiaries), as per 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 interest in its insurance subsidiaries, which is deducted from capital for capital adequacy under Basel II is detailed in the table below.

Rupees in million

Name of the entity	Country of incorporation	Ownership interest	Book value of investment
ICICI Prudential Life Insurance Company Limited	India	73.87%	27,819.0
ICICI Lombard General Insurance Company Limited	India	73.83%	7,170.6

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

Rupees in million

Method	Quantitative impact
Deduction method	34,989.6
Capital at 9% based on risk weighted assets	3,149.1

2. CAPITAL STRUCTURE

a. Summary information on main terms and conditions / features of capital instruments

RBI's capital adequacy norms classify capital funds into Tier-1 and Tier-2 capital. Tier-1 capital includes paid-up equity capital, statutory reserves, other disclosed free reserves, capital reserves and innovative perpetual debt instruments (Tier-1 bonds) eligible for inclusion in Tier-1 capital that comply with requirement specified by RBI. Elements of Tier-2 capital include revaluation reserve, general provision and loss reserve, upper Tier-2 instruments (upper Tier-2 bonds) and subordinate debt instruments (lower Tier-2 bonds) eligible for inclusion in Tier-2 capital. ICICI Bank and its subsidiaries have issued debt instruments that form a part of Tier-1 and Tier-2 capital. The terms and conditions that are applicable for these instruments comply with the stipulated regulatory requirements and where required an independent legal opinion has been obtained for inclusion of these instruments in capital.

Tier-1 bonds are non-cumulative and perpetual in nature with a call option after 10 years. Interest on Tier-1 bonds is payable either annually or semi-annually. Some of the Tier-1 bonds have a step-up clause on interest payment ranging up to 100 bps.

The upper Tier-2 bonds are cumulative and have an original maturity of 15 years with call option after 10 years. The interest on upper Tier-2 bonds is payable either annually or semi-annually. Some of the upper Tier-2 debt instruments have a step-up clause on interest payment ranging up to 100 bps.

The lower Tier-2 bonds are cumulative and have an original maturity between five to 15 years. The interest on lower Tier-2 capital instruments is payable quarterly, semi-annually or annually.

b. Amount of Tier-1 capital (March 31, 2008)

Rupees in billion

Tier-1 capital elements	Amount
Paid-up share capital/common stock[1]	12.82
Reserves[2]	464.11
Innovative Tier-1 capital instruments	26.57
Minority interest	0.50
Gross Tier-1 capital	**504.00**
Deductions:	
Investment in paid-up equity of financial subsidiaries/associates	17.49
Intangible assets other than goodwill[3]	21.76
Securitisation exposures including credit enhancements	14.71
Goodwill	0.62
Other deductions	0.28
Minority interest not eligible for inclusion in Tier-1 capital	0.19
Net Tier-1 capital	**448.96**

1. Includes preference shares permitted by RBI for inclusion in Tier-1 capital.
2. Includes statutory reserves, disclosed free reserves and capital reserves.
3. Includes losses and deferred tax assets and unamortized early retirement options.

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c. **Amount of Tier-2 capital (March 31, 2008)**

Rupees in billion

Tier-2 capital elements	Amount
General provisions & loss reserves	15.69
Upper Tier-2 instruments	30.53
Lower Tier-2 capital instruments	104.10
Gross Tier-2 capital	**150.32**
Deductions :	
Investments in paid-up equity of financial subsidiaries/associates	17.49
Securitisation exposure including credit enhancement	14.71
Other deductions	0.28
Net Tier-2 capital	**117.85**

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

Rupees in billion

	Tier-1	Upper Tier-2	Lower Tier-2
Total amount outstanding at March 31, 2008	26.57	30.53	131.47
Amount raised during current financial year	5.00	5.00	13.40
Amount eligible to be reckoned as capital funds	26.57	30.53	104.10

e. **Total eligible capital (March 31, 2008)**

Rupees in billion

	Amount
Eligible Tier-1 capital	448.96
Eligible Tier-2 capital	117.85
Total eligible capital	566.81

3. CAPITAL ADEQUACY

a. **Capital assessment**

ICICI Bank is subjected to the capital adequacy guidelines stipulated by RBI which are based on the framework of the Basel Committee on Banking Supervision. As per the capital adequacy guidelines under Basel I, the Bank is required to maintain a minimum ratio of total capital to risk weighted assets (CRAR) of 9.0%, at least half of which is required to be Tier-1 capital. In April 2007, RBI issued the final guidelines on Basel II. As per Basel II guidelines, applicable from March 31, 2008, ICICI Bank is required to maintain a minimum CRAR of 9.0%, with minimum Tier I capital ratio of 6%. ICICI Bank is required to maintain capital at the level required by Basel I or Basel II, whichever is higher. The minimum capital required to be maintained by ICICI Bank as per Basel II guidelines is higher than that under Basel I guidelines. Assessment of the Bank's capital requirements is carried out on a periodic basis.

b. **Capital requirements for various risk areas (March 31, 2008)**

Rupees in billion

Risk area	Amount
Credit risk	
Capital required	
– Portfolio subject to standardized approach	311.96
– Securitisation exposure	1.89

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Risk area	Amount
Market risk	
Capital required	
– for interest rate risk	37.92
– for foreign exchange (including gold) risk	2.97
– for equity position risk	9.05
Operational risk	
Capital required	15.22
Total capital requirement at 9%	**379.01**
Total capital funds of the Bank	**566.81**
Total risk weighted assets	**4,211.19**
Capital adequacy ratio	**13.46%**

Capital adequacy ratio					
Capital ratios	**Consolidated[1]**	**ICICI Bank Limited[1]**	**ICICI Bank UK PLC[2]**	**ICICI Bank Canada[2]**	**ICICI Bank Eurasia LLC[2]**
Tier-1 capital ratio	10.66%	11.76%	12.31%	19.78%	N.A.[3]
Total capital ratio	13.46%	13.97%	18.97%	22.33%	15.57%

1. Computed as per Basel II guidelines
2. Computed as per capital adequacy framework guidelines issued by regulators of respective jurisdictions
3. Total capital ratio is required to be reported in line with regulatory norms stipulated by Central Bank of Russia

4. CREDIT RISK

a. Credit risk management policy and processes

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. Management of credit risk in the Bank is governed by a Board-approved Credit and Recovery Policy.

Policies and processes

The Credit and Recovery Policy of the Bank has been prepared with the broad objective of meeting the following goals:

- Adhere to the guidelines / policies enunciated by RBI and other regulatory authorities.
- Be the preferred bank for corporate, government, small and medium enterprises, rural/micro banking, agriculture and retail customers.
- Maintain cordial business relationship with all customers by servicing their needs promptly and efficiently.
- Build a diversified good quality asset portfolio through risk based lending and active churning of the portfolio.
- Optimise risk return profile with adequate exit options.

The policy covers corporate, small and medium enterprise, retail, rural/agri and investment related exposures. The Global Credit Risk Management Group (GCRMG) measures, monitors and manages credit risk at each borrower level and at the portfolio level. There is a structured and standardized credit approval process including a comprehensive credit appraisal procedure.

In order to assess the credit risk associated with any financing proposal, the Bank assesses a variety of risks relating to the borrower and the relevant industry. The Bank evaluates borrower risk by considering:

- the financial position of the borrower by analyzing the financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy.
- the borrower's relative market position and operating efficiency and
- the quality of management by analyzing their track record, payment record and financial conservatism.

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The Bank evaluates industry risk by considering:

- certain industry characteristics, such as the importance of the industry to the economy, its growth outlook, cyclicality and government policies relating to the industry.
- the competitiveness of the industry and
- certain industry financials, including return on capital employed, operating margins and earnings stability.

Credit approval authorities

The Board of Directors has delegated the authority to the Credit Committee, consisting of a majority of independent Directors, the Committee of Directors (COD), consisting of whole time Directors, the Committee of Executives-Credit, the Regional Committee-Credit, Retail Credit Forums, Small Enterprise Group Forums and Agri Credit Forums, all consisting of designated executives, and to individual executives in the case of program / policy based products, to approve financial assistance within certain individual and group exposure limits set by our Board of Directors. The authorization is based on the level of risk. The delegation of structure has been designed 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, ICICI Bank's credit officers evaluate credit proposals on the basis of the product policy approved by the Retail Credit Forum and the risk assessment criteria defined by the GCRMG. These criteria vary across product segments but typically include factors such as the borrower's income, the loan-to-value ratio, demographic parameters and certain stability factors.

The risk assessment for small enterprises involves identification of appropriate credit norms for the concerned market segment and use of scoring models for enterprises that satisfy these norms.

Structure and organisation of the credit risk management function

The Bank has adopted a framework for risk management, including setting up of an independent Global Risk Management Group (GRMG) which ensures that the requirements for effective management of key risks such as credit, market, liquidity and operational risks are addressed in the Bank's policies, procedures and operating instructions and has separate focussed groups to carry out credit, market and operational risk analysis of each portfolio within various business groups (corporate, retail, small enterprises, agriculture, banks and financial institutions). GRMG is responsible for formulating policies, risk evaluation methodologies, assigning internal ratings and reporting to the senior management. The head of GRMG reports to the Joint Managing Director and Chief Financial Officer (JMD & CFO) of ICICI Bank.

The subsidiaries of the Bank have also established appropriate structures to ensure adequate risk management, factoring in the risks particular to the respective businesses and the regulatory and statutory guidelines. The Bank also has in place a Group Risk Management Framework which forms the basis of developing consistent risk principles across the group. The objective of this framework is to ensure that the risk management principles are uniform across the parent and the various overseas banking subsidiaries.

Reporting and measurement

Credit exposure for ICICI Bank is measured & monitored using a centralized exposure management system. The analysis of the composition of the portfolio is presented to the Risk Committee on a quarterly basis.

ICICI 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 by the risk management group as a percentage of the Bank's consolidated capital funds and are regularly monitored. The utilization against specified limits is reported to the COD and Credit Committee on a periodic basis.

Definition and classification of non-performing assets (NPA)

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

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

i) interest and/ or installment of principal remains 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) the account remains 'out of order' in respect of an overdraft/ cash credit (OD/CC) facility continuously for 90 days. An account is treated as 'out of order' if:
   a. the outstanding balance remains continuously in excess of the sanctioned limit/drawing power, or
   b. 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,
   c. credits in the account are not enough to cover the interest debited during the accounting period
   d. 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
   e. the regular/ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction.

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

iv) 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.

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 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 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.

The loans of subsidiaries have been classified as non-performing in accordance with the guidelines prescribed by their respective regulators.

b. Total credit risk exposures (March 31, 2008)

Rupees in million

Category	Credit exposure
Fund-based facilities	3,480,734.9
Non-fund based facilities	1,217,318.0
Total[1]	**4,698,052.9**

1. Includes all entities considered for Basel II capital adequacy computation.

Credit exposure includes exposure towards term loans, working capital facilities (i.e. funded facilities like cash credit, demand loan, temporary limits and non-funded facilities like letter of credit, acceptances, financial guarantee, project guarantee etc.), sell-down options and commitments under loan syndication. The above excludes investments & derivative exposures, which are covered under market risk.

c. Geographic distribution of exposures (March 31, 2008)

Rupees in million

	Fund-based	Non-fund based
Domestic	2,710,319.7	1,157,494.5
Overseas	770,415.2	59,823.5
Total[1]	**3,480,734.9**	**1,217,318.0**

1. Includes all entities considered for Basel II capital adequacy computation.

d. **Industry-wise distribution of exposures (March 31, 2008)**

Rupees in million

Industry	Fund-based	Non-fund based
Retail finance[1]	1,724,896.8	61,379.4
Crude petroleum/refining & petrochemicals	72,828.6	206,620.4
Power	138,408.2	118,900.5
Electronics & engineering	57,704.8	180,515.3
Road, port, telecom, urban development & other infrastructure	95,748.4	124,446.2
Services – non-finance	163,848.7	40,961.4
Iron/steel & products	103,154.2	59,918.1
Services – finance	107,164.8	13,698.4
Construction	42,255.1	67,647.3
Metal & products (excluding iron & steel)	38,105.5	64,446.3
Food & beverages	95,919.0	5,675.6
Banks	31,809.6	56,563.4
Chemical & fertilisers	58,454.4	27,208.6
Mutual funds	76,426.5	89.7
Wholesale/retail trade	29,892.6	25,868.1
Shipping	26,607.9	18,984.9
Automobiles	33,459.8	11,746.4
Manufacturing products excluding metal	29,755.2	10,970.5
Drugs & pharmaceuticals	35,011.1	4,980.1
Textiles	34,497.5	4,924.1
Gems & jewellery	28,157.4	4,196.8
FMCG	12,553.0	1,326.5
Mining	11,480.1	2,200.4
Cement	9,588.2	2,709.8
Other industries	423,007.3	101,340.0
Total[2]	**3,480,734.9**	**1,217,318.0**

1. Includes home loans, automobile loans, commercial business loans, two wheeler loans, personal loans, credit cards, dealer funding and developer financing.
2. Includes all entities considered for Basel II capital adequacy computation.

e. **Residual contractual maturity break-down of assets**

The maturity pattern of assets as on March 31, 2008 is detailed in the table below.

Rupees in million

Maturity buckets	Cash & balance with monetary authority	Balances with banks & money at call and short notice	Investments	Advances	Fixed assets	Other assets	Total assets
1 to 14 days	94,724.5	131,842.8	314,108.9	100,444.1	—	72,825.1	**713,945.3**
15 to 28 days	29,692.0	9,387.3	105,093.8	33,754.4	8.2	31,607.7	**209,543.4**

Maturity buckets	Cash & balance with monetary authority	Balances with banks & money at call and short notice	Investments	Advances	Fixed assets	Other assets	Total assets
29 days to 3 months	29,591.9	21,843.0	163,771.4	164,332.5	280.0	9,028.1	**388,846.9**
3 to 6 months	27,901.8	8,053.2	107,078.6	167,188.1	427.3	4,451.6	**315,100.6**
6 months to 1 year	47,935.1	8,299.5	178,467.8	277,411.7	1,180.7	4,517.4	**517,812.2**
1 to 3 years	48,622.1	2,235.0	220,117.6	875,614.7	5,202.2	13,813.2	**1,165,604.7**
3 to 5 years	6,750.0	2.5	66,341.7	379,748.9	494.1	2,778.6	**456,115.8**
Above 5 years	9,870.9	407.8	234,190.1	527,423.8	34,454.2	86,376.3	**892,722.9**
Total[1]	**295,088.2**	**182,071.1**	**1,389,169.8**	**2,525,918.2**	**42,046.6**	**225,397.9**	**4,659,691.8**

1. Consolidated figures for ICICI Bank Limited, ICICI Bank UK PLC, ICICI Bank Canada, ICICI Bank Eurasia LLC, ICICI Home Finance Company and ICICI Securities and its subsidiaries.

f. Amount of non-performing loans (NPL) (March 31, 2008)

Rupees in million

NPL Classification	Gross NPLs[1]	Net NPLs[2]
Sub-standard	48,847.3	31,569.9
Doubtful	22,300.3	3,628.0
– Doubtful 1[3]	16,450.1	2,256.4
– Doubtful 2[3]	4,546.4	1,371.6
– Doubtful 3[3]	1,303.8	—
Loss	5,269.6	—
Total[4]	**76,417.2**	**35,197.9**
NPL Ratio	**2.99%**	**1.40%**

1. Gross NPL ratio is computed as a ratio of Gross NPLs to Gross Advances.
2. Net NPL ratio is computed as a ratio of Net NPLs to Net Advances.
3. NPL outstanding for 456-820 days are classified as Doubtful 1, 820-1550 days as Doubtful 2 and above 1550 days as Doubtful 3.
4. Includes advances portfolio of ICICI Bank Limited, banking subsidiaries and ICICI Home Finance Company.

g. Movement of NPL

Rupees in million

	Gross	Net
Opening Balance as on April 1, 2007	41,628.7	20,039.2
Additions during the year[1,2]	37,153.6	17,789.9
Reductions during the year	(2,365.1)	(2,631.2)
Closing balance as on March 31, 2008[3]	**76,417.2**	**35,197.9**

1. Excludes cases added to and deleted from NPLs in the same year.
2. The difference between the opening and closing balance of NPLs in retail loans is included in additions during the year.
3. Includes advances portfolio of ICICI Bank Limited, banking subsidiaries and ICICI Home Finance Company.

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h. **Movement of provisions for NPL**

Rupees in million

	Amount
Opening balance as on April 1, 2007	21,085.3
Provisions made during the year	19,594.2
Write-off	(372.5)
Write-back of excess provisions	(545.0)
Closing balance as on March 31, 2008[1]	**39,762.0**

1. Includes provision on advances portfolio of ICICI Bank Limited, banking subsidiaries and ICICI Home Finance Company.

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

Rupees in million

	Amount[1]
Gross NPI as on March 31, 2008	7,058.5
Total provisions held on NPI	(3,660.6)
Net NPI as on March 31, 2008	3,397.9

1. Consolidated figures for ICICI Bank Limited, banking subsidiaries and ICICI Home Finance Company.

j. **Movement of provisions for depreciation on investments**

Rupees in million

	Amount
Opening balance as on April 1, 2007[1]	1,625.8
Provisions made during the year	12,678.6
(Write-off)/(write back) of excess provisions during the year[2]	1,927.0
Closing balance as on March 31, 2008[3]	**16,231.4**

1. After considering appreciation on investments.
2. After considering movement in appreciation on investments.
3. Includes all entities considered for Basel II capital adequacy computation.

5. CREDIT RISK: PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

a. External ratings

The Basel II guidelines require banks to use ratings assigned by specified External Credit Assessment Agencies (ECAIs) namely CRISIL, CARE, ICRA & Fitch (India) for domestic counterparties and Standard & Poors, Moody's and Fitch for foreign counterparties.

ICICI Bank uses an internal ratings mechanism for rating its clients, which is validated at regular intervals with the assistance of ECAIs like CRISIL to ensure the model is in line with market participants. However, the Bank uses external ratings for the purposes of computing the risk weights as per the new capital adequacy framework.

The prevalence of entity level credit ratings in the Indian market is limited and the instrument/facility-specific credit rating of corporates is more commonly used. Hence while arriving at risk-weighted assets for credit risk under the standardized approach facility-specific credit ratings of the corporates have been used to determine the ratings of the counterparty using the conditions specified in Basel II guidelines for capital adequacy computation.

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As per Basel II guidelines the external rating of the facilities of the counterparty is contingent upon the ratings of any instrument currently rated by the credit rating agency for the counterparty. The lower rating, where there are two ratings and the second-lowest rating where there are three or more ratings are used in cases where multiple ratings for a given facility were available. The mapping of external ratings to Bank's facility has been undertaken on a case by case basis, using Bank's exposure as at March 31, 2008 and checking for pari passu and maturity conditions associated with the tenure of the facility. The list of approved agencies as per Basel II guidelines for non-resident corporates includes Standard & Poors, Moody's and Fitch. Further, ratings for mutual fund schemes have also been obtained from the ratings mapping provided by the individual ratings agencies.

b. Credit exposures by risk weights

The table below discloses the amount of the Bank's outstanding for credit exposures in three major risk buckets

Rupees in million

Exposure Category	Amount outstanding[1]
Less than 100% risk weight	1,373,923.0
100% risk weight	2,375,657.9
More than 100% risk weight	948,472.0
Total[2]	**4,698,052.9**

1. Includes credit exposures and excludes investment & derivative exposures covered in market risk.
2. Includes all entities considered for Basel II capital adequacy computation.

6. CREDIT RISK MITIGATION

a. Credit risk mitigation policy

The Bank defines collateral as the assets or rights provided to the Bank by the borrower or a third party in order to secure a credit facility. The Bank would have the rights of secured creditor in respect of the assets/ contracts offered as security for the obligations of the borrower/ obligor.

Collateral valuation and management

As stipulated by the RBI guidelines, the Bank uses the comprehensive approach for collateral valuation. Under this approach, the Bank reduces its credit exposure to a counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified in the Basel II guidelines.

In line with Basel II guidelines, the Bank adjusts the value of any collateral received to adjust for possible future fluctuations in the value of the collateral in line with the requirements specified by RBI guidelines. These adjustments, also referred to as 'haircuts', to produce volatility-adjusted amounts for collateral, are reduced from the exposure to compute the capital charge based on the applicable risk weights.

Types of collateral taken by the Bank

ICICI Bank determines the appropriate collateral for each facility based on the type of product and counterparty. In case of corporate and small and medium enterprises financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance. For project finance, security of the assets of the borrower and assignment of the underlying project contracts is generally taken. In addition, in some cases, additional security such as pledge of shares, cash collateral, charge on receivables with an escrow arrangement is also taken.

For retail products, the security to be taken is defined in the product policy for the respective products. Housing loans and automobile loans are secured by the security of the property/ automobile being financed. The valuation of the properties is carried out by an approved valuation agency.

The Bank also offers products which are primarily based on collateral such as shares, specified securities, warehoused commodities and gold jewellery. These products are offered in line with the approved product notes which also deal with types of collateral, valuation and margining.

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The Bank extends unsecured facilities to high rated clients and for certain products such as derivatives, credit cards and personal loans. The limits structure with respect to unsecured facilities has been approved by the Board of Directors.

The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorisation approved by the Board of Directors. For facilities provided as per approved product policies (retail products, loan against shares etc.), collateral is taken in line with the policy.

Types of eligible financial collateral

The Bank recognizes only specified types of financial collateral to be eligible for providing capital relief in line with Basel II guidelines towards credit risk mitigation. This includes cash (deposited with the Bank), gold (including bullion and jewellery, subject to collateralized jewellery being benchmarked to 99.99% purity), securities issued by Central and State Governments, Indira Vikas Patra, Kisan Vikas Patra, National Savings Certificates, life insurance policies with a declared surrender value issued by an insurance company which is regulated by the insurance sector regulator, certain debt securities rated by a recognized credit rating agency, mutual fund units where daily Net Asset Value (NAV) is available in public domain and the mutual fund is limited to investing in the instruments listed above and guarantees from certain specified entities.

Credit concentration risk

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

Within corporate portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the RBI has prescribed regulatory limits on banks' maximum exposure to single borrowers and group borrowers. In order to restrict the concentration risk arising out of longer tenure exposure within the prudential limits set by RBI, the Board of ICICI Bank has approved prescribed sub-limits for the maximum exposure the Bank can have to a borrower group.

Within the various limits are stipulated in the credit policy to address concentration risk. Limits have been stipulated on single borrower, group, industry, longer tenure exposure to a group. Exposure of top 10 borrowers and borrower groups for the consolidated Bank are reported to the Committee of Directors on a quarterly basis.

b. **Portfolio covered by eligible financial collateral**

The table below details the total exposure that is covered by eligible financial collateral as at March 31, 2008.

Rupees in million

Exposures covered by financial collateral	Amount[1]
Exposure before use of credit risk mitigation techniques	105,242.2
Exposure after use of credit risk mitigation techniques	83,676.5

1. Includes all entities considered for Basel II capital adequacy computation.

7. SECURITISATION

a. **Securitisation objectives and policies**

Objectives

The Bank's primary objective of securitization activities is to increase the efficiency of capital and enhance the return on capital employed by diversifying sources of funding.

Roles played by the Bank

In securitization transactions backed by assets either originated by the Bank or third parties, the Bank plays the following major roles:

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- **Underwriter:** allowing un-subscribed portions of securitized debt issuances, if any to devolve on the Bank, with the intent of selling at a later stage.
- **Investor / trader / market-maker:** acquiring investment grade securitized debt instruments backed by financial assets originated by third parties for purposes of investment / trading / market-making with the aim of developing an active secondary market in securitized debt.
- **Structurer:** structuring appropriately in a form and manner suitably tailored to meet investor requirements while being compliant with extant regulations.
- **Provider of liquidity facilities:** addressing temporary mismatches on account of the timing differences between the receipt of cash flows from the underlying performing assets and the fulfillment of obligations to the beneficiaries.
- **Provider of credit enhancement facilities:** addressing delinquencies associated with the underlying assets, i.e. bridging the gaps arising out of credit considerations between cash flows received / collected from the underlying asset and the fulfillment of repayment obligations to the beneficiaries.
- **Provider of collection and processing services:** collecting and/or managing receivables from underlying obligors, contribution from the investors to securitisation transactions, making payments to counterparties / appropriate beneficiaries, reporting the collection efficiency and other performance parameters and providing other services relating to collections and payments as may be required for the purpose of the transactions.

b. Summary of the Bank's accounting policies for securitisation activities

The Bank transfers commercial and consumer loans to special purpose vehicles (SPVs) settled as trusts through securitisation transactions. The transferred loans are de-recognised and gains/losses are accounted for only if the Bank surrenders the rights to benefits specified in the loan contracts. Recourse and servicing obligations are accounted for net of provisions.

In accordance with the RBI guidelines, with effect from February 1, 2006, the Bank accounts for any loss arising from securitisation immediately at the time of sale and the profit/premium arising from securitisation is amortised over the life of the securities issued or to be issued by the special purpose vehicle to which the assets are sold. In the case of loans sold to an asset reconstruction company, the gain, if any, is ignored.

Key assumptions in measuring the fair value of retained interests at the date of sale or securitisation during the year ended March 31, 2008 and also for subsequent measurement of retained interests as on March 31, 2008 are given in the table below.

	Auto loans	Personal loans	Two wheeler loans	Mortgage loans
Discount rate	7.0% to 15.8%	7.0% to 25.6%	7.0% to 18.8%	7.0% to 10.2%
Constant prepayment rate (per annum)	15.0%	42.0%	12.0%	10.0%
Anticipated net credit losses (per annum)	0.5% to 0.8%	3.0% to 5.7%	2.0% to 3.6%	0.2% to 0.3%

c. Rating of securitisation exposures

Ratings obtained from domestic accredited rating agencies like CARE, CRISIL, ICRA and Fitch (India) are used for securisation exposures. Presently, the type of securitisation exposures, for which these ratings are used, are:

- Securitized debt instruments / Pass through certificates (PTCs)
- Second loss credit enhancement facility and
- Liquidity facility.

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d. Break-up of total outstanding exposures securitized by exposure type (March 31, 2008)

Rupees in million

Exposure type	Amount[1]
Vehicle / equipment loans	117,976.9
Home & home equity loans	36,023.8
Personal loans	51,806.3
Corporate loans	13,273.9
a. Deals originated in current year where the Bank does not have any retained exposure	3,300.0
b. Deals originated in current year where the Bank has retained exposure and deals originated prior to current year	9,973.9
Total	**219,080.9**

1. The amounts represent the outstanding principal as on March 31, 2008 for securitisation deals.

e. (i) Amount of impaired / past due assets securitized

The Bank has not securitized any impaired / past due assets.

(ii) Break-up of securitisation losses by exposure type

Rupees in million

Exposure type	Fiscal 2008
Vehicle / equipment loans	115.0
Home & home equity loans	—
Personal loans	409.6
Corporate loans	—
Total	**524.7**

f. Break-up of aggregate amount of securitisation exposures retained or purchased by exposure type[1]

Rupees in million

Exposure type	March 31, 2008
Vehicle / equipment loans	37,645.9
Home & home equity loans	55,620.6
Personal loans	24,090.0
Corporate loans	8,705.0
Mixed asset pool	34,870.2
Total	**160,931.7**

1. Securitisation exposures, include, but are not restricted to, securities, liquidity facilities, other commitments and credit enhancements such as interest only strips, cash collateral accounts and other subordinated assets.

g. (i) Risk weight bands break-up of aggregate amount of securitisation exposures retained or purchased

Rupees in million

Risk weight bands	March 31, 2008
Less than 100%	93,864.2
100%	39,511.2
More than 100%	701.6
Total	**134,077.0**

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(ii) **Break-up of securitisation exposures deducted from capital by exposure type**

Rupees in million

Exposure type	Exposures deducted entirely from Tier-1 capital[1,4]	Credit enhancement (interest only) deducted from total capital[2,4]	Other exposures deducted from total capital[3,4]
Vehicle / equipment loans	—	1,417.0	6,419.3
Home & home equity loans	—	338.7	1,855.9
Personal loans	—	302.9	6,357.9
Corporate loans	—	0.0	0.0
Mixed assets	—	704.4	9,458.8
Total	**—**	**2,762.9**	**24,092.0**

1. This includes gain on sale of assets.
2. Includes subordinate contribution amount deducted from capital.
3. Includes credit enhancements and capital deducted on PTCs originated by ICICI Bank as well as devolved PTCs & PTCs purchased in case of third party originated securitisation transactions.
4. The figures exclude direct assignments.

h. (i) **Total number and book value of loan assets securitised – by type of underlying assets**

Rupees in million, except number of loans securitised

	Fiscal 2007		Fiscal 2008	
Underlying asset type	**Total number of loan assets securitised**	**Total book value of loan assets securitised**	**Total number of loan assets securitised**	**Total book value of loan assets securitised**
Vehicle / equipment loans	1,389,623	95,466.0	585,779	83,341.6
Home & home equity loans	—	—	—	—
Personal loans	94,759	11,146.6	564,147	54,210.4
Corporate loans	16	9,400.0	5	3,300.0
Total	**1,484,398**	**116,012.5**	**1,149,931**	**140,852.0**

h. (ii) **Summary of securitisation activity**

Rupees in million

	Fiscal 2007	Fiscal 2008
Sale consideration received for the securitised assets	116,500.6	142,470.4
Net gain/(loss) on account of securitisation[1]	(65.5)	168.2

1. Excludes unamortized gain.

h. (iii) **Summary of form and quantum of services provided**

Rupees in million

	March 31, 2007	March 31, 2008
Outstanding credit enhancement	25,014.4	44,860.6
– Funded	16,816.0	15,705.0
– Non-funded	8,198.4	29,155.6
Outstanding liquidity facility	4,361.0	7,740.8
Net outstanding servicing asset/(liability)	(371.4)	1,355.4
Outstanding subordinate contributions	8,604.2	11,798.2

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8. MARKET RISK IN TRADING BOOK

a. Market risk management policy

Risk management policies

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices. The market risk for the Bank and each of its banking subsidiaries is managed in accordance with the investment policies, which are approved by the respective Boards. These policies ensure that operations in securities, foreign exchange and derivatives are conducted in accordance with sound and acceptable business practices and are as per the extant regulatory guidelines, laws governing transactions in financial securities and the financial environment. The policies are reviewed periodically to incorporate therein, changed business requirements, economic environment and revised policy guidelines.

Risk management objectives

The Bank manages its market risk with the broad objectives of:

1. Optimizing interest rate & liquidity risk in the banking book to achieve desired duration of equity.
2. Management of interest rate risk and currency risk of the investment portfolio.
3. Proper classification, valuation and accounting of investment portfolio.
4. Adequate and proper reporting of investments and derivative products.
5. Compliance with regulatory requirements.
6. Effective control over the operation and execution of market related transactions.

Strategies and processes

Internal control system

Treasury operations warrant elaborate control procedures. Keeping this in view, the following guidelines are followed for effective control of the treasury operations:

1. Delegation

   Suitable delegation of administrative powers has been put in place for treasury operations. All investment decisions are vested in the sub-committees of the Board. However, keeping in view the size of the investment portfolio and the variety of securities that the Bank has been dealing in, authority for investment decisions has been delegated to various dealers depending on exigencies of business.

   Treasury Middle Office Group (TMOG) is responsible for an independent check of the transactions entered into by the front office. It also monitors the various limits, which have been laid down in the Investment Policy.

2. System controls

   The systems facilitate straight through processing of deals and have adequate data integrity controls. The deal slips generated from the system contain names of the dealers along with other relevant deal details. These are used for audit and control purpose.

3. Exception handling processes

   The Investment Policy sets out deal-size limits for various products. Various coherence checks have been inserted in the system for ensuring that the appropriate deal size limits are enforced to minimize exceptions.

Structure and organisation of the market risk management function

The Board approved committees review and approve the policies for the management of market risk. These committees lay down the policies for the market risk and the interest rate risk / liquidity risk on the balance sheet within the broad guidelines approved by the Board.

The market risk management group, which is an independent function, reports to head of GRMG. The market risk management group within GRMG exercises independent control over the process of

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market risk management and recommends changes in processes and methodologies for measuring market risk.

To comply with the home and host country regulatory guidelines and to have independent control groups there are clear functional separation of:

- Trading i.e. Front Office
- Monitoring & control i.e. Middle Office and
- Settlements.

The scope and nature of risk reporting and/or measurement systems

Reporting

The Bank periodically reports on the various investments and their related risk measures to the senior management and the committees of the Board. Also, the Bank periodically makes reporting to its various regulators in compliance with regulatory requirements.

Measurement

The Bank along with its subsidiaries has devised various risk metrics for different products and investments in line with global best practices. These risk metrics are measured and reported to the senior management independently by TMOG. Some of the risk metrics adopted by the Bank for monitoring its risks are Value-at-Risk, Duration of Equity (DoE), Modified Duration / PV01, Stop Loss, amongst others. Based on the risk appetite of the Bank, limits are placed on the risk metrics which is monitored on a periodic basis.

Hedging & mitigation

Limits on positions that can be maintained are laid out in the relevant policies. All business groups are required to operate within these limits.

Hedge transactions for banking book transactions are periodically assessed for hedge effectiveness as per home and host country financial guidelines.

b. Capital requirements for market risk (March 31, 2008)

Rupees in billion

Risk category	Capital charge[1]
Capital required	49.94
– for interest rate risk	37.92
– for foreign exchange (including gold) risk	2.97
– for equity position risk	9.05

1. Includes all entities considered for Basel II capital adequacy computation.

9. OPERATIONAL RISK

a. Operational risk management policy

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational risk includes legal risk but excludes strategic and reputational risk. Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements. Operational risk is inherent in ICICI Bank's business activities in both domestic as well as overseas operations and, like other risk types, is managed through an overall framework with checks and balances that include:

- Recognized ownership and accountability of risks by the businesses
- Oversight by independent risk management and
- Independent review by Risk and Audit Committees.

ICICI Bank's approach to operational risk is defined in the Operational Risk Management Policy. The key objectives of the policy are to establish a clear accountability and responsibility for management and

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mitigation of operational risk and help business and operation groups to improve internal controls. The Bank aims to minimize losses and customer dissatisfaction due to failure in processes. The key elements in the operational risk management process in the Bank include:

- Identification, assessment and control of key operational risks
- Establishment of key risk indicators
- Monitoring
- Mitigation and
- Reporting.

The operational risk standards facilitate the effective communication of operational risk both within and across businesses. Information about the businesses' operational risk, historical losses, and the control environment is reported by each major business segment and functional area, and summarized for senior management and the Board of Directors.

In each of the banking subsidiaries, local management is responsible for implementing the Bank's operational risk management framework as per the operational risk management policy approved by respective Boards.

b. Approaches for computation of capital charge for operational risk

As per the mandate from RBI, the Bank has adopted Basic Indicator Approach for computing capital charge for operational risk. Both quantitative and qualitative steps have been initiated to migrate to advanced approaches for capital computation.

10. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

a. Risk Management Framework for IRRBB

Interest rate risk is the risk of potential variability in earnings and capital value resulting from changes in market interest rates. The Bank holds assets, liabilities and off balance sheet items across various markets with different maturity or re-pricing dates and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates in such markets. Interest rate risk in the banking book refers to the risk associated with interest rate sensitive instruments that are not held in the trading book of the Bank.

Risk management framework

The Asset Liability Committee (ALCO) decides strategies and specifies prudential limits for management of interest rate risk in the banking book within the broad parameters laid down by Board of Directors /Risk Committee of the Board (RCB). Structural Rate Risk Management Group (SRMG) in the treasury and the Asset Liability Management (ALM) groups in overseas branches and overseas business units (OBUs) are responsible for management of interest rate risk on the domestic and the specific offshore branch banking book respectively by assuming risks within the interest rate risk limits specified by ALCO. The policy formulation for management of this interest rate risk is done by the GRMG. TMOG is responsible for preparing the various reports required for monitoring the interest rate risk in the Bank. These limits are monitored periodically and the breaches, if any, are reported to ALCO. The ALCOs of individual banking subsidiaries decide on strategies to optimize the interest rate risk carried within their respective banking book.

Strategies and processes

The Bank proactively manages impact of interest rate in its banking book as a part of its ALM activities. ALCO of the Bank decides strategies for managing the IRRBB at the desired level. ALCO periodically gives direction for management of interest rate risk on the basis of its expectations of future interest rates and various tools viz. gap statement, DoE, earning at risk (EaR), credit spread risk, simulation for basis risk etc, used to measure the impact of interest rates in the banking book.

Further, certain ratios are monitored for overseas branches, such as Liquidity ratio, Long Term Asset ratio among others. These provide an appropriate framework for decision making on interest rate management.

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Risk measurement and reporting framework:

The various tools employed by the Bank for IRRBB have been summarised below:

Interest rate sensitivity gap report: The gap or mismatch risk as at a given date, is measured by calculating gaps over different time intervals. Gap analysis measures mismatches between rate sensitive liabilities (RSL) and rate sensitive assets (RSA) (including off-balance sheet positions). The report is prepared by grouping liabilities, assets and off-balance sheet positions into time buckets according to residual maturity or next re-pricing period, whichever is earlier. Further, the behavioral assumptions for various categories of retail loans are employed to estimate the behavioral cash flows. The Bank also employs behavioral assumptions to ascertain the interest rate sensitive portion of savings account balances for the domestic operations. The difference between RSA and RSL for each time bucket signifies the gap in that time bucket. The gap report provides a good framework for determining the earnings impact. A similar report is generated for overseas locations. However, given that the balance sheet components of overseas subsidiaries are distinct and may not have sufficient historical data for determining behavioral assumptions, the groupings of assets and liabilities may differ from that of domestic operations.

EaR & mark to market (MTM): Any change in interest rate would impact Bank's net interest income (NII) and the value of its fixed income portfolio (price risk). The interest rate risk is measured by EaR, that is the sensitivity of the NII to a 100 basis points adverse change in the level of interest rates. In addition, the price risk of the MTM book is measured through the potential impact of a 100 basis points increase on the MTM book. The MTM book, including securities held for statutory liquidity ratio requirements of RBI, comprises all fixed income securities in available for sale and held for trading books, interest rate swaps, and any other derivatives, which have to be marked to market. The magnitude of the impact as a percentage of the capital gives a fair measure of the earnings risk that the Bank is exposed to.

DoE: A long-term impact of changing interest rates is on the Bank's market value of equity as the economic value of the Bank's assets, liabilities and off-balance sheet positions get affected due to variation in market interest rates. Duration is a measure of interest rate sensitivity of assets, liabilities and also equity. It may be defined as the percentage change in the market value of an asset or liability (or equity) for a 1% change in interest rates. The Bank measures the DoE across all locations and major currencies.

Basis risk measure: The assets and liabilities on the balance sheet are priced based on multiple benchmarks and when interest rates fluctuate, all these various yield curves may not necessarily move in tandem exposing the balance sheet to basis risk. The Bank measures the impact on net interest margin (NIM) / EaR after taking into account various possible movement in interest rates across benchmark curves. Various scenarios of interest rate movements (across various benchmark yield curves) are identified and the impact on the earnings and economic value of the Bank is calculated for each of these scenarios. These scenarios take into account the magnitude as well as the timing of various interest rate movements (across curves).

These reports are prepared on a fortnightly basis for measurement of interest rate risk. The Bank has well-established procedures for determining and monitoring continuance and effectiveness for instruments designated as hedges.

Hedging policy

US Dollar (USD) is the base currency for the overseas branches and subsidiaries of the Bank, apart from the branches/subsidiaries where the currency is not convertible. Given the size of operations, the Bank has a well diversified borrowing programme that allows it to reduce the dependence on liabilities that carry undue risk while also allowing more efficient pricing. However at the same time, as most of the lending is denominated in USD, the Bank usually swaps the borrowings in other currencies into USD. Similarly assets in currencies other than USD are funded from USD resources on a swapped basis. Any currency position on account of lending / borrowing transactions is included in the Net Overnight Open Position (NOOP) of the Bank and monitored against the limit approved by RBI and other regulators.

The ALCO is authorised to take views on the interest rates subject to the limits approved by the Board. The Investment Policy of the Bank stipulates the risk framework for the investment book. Currently, most of the lending from the international branches and subsidiaries is on a floating basis, benchmarked to USD LIBOR. The liabilities are either on a floating basis or are swapped from fixed to floating. However, any fixed rate borrowing or lending is also within the parameters described above.

b. Level of interest rate risk

The following table sets forth, using the balance sheet as at March 31, 2008 as the base, one possible prediction of the impact of changes in interest rates on net interest income as on March 31, 2008, assuming a parallel shift in the yield is as follows:

Currency	Change in interest rates (in basis points)			
	(100)	(50)	50	100
	Impact on NII (Rupees in million)			
INR	(1,075.9)	(538.0)	538.0	1,075.9
USD	(75.1)	(37.5)	37.5	75.1
JPY	13.4	6.7	(6.7)	(13.4)
GBP	(91.9)	(45.9)	45.9	91.9
EURO	(69.1)	(34.5)	34.5	69.1
CHF	(32.3)	(16.3)	16.3	32.3
Others	(124.4)	(62.2)	62.2	124.4
Total[1]	**(1,455.3)**	**(727.7)**	**727.7**	**1,455.3**

1. Consolidated figures for ICICI Bank Limited, ICICI Bank UK PLC, ICICI Bank Canada, ICICI Bank Eurasia LLC, ICICI Home Finance Company and ICICI Securities and its subsidiaries.

As on March 31, 2008, impact on economic value of equity is as follows:

Currency	Change in interest rates (in basis points)			
	(100)	(50)	50	100
	Impact on Economic Value[1,2] (Rupees in million)			
INR	16,761.1	8,380.6	(8,380.6)	(16,761.1)
USD	480.7	240.4	(240.4)	(480.7)
JPY	203.9	101.9	(101.9)	(203.9)
GBP	(68.9)	(34.5)	34.5	68.9
EURO	(294.5)	(147.3)	147.3	294.5
CHF	46.0	23.0	(23.0)	(46.0)
Others	(136.3)	(68.1)	68.1	136.3
Total[3]	**16,992.0**	**8,496.0**	**(8,496.0)**	**(16,992.0)**

1. The economic value has been computed assuming parallel shifts in the yield curves across all currencies.
2. Annual coupon and yield of 7% across all time buckets has been assumed for the purpose of calculating modified duration.
3. Consolidated figures for ICICI Bank Limited, ICICI Bank UK PLC, ICICI Bank Canada, ICICI Bank Eurasia LLC, ICICI Home Finance Company and ICICI Securities and its subsidiaries.

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