

ICICI BANK
BASEL II – PILLAR 3 DISCLOSURES (STANDALONE) for the six months
ended September 30, 2008

1. SCOPE OF APPLICATION

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 September 30, 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 the applicable regulations, is reported to their respective Boards as well as to the Board of the Bank.

b. Bank's interest in insurance entities

The book value of the Bank's total 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	73.93%	34,420.6
ICICI Lombard General Insurance Company Limited	India	73.84%	10,959.2

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	45,379.8
Capital at 9% based on risk weighted assets	4,577.3

2. CAPITAL STRUCTURE

a. Amount of Tier-1 capital (September 30, 2008)

Rupees in billion

Tier-1 capital elements	Amount
Paid-up share capital/common stock ¹	12.72
Reserves ²	472.82

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Innovative Tier-1 capital instruments	28.89
Gross Tier-1 capital	514.43
Deductions:	
Investment in instruments eligible for regulatory capital of financial subsidiaries/associates	57.69
Intangible assets other than goodwill ³	17.27
Securitisation exposures including credit enhancements	13.57
Net Tier-1 capital	425.90

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.

b. Amount of Tier-2 capital (September 30, 2008)

Rupees in billion

Tier-2 capital elements	Amount
General provisions & loss reserves	14.58
Upper Tier-2 instruments ¹	78.26
Lower Tier-2 capital instruments	93.31
Gross Tier-2 capital	186.15
Deductions :	
Investments in instruments eligible for regulatory capital of financial subsidiaries/associates	57.69
Securitisation exposure including credit enhancement	13.57
Net Tier-2 capital	114.89

1. Pursuant to clarification received from RBI, Upper Tier II capital bonds of US\$ 750 mn issued in January 2007 are included in Tier-II capital

c. 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 September 30, 2008	28.89	78.26	119.55
Amount raised for the period	-	17.50	-
Amount eligible to be reckoned as capital funds	28.89	78.26	93.31

d. Total eligible capital (September 30, 2008)

Rupees in billion

	Amount
Eligible Tier-1 capital	425.90
Eligible Tier-2 capital	114.89
Total eligible capital	540.79

3. CAPITAL ADEQUACY

a. Capital requirements for various risk areas (September 30, 2008)

Rupees in billion

Risk area	Amount
Credit risk	
Capital required	310.61
- Portfolio subject to standardized approach	308.68
- Securitization exposure	1.93
Market risk	
Capital required	18.35
- for interest rate risk	14.07
- for foreign exchange (including gold) risk	0.54
- for equity position risk	3.74
Operational risk	18.51
Capital required	18.51
Total capital requirement at 9%	347.47
Total capital funds of the Bank	540.79
Total risk weighted assets	3,860.87
Capital adequacy ratio	14.01%

Capital ratios	ICICI Bank Ltd¹	ICICI Bank UK PLC²	ICICI Bank Canada²	ICICI Bank Eurasia LLC³
Tier-1 capital ratio	11.03%	11.45%	13.31%	N.A
Total capital ratio	14.01%	18.40%	15.38%	15.86%

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. Total credit risk exposures (September 30, 2008)

Rupees in billion

Category	Credit exposure
Fund-based facilities	3,235.91
Non-fund based facilities	2,093.85
Total	5,329.76

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, performance guarantee etc.), sell-down, derivatives, credit derivatives and investments that are held-to-maturity. Claims on sovereign (to the

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extent of Rs. 539.61 billion) and investments covered under specific market risk have been excluded.

b. Geographic distribution of exposures (September 30, 2008)

Rupees in million

	Fund-based	Non-fund based
Domestic	2,567,621.6	1,832,622.4
Overseas	668,283.5	261,231.7
Total	3,235,905.1	2,093,854.11

c. Industry-wise distribution of exposures (September 30, 2008)

Rupees in million

Industry	Fund Based	Non-fund based
Retail finance	1,507,721.7	51,719.2
Bank	75,881.7	416,489.1
Crude petroleum/refining & petrochemicals	107,893.8	259,032.2
Services - Non finance	224,985.1	100,818.5
Electronics & Engineering	47,058.5	245,316.7
Iron/Steel & Products	147,263.7	110,059.7
Road, port, telecom, urban development & other infra	74,186.8	146,703.4
Services - finance	167,106.1	49,115.1
Power	91,061.8	123,526.6
Construction	45,817.5	108,003.0
Metal & products (excl iron & steel)	50,484.5	95,982.0
Chemical & Fertilisers	50,729.6	62,077.9
Mutual Funds	81,516.8	894.7
Food & beverages	62,208.7	14,010.6
Wholesale / Retail trade	36,091.3	37,952.8
Automobiles	33,782.3	27,969.9
Shipping	25,939.2	33,058.8
Manufacturing Products Excl Metal	28,745.0	13,900.7
Drugs & Pharmaceuticals	21,982.1	19,325.4
Textile	23,410.8	17,750.2
Gems & jewellery	16,863.8	10,843.3
Cement	8,932.0	8,299.6
Mining	10,201.7	3,698.7
FMCG	9,470.7	4,348.1
Venture capital Funds	12,892.7	-
Other industries	273,677.2	132,957.9

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Total	3,235,905.1	2,093,854.1
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1 Includes home loans, automobile loans, commercial business loans, two wheeler loans, personal loans, credit cards, dealer funding and developer financing.

d. Residual contractual maturity break-down of assets

The maturity pattern of assets as on September 30, 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	12,052.2	63,243.5	1,839.2	90,905.3	12.8	67,598.9	235,651.9
15 to 28 days	16,940.4	1,104.9	56,777.8	28,894.0	9.2	49,951.4	153,677.7
29 days to 3 months	39,331.8	5,591.7	121,327.3	157,672.3	443.9	13,003.0	337,370.1
3 to 6 months	39,482.7	2,460.7	126,081.6	159,401.8	799.6	4,124.1	332,350.5
6 months to 1 year	37,386.5	34,980.2	105,051.6	223,490.6	849.8	8,528.6	410,287.4
1 to 3 years	75,909.6	3,221.0	263,567.8	705,560.0	4,141.8	17,077.4	1,069,477.6
3 to 5 years	7,165.5	-490.2	38,526.2	403,758.6	110.7	2,948.0	452,018.8
Above 5 years	17,375.0	375.8	258,304.3	450,164.1	34,415.3	98,235.6	858,870.1
Total	245,643.7	110,487.6	971,475.8	2,219,846.7	40,783.1	261,467.0	3,849,704.0

e. Amount of non-performing loans (NPL) (September 30, 2008)

Rupees in million

NPL Classification	Gross NPLs ¹	Net NPLs ²
Sub-standard	56,156.4	35,341.7
Doubtful	34,306.3	6,987.6
- Doubtful 1 ³	16,122.0	5,264.7
- Doubtful 2 ³	6,778.2	1,722.9
- Doubtful 3 ³	11,406.2	-
Loss	4,552.0	-
Total ⁴	95,014.8	42,329.3
NPL Ratio	4.18%	1.91%

1. Gross NPL ratio refers to gross NPLs as a percentage of gross advances.

2. Net NPL ratio refers to net NPLs as a percentage of net advances.

3. Loans classified as NPL for 456-820 days are classified as Doubtful 1, 821-1550 days as Doubtful 2 and above 1550 days as Doubtful 3.

f. Movement of NPL

Rupees in million

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	Gross	Net
Opening balance as on April 1, 2008	75,795.4	34,905.5
Additions for the period ^{1,2}	23,466.9	9,655.9
Reductions for the period	(4,247.5)	(2,232.1)
Closing balance as on September 30, 2008³	95,014.8	42,329.3

1. Excludes cases added to and deleted from NPLs in the same the period.
2. The difference between the opening and closing balance of NPLs in retail loans is included in additions for the period.

g. Movement of provisions for NPL

Rupees in million

	Amount
Opening balance as on April 1, 2008	39,432.7
Provisions made for the period	15,164.1
Write-off	(649.0)
Write-back of excess provisions	(1,262.3)
Closing balance as on September 30, 2008	52,685.5

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

Rupees in million

	Amount
Gross NPI as on September 30, 2008	3,794.5
Total provisions held on NPI	2,182.1
Net NPI as on September 30, 2008	1,612.4

i. Movement of provisions for depreciation on investments

Rupees in million

	Amount
Opening balance as on April 1, 2008	6,698.5
Provisions made for the period	3,725.7
(Write-off) / (write back) of excess provisions for the period	(465.8)
Closing balance as on September 30, 2008	9,958.4

5. CREDIT RISK: PORTFOLIOS SUBJECT TO THE STANDARDIZED APPROACH

a. Credit exposures by risk weights

The table below discloses the amount of credit exposures in three major risk buckets

Rupees in billion

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Exposure Category	Amount outstanding¹
Less than 100% risk weight	1,861.14
100% risk weight	1,911.58
More than 100% risk weight	1,449.18
Deducted from capital	107.86
Total	5,329.76

1. Includes credit exposures and excludes claims on sovereign and investments covered under specific market risk.

6. CREDIT RISK MITIGATION

a. Portfolio covered by eligible financial collateral

The table below details the total exposure that is covered by eligible financial collateral as at September 30, 2008.

	Rupees in million
Exposures covered by financial collateral	Amount
Exposure before use of credit risk mitigation techniques	172,019.74
Exposure after use of credit risk mitigation techniques	116,812.42

7. SECURITIZATION

a. Break-up of total outstanding exposures securitized by exposure type (September 30, 2008)

	Rupees in million
Exposure type	Amount^{1, 2}
Vehicle / equipment loans	83,538.8
Home & home equity loans	31,100.5
Personal loans	36,035.5
Corporate loans	
a. Deals originated in the period where the Bank does not have any retained exposure	4,750.0
b. Deals originated in the period where the Bank has retained exposure and deals originated prior to current year	9,850.8
Total	1,65,275.6

1. The amounts represent the outstanding principal as on September 30, 2008 for securitization deals.

2. The figures exclude direct assignments.

b. Amount of impaired / past due assets securitized

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

c. Break-up of securitisation losses by exposure type

Rupees in million

Exposure type	Period ended September 30, 2008
Vehicle / equipment loans	642.1
Home & home equity loans	-
Personal loans	43.7
Corporate loans	1.9
Total	687.7

d. Break-up of aggregate amount of securitization exposures retained or purchased by exposure type¹

Rupees in million

Exposure type	As at September 30, 2008
Vehicle / equipment loans	35,123.6
Home & home equity loans	22,800.5
Personal loans	24,387.5
Corporate loans	3,988.4
Mixed asset pool	29,421.7
Total	115,721.7

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.

e. Risk weight bands break-up of aggregate amount of securitisation exposures retained or purchased

Rupees in million

Risk weight bands	As at September 30, 2008
Less than 100%	53,117.1
100%	39,393.5
More than 100%	521.9
Total	93,032.5

f. 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	-	1,636.2	6,238.6
Home & home equity loans	-	-	-
Personal loans	-	1,084.2	6,357.9
Corporate loans	-	-	-
Mixed assets	-	215.9	7,156.3
Total	-	2,936.3	19,752.8

1. This includes gain on sale of assets.

2. Includes subordinate contribution amount deducted from capital.

3. Includes credit enhancements and capital deducted on Pass Through Certificates (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.

g. Total number and book value of loan assets securitised – by type of underlying assets

Rupees in million, except number of loans securitised

Underlying asset type	Period ended September 30, 2007		Year ended March 31, 2008		Period ended September 30, 2008	
	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 securitized	Total number of loan assets securitized	Total book value of loan assets securitized
Vehicle / equipment loans	28,662	7,147.2	585,779	83,341.6	-	-
Home & home equity loans	-	-	-	-	3,134	930.0
Personal loans	434,977	34,303.6	564,147	54,210.4	-	-
Corporate loans	3	300.0	5	3,300.0	3	4,750.0
Total	463,642	41,750.8	1,149,931	140,852.0	3,137	5,680.0

h. Summary of securitisation activity

Rupees in million

	Period ended September 30, 2007	Year ended March 31, 2008	Period ended September 30, 2008
Sale consideration received for the securitised assets	42,362.3	142,470.4	5,691.4
Net gain / (loss) on account of securitisation ¹	85.2	168.2	(534.4)

1. Represents gain amortised during the period..

i. Summary of form and quantum of services provided

Rupees in million

	As on September 30, 2007	As on March 31, 2008	As on September 30, 2008
Outstanding credit enhancement			
- Funded	16,510.9	15,601.2	13,910.1
- Non-funded	15,216.9	29,155.6	27,736.3
Outstanding liquidity facility	7,198.6	7,740.8	8,334.7
Net outstanding servicing asset / (liability)	71.7	1,355.4	951.5
Outstanding subordinate contributions	10,250.0	11,459.5	10,284.8

8. MARKET RISK IN TRADING BOOK**a. Capital requirements for market risk (September 30, 2008)**

Rupees in billion

Risk category	Capital charge
Capital required	
- for interest rate risk	14.07
- for foreign exchange (including gold) risk	0.54
- for equity position risk	3.74

9. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)**a. Level of interest rate risk**

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The following table sets forth, using the balance sheet as at September 30, 2008 as the base, one possible prediction of the impact of changes in interest rates on net interest income for the period ending September 30, 2009, assuming a parallel shift in the yield curve:

Currency	Change in interest rates (in basis points)			
	(100)	(50)	50	100
	Impact on NII (Rupees in million)			
INR	(904.6)	(452.3)	452.3	904.6
USD	(325.3)	(162.7)	162.7	325.3
JPY	7.4	3.7	(3.7)	(7.4)
GBP	75.6	37.8	(37.8)	(75.6)
EURO	57.4	28.7	(28.7)	(57.4)
CHF	(35.8)	(17.9)	17.9	35.8
Others	(150.5)	(75.2)	75.2	150.5
Total	(1,275.8)	(637.9)	637.9	1,275.8

As on September 30, 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 ^{1,2,3} (Rupees in million)			
INR	18,450.9	9,225.4	(9,225.4)	(18,450.9)
USD	170.7	85.4	(85.4)	(170.7)
JPY	(183.4)	(91.7)	91.7	183.4
GBP	(90.5)	(45.3)	45.3	90.5
EURO	(324.5)	(162.2)	162.2	324.5
CHF	57.5	28.7	(28.7)	(57.5)
Others	87.4	43.7	(43.7)	(87.4)
Total	18,168.1	9,084.1	(9,084.1)	(18,168.1)

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. For the purpose of IRRBB computation, the mid point is approximated at 7 years for maturity beyond 5 years.