



**Remuneration Policy Disclosure
2014 - 2015**

ICICI Bank UK PLC

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Remuneration Policy Disclosures

ICICI BANK UK Plc (The Bank) follows a conservative and comprehensive approach towards Rewards Management. The remuneration policy is approved by the Board Governance Committee (BGC).

Governance & Board involvement

The BGC is responsible for the overview of the Remuneration Policy, governance of the remuneration of the Management Committee members,, including the Managing Director & CEO of ICICI Bank UK Plc. The composition of the Committee is in line with the current regulatory recommendations such that the BGC is chaired by a Non Executive Director and none of its members hold an executive position with the Bank.

The BGC reviews the Bank's remuneration policy from time to time, ensuring that the same is in line with the Bank's strategy and the changing market dynamics. The BGC further ensures that the remuneration policy of the Bank conforms to the regulatory requirements.

Performance and Pay

The Bank follows the balanced scorecard principle in designing its performance management system. Every employee of the Bank adopts a goal sheet, outlining his / her responsibilities and deliverables for the year. Adequate attention is paid to the goal sheets to ensure a balance of financial goals with non-financial goals. The non financial goals cover relevant areas of customer service, process improvement, adherence to risk and compliance norms and employee capability building. For senior and middle management employees, the weightage for financial goals does not exceed 50%.

Staff engaged in all control functions, including Compliance, Risk, Finance, Audit and others do not carry business profit targets in their goal sheets and hence are compensated independent of the business profit achievements. Their remuneration is dependent on achievement of key results in their respective domains. The performance bonus of all employees is strongly linked to the overall performance of the Bank and individual performance.

The Bank's revenue target is approved by the BGC, which periodically reviews the performance against the target and the means adopted to achieve said revenue target.

Design and Structure of Remuneration

Employee remuneration takes into account a balanced mix of external market pay levels and internal equity. The remuneration of all employees is aligned to both financial and non-financial indicators of performance. Adequate attention is given to performance on parameters like customer service, process improvement, adherence to risk and compliance norms and employee capability building.

The Bank has a judicious and prudent approach to remuneration and does not use remuneration as the only lever to attract and retain employees. No single business or functional leader determines the remuneration structure. Good governance dictates a BGC

approved and supervised remuneration approach. To ensure a comprehensive outlook in determining remuneration levels, the BGC comprises members who chair the various control committees of the Bank including Risk, Credit and Audit.

The performance bonus of all employees of the Bank is dependent on the performance of the Bank and individual performance ratings. The Bank does not encourage any kind of guaranteed bonus. The performance ratings based bonus distribution matrix is approved by the BGC and the Bank does not follow a business-wise bonus pool concept. No single individual determines the quantity of bonus available to a person. The performance rating of an individual is decided by skip level managers, in association with their HR managers. This ensures that an individual's payout as a percentage of one's base salary cannot be determined by any single person or factor.

While the BGC reviews and approves the remuneration and performance bonus approach followed for all employees, the Committee reviews the individual performance of the Managing Director & CEO and every member of the Management Committee. Based on each member's performance, the Committee approves the rate of bonus to be paid, the increments to be given, also factoring in the overall performance of the Bank.

Should the performance of the Bank be far below the expected levels, the Committee may also fix the annual bonus as 'nil' during the year-end review of performance.

Deferral of variable component including risk adjustments

The total remuneration is a prudent mix of fixed pay and variable pay. The variable pay is higher at senior levels and lower at junior levels. The variable pay will consist of performance bonus and Employee Stock Options (ESOS).

At senior levels, the Bank pays up to 100% of the deferred variable pay in shares for a vesting period spanning three years or more. The quantum of variable pay is also dependent on compliance with performance norms, both financial and non-financial. This does not favour inappropriate risk-taking, thus aligning senior management interests with those of the shareholders. All unvested options are lapsed in the event of termination of the code staff's employment for a cause.

ESOS aims at achieving twin objectives of aligning senior and middle management remuneration to long term shareholder interests. This serves as a retention tool for employees identified as Talent (High Potential). ESOS also aims at aligning senior management behavior to the long-term view of the Bank's performance and to create individual stake in the Bank's success.

The vesting schedule of the ESOS is spread over a period of three years or more to fully realise the impact of the decisions taken at senior management levels and the real value created for the shareholders.

The Bank is not a listed company and the employees are granted options under the ESOS scheme of the parent company, ICICI Bank India Ltd. This scheme is approved by the shareholders of ICICI Bank India Ltd. The BGC of the Bank evaluates the ESOS grant levels and the number of options granted to the MD & CEO and every member of the Management Committee.

The Bank follows a conservative approach to cash payouts of variable pay. The quantum of bonus for an employee does not exceed 60% of base salary and is paid on an annual basis. In the event of exceptional performance, if the quantum of bonus for an employee exceeds 60% of the base salary, the bonus payout is required to be deferred.

Any bonus payout in excess of 60% of the base salary is reviewed by a committee of senior managers from (a) risk management, (b) finance group, (c) internal audit, (d) business and (e) human resources.

Total Remuneration for Code Staff including variable pay for FY 2015

The below mentioned details pertain to code staff whose professional activities have a material impact on the risk profile of the Bank

(In GBP)

Employees	Base Salary 2014-2015	Health & Medical Benefits	Car value	Pension	Fixed Pay	Bonus	ESOS	Variable Pay	Total pay	Variable Pay %	Deferred %	Upfront bonus %
Employee 1	322,386	923	5,000	16,119	344,428	64,477	249,352	313,829	658,257	48	79	21
Employee 2	174,808	923		8,740	184,471	34,962	140,938	175,899	360,370	49	80	20
Employee 3*	174,755	923		8,737	184,415	24,920	46,076	70,996	255,411	28	65	35
Employee 4*	182,974	923		9,148	193,045	27,446	46,076	73,522	266,567	28	63	37
Employee 5	152,250	774		7,612	160,636	30,450	94,862	125,312	285,948	44	76	24
Employee 6	173,040	554		8,651	182,245	34,608	81,310	115,918	298,163	39	70	30
Employee 7*	110,675	923		5,533	117,131	22,135	32,524	54,659	171,790	32	60	40
Employee 8*	110,000	923		5,500	116,423	22,000	10,841	32,841	149,264	22	33	67

*De Minimis applies for the Code Staff