



**Remuneration Policy Disclosure
2013 - 2014**

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 and Ethics committee (BG&EC).

Governance & Board involvement

The BG&EC 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 BG&EC is chaired by a Non Executive Director and none of its members hold an executive position with the Bank.

The BG&EC 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 BG&EC 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 BG&EC, 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 BG&EC

approved and supervised remuneration approach. To ensure a comprehensive outlook in determining remuneration levels, the BG&EC 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 BG&EC 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 BG&EC 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 BG&EC 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 2014

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 2013-2014	Health & Medical Benefits	Car value	Pension	Fixed Pay	Bonus	ESOS	Variable Pay	Total pay	Variable Pay %	Deferred %	Upfront bonus
Employee 1	304,138	912	5,000	15,207	325,256	106,448	206,051	312,500	637,756	49.00	65.94	34.06
Employee 2	164,913	912		8,246	174,070	57,719	116,464	174,183	348,254	50.02	66.86	33.14
Employee 3	164,863	912		8,243	174,018	57,702	62,711	120,413	294,431	40.90	52.08	47.92
Employee 4*	174,261	912		8,713	183,886	45,308	38,075	83,383	267,269	31.20	45.66	54.34
Employee 5	145,000	606		7,250	152,856	35,185	53,753	88,938	241,794	36.78	60.44	39.56
Employee 6	164,800	547		8,240	173,587	42,848	44,794	87,642	261,229	33.55	51.11	48.89
Employee 7*	96,239	757		4,812	101,808	33,684	8,959	42,642	144,450	29.52	21.01	78.99
Employee 8*	98,800	757		4,940	104,497	25,688	0	25,688	130,185	19.73	0.00	100.00

*De Minimis applies for the Code Staff

