



**Remuneration Policy Disclosure
2011 - 2012**

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 compensation 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, Management Committee remuneration and finalising remuneration arrangements for the Managing Director & CEO of ICICI Bank UK Plc. This is in line with the current regulatory recommendations with regards to the BG&EC's involvement in approving remuneration for directors and other members of the Bank's senior management. 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 its compensation policy from time to time in line with the strategy adopted by the Bank and changing market dynamics. It always conforms to the regulatory environment.

Performance and Pay

The Bank follows the principles of balanced scorecard in designing its performance management system. 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, financial goals do not exceed a weightage of 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 compensation is dependent on achievement of key results in their respective domain. Performance bonus is strongly linked to corporate performance, business performance 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 for performance.

Design and Structure of Remuneration

Compensation 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.

Further, employee compensation takes into account a balanced mix of external market pay and internal equity. The compensation outlay is based on cost and income ratios of the Bank.

The Bank has a judicious and prudent approach to compensation and does not use compensation as the only lever to attract and retain employees. No single business or functional leader determines the compensation structure. Good governance dictates a BG&EC approved and supervised compensation approach. The BG&EC comprises members who chair

the various control committees of the Bank including Risk, Credit and Audit. The Bank does not encourage any kind of guaranteed bonus.

The Bank follows bonus distribution method based on individual performance ratings. The performance ratings based bonus distribution matrix is determined 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 levels and this determines the individual's payout as a percentage of one's base salary.

The BG&EC reviews the performance and approves the rate of bonus to be paid, the increments to be given to the Managing Director & CEO and members of the Management Committee and bonus rates to be paid to various levels as per the performance of the Bank, business group and individual employee.

The BG&EC approves the threshold organisational performance gates for bonus to be paid. The committee may also fix the annual bonus as 'nil' if the data and analysis show that the performance is far below the expected levels.

Deferral of variable component including risk adjustments

The total compensation 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 compensation will consist of performance bonus and Employee Stock Options (ESOS).

At senior levels, the Bank pays 100% of the deferred variable remuneration in shares for a vesting period spanning four years with a rear load at 20%, 20%, 30%, 30% vesting each year after the first year of grant. Most Code Staff have more than 50% of their variable pay deferred in share form for FY 2011. The Bank's financial year ends in March of every year. This is paid based on compliance with performance norms both in financial and non financial domain and does not favour inappropriate risk-taking, thus aligning senior management interests with those of the shareholders. All invested options are lapsed in the event of termination of the code staff's employment for cause.

ESOS aims at achieving twin objectives of aligning senior and middle management compensation to long term shareholders interests and retention of employees identified as Talent (High Potential) under the Talent Management System. ESOS aim 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 four years 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 ICICI Bank Ltd. This scheme is approved by the shareholders of ICICI Bank Ltd. The BG&EC will evaluate the levels for grant of ESOS. The ESOS scheme will be implemented as approved by the shareholders of ICICI Bank Ltd.

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

Any bonus payout in excess of 60% of the base salary will be 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 2012

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 2011-2012 | Health & Medical Benefits | Car value | Pension | Fixed Pay | Bonus | ESOS | Variable Pay | Total pay | Variable Pay % | Deffered % | Upfront bonus % |
|-------------|-----------------------|---------------------------|-----------|---------|-----------|--------|---------|--------------|----------------|----------------|------------|-----------------|
| Employee 1 | 254,582 | 992 | 5,000 | 11186 | 271,760 | 89,104 | 105,545 | 194,649 | 466,409 | 42 | 54 | 46 |
| Employee 2* | 159,580 | 941 | | 7012 | 167,533 | 39,895 | 39,579 | 79,474 | 247,007 | 32 | 50 | 50 |
| Employee 3 | 145,477 | 941 | | 6392 | 152,810 | 50,917 | 52,772 | 103,689 | 256,500 | 40 | 51 | 49 |
| Employee 4* | 134,035 | 941 | | 5889 | 140,865 | 33,509 | 21,109 | 54,618 | 195,483 | 28 | 39 | 61 |
| Employee 5 | 95,287 | 809 | | 4187 | 100,283 | 23,822 | 42,218 | 66,040 | 166,323 | 40 | 64 | 36 |
| Employee 6 | 96,500 | 941 | | 4240 | 101,681 | 24,125 | 31,663 | 55,788 | 157,470 | 35 | 57 | 43 |
| Employee 7* | 146,780 | 314 | | 6450 | 153,544 | 32,183 | 21,109 | 53,292 | 206,836 | 26 | 40 | 60 |
| Employee 8* | 191,643 | 858 | | 8421 | 200,922 | 46,992 | 0 | 46,992 | 247,914 | 19 | | |
| Employee 9* | 102,193 | 714 | | 4490 | 107,397 | 25,595 | 0 | 25,595 | 132,991 | 19 | | |

*De Minimis applies for the Code Staff