ICICI Bank UK PLC

Pillar 3 disclosures for the year ended March 31, 2022

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1. Overview

1.1 Background

ICICI Bank UK PLC (“the Bank”) is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA). The Bank is a wholly owned subsidiary of ICICI Bank Limited, India (“the Parent Bank”).

Capital Requirements Regulation (EU) No. 575/2013 (CRR) and Capital Requirements Directive (CRD), together referred to as CRD IV, came into force on January 1, 2014 and enforced in the United Kingdom (UK) by the Prudential Regulatory Authority (PRA), together with implementing rules and guidance by European Banking Authority (EBA). CRR II and CRD V published in the Official Journal of the European Union (EU) on June 7, 2019 amended these regulations. The PRA published its final policy statement in October 2021 to implement certain amendments to CRR in UK that broadly corresponds to areas covered by the EU CRR II amendments.

The rules include disclosure requirements known as “Pillar 3” which apply to banks and building societies.

This document details the Pillar 3 disclosure of the Bank and is in addition to the consolidated Basel III – Pillar 3 Disclosures made by the Parent Bank.

1.2 Basis of disclosures

The disclosures have been prepared for the Bank on an individual basis. There is no subsidiary/joint venture of the Bank that is required to be consolidated for accounting or prudential purposes. The disclosures may differ from similar information in the Annual Report prepared in accordance with UK GAAP; therefore, the information in these disclosures may not be directly comparable with that information. The Pillar 3 disclosures have been prepared to explain the basis on which the Bank has prepared and disclosed certain capital requirements and information about the management of certain risks.

1.3 Scope of application of Directive requirements

According to the Brexit withdrawal agreement between the UK and the European Union (EU), the transition period expired at 11pm on December 31, 2020 and the UK ceased to be subject to the EU’s legal and regulatory framework. Pursuant to withdrawal of UK from the EU, the UK regulators had exercised their temporary transitional powers to provide broad transitional relief to PRA regulated firms until March 31, 2022. The use of transitional power delayed the on shoring of changes to UK regulatory requirements arising at the end of the transition period until March 31, 2022. Any reference to EU regulations and directives (including technical standards) mean the UK's version of such regulation or directive, as on-shored into UK law under the European Union (Withdrawal) Act 2018, as amended.

In the Official Journal of the EU, amendments to the CRR and CRD by CRR II and CRD V respectively were published on June 7, 2019. Some of the CRR II amendment were applicable from June 27, 2020 in response to the COVID-19 pandemic, while the CRD V amendments were applicable from December 28, 2020.

As many of the CRR II amendments were applicable from June 2021, UK regulators did not transpose these amendments into UK law on December 31, 2020. The PRA subsequently published its final policy statement in October 2021 to implement certain Basel III standards in UK with effect from January 1, 2022, which broadly corresponds to areas covered by the EU CRR II amendments. PRA has updated its Disclosure (CRR) section of PRA Rulebook to include these amendments that are applicable from January 1, 2022.

The Pillar 3 disclosures have been prepared for the Bank in accordance with the rules laid out in the CRR and CRD as at the applicable reporting date and as adopted by the PRA.

Any reference to CRR and CRD in the disclosure would mean CRR as amended by CRR II and CRD as amended by CRD V and as adopted by PRA for application in UK.

The Bank has a formal policy, approved by the Audit Committee, which details its approach to complying fully with the Pillar 3 disclosure requirements as laid out in Part Eight of the CRR. The disclosures provide information on the Bank's exposures, associated risk weights for different categories of assets and approach to calculating the capital requirements for Pillar 1. These disclosures should be read in conjunction with those made by the Parent Bank as part of their Basel III – Pillar 3 Disclosures.

1.4 Frequency and Disclosure

In accordance with CRR, the Bank is classified as a non-listed other institution based on the following assessment:

- The Bank does not meet the criteria for classification as either a 'small and non-complex' institution or a 'large' institution and is therefore classified as an 'other institution'; and
- The Bank's securities are currently not admitted for trading in the UK regulated market and therefore is classified as non-listed institution.

The Bank has to publish Pillar 3 disclosure on an annual basis in accordance with above classification. The Bank has to make disclosure relating to certain CRR articles, as prescribed for the non-listed other institution category in the CRR. It may be noted that based on the relevant regulatory thresholds, several disclosure tables mentioned in CRR are not applicable to the Bank.

In accordance with Article 432 of the CRR, the Bank is permitted to exclude certain disclosures if they contain proprietary or confidential information or are non-material. Accordingly, the Bank has excluded certain disclosures from the report and the rationale is provided in Annexure VI.

This disclosure is made on an annual basis on the website of the Bank. The disclosures is as at the Accounting Reference Date (ARD), i.e. as at March 31st, and is published along with the publication of the Annual Report on the website.

The row numbers in the tables containing quantitative information refer to the prescribed references within the standardised templates provided by PRA. The rows containing a nil value or which are not applicable, these have been excluded for the purposes of these disclosures.

The previous year comparatives were completed under regulations in place as at March 31, 2021. The presentation of previous year balances have been updated to disclose in new standard table, but balances have not been recalculated. New reporting requirements without a corresponding previous year comparative has been greyed out in the previous year.

In case some information is included in the Bank's Annual Report, the reference of the same is provided in this document under respective sections. The archives of the Pillar 3 disclosure for earlier years are available on the Bank's website.

1.5 Media and Location

The Annual Report will be published on the Bank's website at https://www.icicibank.co.uk/personal/about-us.page?. The Pillar 3 disclosures will also be published on the Bank's website at https://www.icicibank.co.uk/personal/basel-disclosures.page. The Parent Bank's consolidated disclosures are available at https://www.icicibank.com/regulatory-disclosure.page?.

1.6 Verification

The Bank's Pillar 3 disclosure for the year ended March 31, 2022 was verified through internal governance process and approved by the Management Committee of the Bank on August 12, 2022. The Bank's compliance with Pillar 3 disclosure requirement is provided in Annexure VI.

The Bank's Pillar 3 disclosure for the year ended March 31, 2022, to the best of our knowledge, complies with Part Eight of the CRR and has been prepared in compliance with the Bank's Pillar 3 policy and internal control framework.

Mr. Dharam Singla
CFO, CS & Head of Treasury

Mr. Manish Kumar
Chief Risk Officer

2. Capital adequacy

The Bank's policy is to maintain an adequate capital base so as to maintain investor, creditor, regulator and market confidence and to sustain future development of the business. The Bank's approach to managing capital is designed to ensure that current and expected regulatory capital is met. The Bank maintains adequate surplus capital over the regulatory requirement.

The Bank's regulatory capital requirements are set and monitored by the PRA. The Bank implemented the CRD IV (Basel III) framework for calculating minimum capital requirements, with effect from January 1, 2014 and has implemented the applicable CRR II and CRD V amendments, as adopted and published by PRA, during the year ended March 31, 2022.

The Bank's regulatory capital is categorized into two tiers:

- Tier 1 capital, which includes ordinary share capital, retained earnings and regulatory adjustments to Tier 1 capital.
- Tier 2 capital, which includes qualifying subordinated liabilities, collective provision and regulatory adjustments to Tier 2 capital.

Various limits are applied to the elements of the capital base. Qualifying Tier 2 capital cannot exceed Tier 1 capital. There are also restrictions on the amount of collective provision that may be included in Tier 2 capital. There are regulatory adjustments applied to the computation of regulatory capital under the CRR and CRD guidelines.

The amount and composition of the Bank's capital requirement is determined by assessing the minimum capital requirements under Pillar 1 based upon the CRR, the impact of stress scenario tests and the Bank's Total Capital Requirement (earlier known as Individual Capital Guidance).

The Bank uses regulatory capital ratios in order to monitor its capital base and these capital ratios remain the international standards for measuring capital adequacy. The PRA's approach to such measurement under CRD is primarily based on monitoring the Capital Resource Requirement to available capital resources. The Bank continues to comply with the regulatory capital requirements.

In line with the regulatory requirements of the PRA and the Parent Bank's regulator Reserve Bank of India (RBI), the Bank has instituted an Internal Capital Adequacy Assessment Process (ICAAP) which is used to estimate the capital requirements in line with the risk appetite of the Bank. The ICAAP is approved by the Board of the Bank.

Capital is provided for unforeseen and unexpected events based on the risk assessment for each underlying asset class in the Bank's portfolio. Further, in line with industry practice, the Bank acknowledges that capital is not the only mitigating factor for all unforeseen events and contingencies. Therefore, appropriate risk management and governance practices are in place to actively monitor the risks that the Bank may be exposed to in the course of executing its business. Further information on the Bank's risk management and governance is provided in subsequent sections and details are also available in the Bank's Annual Report for the year ended March 31, 2022.

At March 31, 2022, the capital ratio remained adequate at 22.96% (March 31, 2021: 28.27%), with a Tier 1 capital ratio of 17.79% (March 31, 2021: 23.80%) which is above the regulatory

requirements stipulated for the Bank. The following table presents the Bank's key metrics of the Bank:

UK KM1 - Key metrics template

		Amount (USD million)	
		March 31, 2022	**March 31, 2021**
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	293.0	493.9
2	Tier 1 capital	293.0	493.9
3	Total capital	378.0	586.7
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	1,646.7	2,075.1
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	17.79%	23.80%
6	Tier 1 ratio (%)	17.79%	23.80%
7	Total capital ratio (%)	22.96%	28.27%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
UK 7a	Additional CET1 SREP requirements (%)	1.45%	1.24%
UK 7b	Additional AT1 SREP requirements (%)	0.43%	0.36%
UK 7c	Additional T2 SREP requirements (%)	0.57%	0.48%
UK 7d	Total SREP own funds requirements (%)	10.45%	10.08%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.50%	2.50%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-
9	Institution specific countercyclical capital buffer (%)	0.03%	0.02%
UK 9a	Systemic risk buffer (%)	-	-
10	Global Systemically Important Institution buffer (%)	-	-
UK 10a	Other Systemically Important Institution buffer	-	-
11	Combined buffer requirement (%)	2.53%	2.52%
UK 11a	Overall capital requirements (%)	12.98%	12.60%
12	CET1 available after meeting the total SREP own funds requirements (%)	9.92%	16.20%
	Leverage ratio		
13	Total exposure measure excluding claims on central banks	2,085.6	
14	Leverage ratio excluding claims on central banks (%)	14.05%	
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	627.1	
UK 16a	Cash outflows - Total weighted value	347.7	
UK 16b	Cash inflows - Total weighted value	71.3	

		March 31, 2022	March 31, 2021
16	Total net cash outflows (adjusted value)	276.4	
17	Liquidity coverage ratio (%)	226.90%	
	Net Stable Funding Ratio		
18	Total available stable funding	1,649.2	
19	Total required stable funding	1,163.9	
20	Net Stable Funding Ratio (NSFR ratio) (%)	141.69%	

Notes:

a. The Bank returned ordinary equity share capital, part of CET 1 capital, of USD 200.0 million to its shareholders during the year post receipt of requisite approvals including regulatory and court approval for reduction of capital.

b. The final dividend of USD 10.0 million on the ordinary equity shares of the Bank recommended by the Board for the year was deducted from the capital as at March 31, 2022.

c. Composition of Tier 1 capital

Amount (USD million)

Particulars	March 31, 2022	March 31, 2021
Permanent share capital	220.1	420.1
Retained earnings	83.1	72.2
Proposed final dividend	(10.0)	-
Available for Sale security reserve[1]	0.5	2.3
Other adjustments[2]	(0.7)	(0.7)
Total Tier 1 capital	**293.0**	**493.9**

d. Composition of Tier 2 capital

Amount (USD million)

Particulars	March 31, 2022	March 31, 2021
Subordinated notes	73.8	74.4
Collective impairment allowance	11.2	18.4
Total Tier 2 Capital	**85.0**	**92.8**

The value of the subordinated notes eligible as capital is determined in accordance with CRD and the details of the subordinated notes in issue before regulatory adjustments are given below:

[1] The capital impact is net of tax

[2] Other adjustments include deduction on account of Article 33 (debit value adjustments, cash flow hedge reserve), Article 34 (additional value adjustments) and Article 36 (deduction on account of intangible assets) of CRR.

Issue	Nature of Issue	Interest Rate (p.a.)	Interest frequency	Maturity	Currency	Amount in million
26-Sep-18	Unsecured, fixed rate reset, callable, subordinated notes	5.38%	Semi annually	First call in September 2023, Maturity in September 2028	SGD	100.0

e. Reconciliation with Balance Sheet

Amount (USD million)

Particulars	March 31, 2022	March 31, 2021
Shareholders' equity as per the balance sheet	315.9	506.7
Less: Capital contribution	(12.2)	(12.1)
Less: Additional value adjustments	(0.4)	(0.4)
Less: Gains or losses on liabilities at fair value resulting from own credit risk	(0.0)	(0.0)
Less: Intangible assets	(0.3)	(0.3)
Less: Proposed final dividend	(10.0)	-
Common Equity Tier 1 capital	**293.0**	**493.9**
Additional Tier 1 capital	**-**	**-**
Total Tier 1 capital	**293.0**	**493.9**
Eligible amount of Tier 2 instruments	73.8	74.4
General credit risk adjustments (Collective provision)	11.2	18.4
Total Tier 2 capital	**85.0**	**92.8**
Total regulatory capital	**378.0**	**586.7**

f. The Liquidity coverage ratio (LCR) in the above table is computed using the liquidity balances which are calculated as the simple averages of month end observations over the 12 months preceding the end of the year. The LCR of the Bank as at March 31, 2022 was 245.23% (March 31, 2021: 329.48%).

g. The NSFR is defined as the ratio of available stable funding relative to the required stable funding. PRA has introduced NSFR framework that implements the Basel III standard in UK with effect from January 1, 2022. As per these regulations, the Bank has been complying with the minimum regulatory requirement of NSFR at 100% effective from January 1, 2022. The NSFR ratio in the above table is computed as at March 31, 2022 in line with this regulation.

h. Leverage ratio is defined as the ratio of Tier 1 capital to the total leverage ratio exposures excluding claims on central bank. The Bank is currently not subject to the minimum UK leverage ratio requirement of 3.25% published by PRA in its policy statement in October 2021 and effective from January 1, 2022. The Leverage framework is applicable to LREQ firms with retail deposits equal to or greater than GBP 50.00 billion. The PRA expects that firms not in scope of the leverage ratio minimum capital requirement and buffers should manage their leverage risk so that their leverage ratio does not ordinarily fall below 3.25%. The Bank has complied with PRA's expectation and has maintained its leverage ratio adequately above the expected level of 3.25% throughout the year. At March 31, 2021, the Bank's leverage ratio was 15.66% in accordance with the regulation applicable as at that date.

2.1 Regulatory own funds disclosure and Capital instruments' main features template

a. Composition of regulatory own funds template is provided in Annexure I.
b. Reconciliation of regulatory own funds to balance sheet in the audited financial statements is given in Annexure II.
c. Disclosure on main features of regulatory own funds instruments and eligible liabilities instruments is given in Annexure III.

3. Minimum Capital Requirement

3.1 Pillar 1

Banking operations are categorized as either trading or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

The Bank determines its Pillar 1 regulatory capital requirement based on the following approaches:

- Credit risk - Standardised approach
- Operational risk – Basic indicator approach
- Market risk - Standardised approach

In addition, the Bank determines Pillar 1 regulatory capital requirement for some other risks as under:

- Counterparty credit risk (CCR): Standardised approach for counterparty credit risk (SA-CCR) with effect from January 1, 2022
- Credit valuation adjustment (CVA) risk: Standardised method

The following table shows the overall Pillar 1 minimum capital requirement and risk weighted assets for the Bank under the Standardised Approach.

UK OV1: Overview of risk weighted exposure amounts

Amount (USD million)

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		A	B	C
		March 31, 2022	March 31, 2021	March 31, 2022
1	Credit risk (excluding CCR)	1,491.1	1,865.8	119.3
2	Of which the standardised approach	1,491.1	1,865.8	119.3
3	Of which the foundation IRB (FIRB) approach	-	-	-
4	Of which slotting approach	-	-	-
UK 4a	Of which equities under the simple risk weighted approach	-	-	-

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		A	B	C
		March 31, 2022	March 31, 2021	March 31, 2022
5	Of which the advanced IRB (AIRB) approach	-	-	-
6	Counterparty credit risk - CCR	32.1	54.4	2.5
7	Of which the standardised approach	17.3	-	1.4
8	Of which internal model method (IMM)	-	-	-
UK 8a	Of which exposures to a CCP	0.2	0.4	0.0
UK 8b	Of which credit valuation adjustment – CVA	8.9	16.3	0.7
9	Of which other CCR	5.7	37.7	0.4
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	12.5	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	12.5	-
19	Of which SEC-SA approach	-	-	-
UK 19a	Of which 1250%/ deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	-	-	-
21	Of which the standardised approach	-	-	-
22	Of which IMA	-	-	-
UK 22a	Large exposures	-	-	-
23	Operational risk			
UK 23a	Of which basic indicator approach	123.5	142.4	9.9
UK 23b	Of which standardised approach	-	-	-
UK 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	22.0	21.8	1.8
29	**Total**	**1,646.7**	**2,075.1**	**131.7**

Notes:

a. During the year, the Bank changed CCR methodology from Mark-to-Market method to Standardised approach in line with the updated regulatory requirements of CRR with effect from January 1, 2022. As at March 31, 2021, the CCR on derivatives computed using mark to market method is included in point 9.

b. The counterparty credit risk on Securities Financing Transaction is included in point 9.

c. Market risk: As per Article 351 of CRR, institutions are required to calculate own funds requirement for Market Risk if the overall open position exceeds 2% of the total own funds. The Bank had an open position of USD 1.9 million (March 31, 2021: USD 2.2 million) which is less than 2% of the total own funds.

d. Securitisation: The Bank was a participant in the securitisation market, acting as an investor only. All of the Bank's securitisation positions are on-balance sheet exposures. At March 31, 2022, the balance outstanding was NIL (March 31, 2021: USD 17.3 million).

3.2 Pillar 2A

The Bank's Pillar 2A requirement including the PRA buffer as per the PRA's Total Capital Requirement, (earlier known as Individual Capital Guidance) applicable as at March 31, 2022 was 2.45% (March 31, 2021: 2.08%%) of Total Risk Exposure Amount. The PRA has issued statement in June 2022 for removal of the PRA buffer effective from December 2022, which was introduced in July 2020 in light of the Covid-19 pandemic outbreak.

3.3 Countercyclical capital buffer

The countercyclical capital buffer (CCyB) aims to ensure that the banking sector capital requirements take account of the macro-financial environment in which the banks operate. Its primary objective is to use a buffer of capital to achieve the broader macro-prudential goal of protecting the banking sector from periods of excess aggregate credit growth that have often been associated with the build-up of system-wide risk.

In UK, the Financial Policy Committee of the Bank of England (FPC) is responsible for recognizing or setting up of CCyB rates in respect of foreign exposures.

During March 2020, the FPC reduced the UK's CCyB rate from 1% to 0% of banks' exposures to UK borrowers with immediate effect as part of measures to support the credit supply impacted on account of the COVID-19 pandemic related disruption. The FPC announced in December 2021 to increase the UK's CCyB rate from 0% to 1% applicable from December 2022 in line with the usual 12- month implementation period. The FPC further announced in July 2022, increase in UK's CCyB rate from 1% to 2% to be applicable from July 5, 2023.

4. Risk Management and Governance framework

The Bank has a centralised Risk Management Group with a mandate to identify, assess and monitor all its principal risks in accordance with defined policies and procedures. The Risk Management Group (RMG) is independent of the business units and the Chief Risk Officer (CRO) reports directly to the Managing Director and Chief Executive Officer, and also has reporting line to the Chief Risk Officer of the Parent Bank and the Bank's Chairman of the Board Risk Committee (BRC).

The Bank has developed a risk appetite framework articulated within the broader context of the nature, scope, scale and complexity of the Bank's activities. The framework is based on both quantitative parameters such as capital, liquidity and earnings volatility as well as qualitative parameters such as conduct and reputational risk. The risk appetite statement has been further drilled down into portfolio-level limits, which include limits on country of risk and credit ratings of loans. The risk appetite framework and related limits are approved by the Board of Directors. RMG monitors adherence to the risk appetite framework and reports it to the BRC on a quarterly basis.

The Bank operates within a comprehensive risk management framework to ensure that the key risks are clearly identified, understood, measured and monitored and that the policies and procedures established to address and control these risks are strictly adhered to. The outcomes of each of these risk management processes have been used to identify the material risks that the Bank is exposed to. The Bank is primarily exposed to credit risk, market risk (predominantly interest and exchange rate risk), liquidity risk and operational risk (including compliance, conduct and reputational risk). The Bank's largest regulatory capital requirements arise from credit risk in its lending operations.

The risk appetite statements for the Bank are as follows:

1. The Bank shall ensure that its capital adequacy is higher than regulatory guidance and maintain a buffer over the minimum requirement in line with thresholds identified in its Liquidity Contingency, Recovery and Resolution Plans (LC-RRP).

2. The Bank shall ensure that its liquidity is higher than the regulatory guidance, maintain a buffer over the minimum requirement in line with thresholds identified in its LC-RRP and maintain a prudent funding profile.

3. The Bank shall endeavour to limit earnings volatility due to credit losses as a proportion of its Tier 1 capital.

4. The Bank shall manage concentration risk in the portfolio.

5. The Bank will manage market risk within limits specified in Treasury Policy Manual and Mandate (TPMM), Trading book policy and IRRBB management policy.

6. The Bank has a very low tolerance for operational risk including compliance breaches and frauds. The operational risk will be managed within the quantitative and qualitative parameters outlined in the Operational risk appetite framework.

7. The Bank has low tolerance for cyber related risks.

8. The Bank has a very low risk appetite for failure to manage conduct risk and expects that the behaviour and motivation of every employee must be about good conduct and adherence to established controls to deliver fair and appropriate outcomes to our customers.

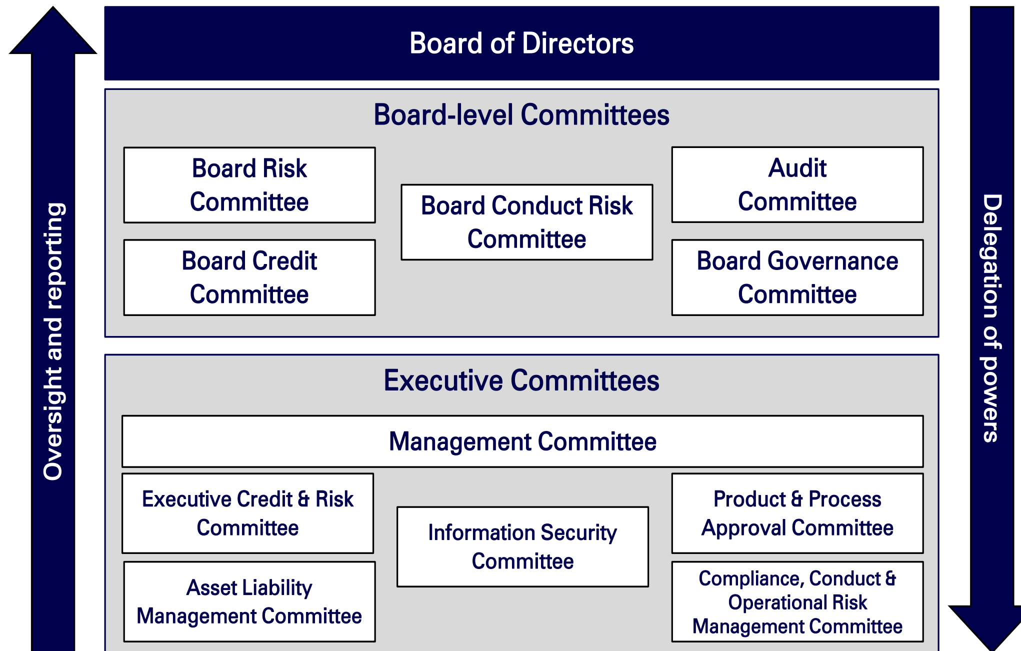
9. The Bank has low appetite for reputation risk and business risk. The Bank shall ensure risk transparency to regulators, the Board and its Parent Company and will endeavour to minimise risk related surprises to these stakeholders.

Effective corporate governance and compliance is a prerequisite to achieving the Bank's strategic objectives. The Bank has maintained a strong focus on controls, governance, compliance and risk management to provide a sound foundation for the business. It ensures embedding of a control and compliance culture throughout the organization. This is achieved through appropriate training, maintaining adequate resources within the control groups commensurate with the Bank's operations, continuous strengthening of internal systems and processes and effective deployment of technology. Information technology is used as a strategic tool for the Bank's business operations, to gain a competitive advantage and to improve its overall productivity and efficiency.

The Bank has adopted a governance framework in line with the corporate governance practices adopted by other UK financial institutions. The Bank's corporate governance framework is based on an effective independent Board, the separation of the Board's supervisory role from the executive management of the Bank and the constitution of Board Committees to oversee critical areas and functions of executive management. The Board is committed to maintaining high standards of corporate governance. The Bank has a total number of five Non-Executive Directors and one Executive Director on the Board. Two of the Non-Executive Directors are representatives of the Bank's Parent Bank and three are independent.

The Board is assisted by its sub-committees, the Audit Committee, the Board Governance Committee (BGC), the Board Risk Committee (BRC), Board Credit Committee (BCC) and the Board Conduct Risk Committee (BCRC), and follows ICICI Group's overall governance framework. The Board has delegated certain powers to these sub-committees with clear terms of reference and mandate. The Board has further delegated responsibility for the day-to-day management of the Bank to the Managing Director and Chief Executive Officer. In this role, the Managing Director and Chief Executive Officer is supported by the Management Committee, which he chairs. The Management Committee is supported by various other committees, which include the Executive Credit and Risk Committee (ECRC), the Asset Liability Management Committee (ALCO), the Compliance Conduct and Operational Risk Management Committee (CORMAC), Product and Process Approval Committee (PAC) and the Information Technology & Security Committee (ITSC). A total of four BRC meetings (FY 2021: five) were held during the year ended March 31, 2022.

The governance structure of the Bank is depicted below:



The Bank operates the three lines of defence model including independent control groups such as Compliance, Risk, Internal Audit, Finance and Legal to facilitate independent evaluation, monitoring and reporting of various risks. These groups function independently of the business groups and are represented at the various committees. The table below depicts the roles, responsibilities and accountabilities for management of material risks:

Key risk	First line of defence	Second line of defence	Third line of defence	Oversight Committee
Credit risk	Corporate/Business banking/Treasury	Risk Management Group (RMG)	Internal audit (IA)	BCC
Concentration risk	Corporate/Business banking/Treasury	RMG	IA	BCC
Recovery risk	Corporate/Business banking/Treasury	Legal	IA	BCC
Market risk, including IRRBB	Treasury	RMG	IA	BRC
Liquidity risk	Treasury	RMG	IA	BRC
Operational risk				
- *Operational*	All	RMG	IA	BRC
- *Outsourcing*	All	RMG	IA	BRC
- *Legal*	All	Compliance/Legal	IA	BRC
- *Compliance & Fraud*	All	Compliance	IA	BCRC, AC
- *People*	Human Resources		IA	BGC
Information security	All	RMG	IA	BRC

Key risk	First line of defence	Second line of defence	Third line of defence	Oversight Committee
risk				
Conduct risk	All	Compliance	IA	BCRC
Group risk	RMG	Management Committee		Board
Strategic risk/ Business risk	Management Committee			Board
Reputation risk	All	Management Committee		Board

Further information is provided in the Annual Report for the year ended March 31, 2022.

The Bank undertakes transactions with its Parent Group, i.e. ICICI Bank Group, in the normal course of business. For ICICI Bank Group, the PRA has approved limit of 100% of Tier 1 capital. All transactions with the Parent Group are undertaken on an arm's length basis.

Stress testing framework

The framework for stress testing has been put in place with the approval of the Board and covers the key risks faced by the Bank viz. credit risk, market risk, liquidity risk and operational risk.

The Bank conducts stress testing, which covers credit, market and operational risks, as part of the ICAAP at annual frequency to facilitate capital planning for the Bank. The stress testing is done annually and is reviewed by the Board as part of annual review of ICAAP. Also, an abridged stress testing is done quarterly under the framework approved by the Board and is reviewed by Management Committee and Board Risk Committee.

The Bank has established the Reverse Stress Testing framework to identify and assess scenarios most likely to cause its business model to become unviable. Further, adequacy and appropriateness of the liquidity stress scenarios are reviewed at least annually as part of review of the Internal Liquidity Adequacy Assessment Process (ILAAP).

5. Credit Risk

5.1 Credit risk overview

Credit risk is the risk that losses may arise as a result of the Bank's borrowers or market counterparties failing to meet obligations under a contract. The Bank's largest regulatory capital requirements arise from credit risk in its lending operations.

The Bank has developed a risk appetite framework articulated within the broader context of the nature, scope, scale and complexity of the Bank's activities. The risk appetite framework and related limits are approved by the Board of Directors. All credit risk related aspects are governed by the Credit Risk Management Policy (CRMP) of the Bank, which is approved and reviewed annually by the BCC. The CRMP describes the principles which underpin and drive the Bank's approach to credit risk management together with the systems and processes through which they are implemented and administered. It lays down a structured credit approval process and includes the credit rating framework, collateral management framework and provisioning policy.

The Credit Risk team is also responsible for the following with respect to managing the Bank's credit risk - developing credit policies, establishing the delegation of sanctioning powers, limiting and monitoring concentrations of exposure and performing periodic credit stress tests on the Bank's portfolio. The delegation structure for approval of credit limits is approved by the BCC. Credit proposals are approved by the ECRC or the BCC based on, inter alia, the amount and internal risk rating of the facility. All credit proposals put up to the BCC have to be evaluated by the ECRC. Concentration risk arises from significant exposures to groups of counterparties where likelihood of default is driven by common underlying factors, e.g. sector, economy, geographical location, instrument type. The key parameters of risk concentrations measured in the Bank include sectoral, country, rating category based, product specific exposures, counterparty and large exposures. To manage these risks, limits have been stipulated in the risk appetite framework.

Credit quality is monitored on an ongoing basis but can also be triggered by any material credit event coming to the Bank's notice through either primary or secondary sources. The Bank has established a Credit Forum, which is comprised of Heads of Businesses and the CRO. The Credit Forum focuses on management & monitoring of impaired and watch list assets/investments and also monitors developments in the Bank's portfolio through the Early Warning Indicators (EWI) framework to identify potential vulnerabilities. Credit risk is also managed at the portfolio level by monitoring and reporting risk dashboards to the BCC at specified intervals.

The Bank has a policy on collateral management and credit risk mitigation (CRM) which provides guidance for identifying eligible collateral as per the relevant articles of the CRR.

Further information is provided in the Annual Report for the year ended March 31, 2022.

5.2 Analysis of credit risk exposures as per Credit Quality Step (CQS)

The Bank uses external credit assessments provided by Moody's, Standard & Poor's and Fitch Ratings. These are all recognised as eligible external credit assessment institutions (ECAI) under CRR in UK for the purpose of calculating credit risk requirements under the standardised approach.

The following table details the ECAIs used for the standardised credit risk exposure classes.

Asset class	ECAI
Central government or central banks	Standard & Poor's, Moody's, Fitch
Public sector entities	Standard & Poor's, Moody's, Fitch
Institutions	Standard & Poor's, Moody's, Fitch
Corporates	Standard & Poor's, Moody's, Fitch
Securitised investments	Standard & Poor's, Moody's, Fitch
Institutions and Corporates with a short-term credit assessment	Standard & Poor's, Moody's, Fitch

The bank assigns each of its exposures to one of the CQS with reference to relevant issuer and issue credit assessments. Risk weight percentage are then determined with reference to exposure class, CQS, and maturity of the exposure. The mapping of the CQS to the ratings of eligible ECAIs is available at:

https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02016R1799-20211207&from=EN

https://www.legislation.gov.uk/eur/2016/1799

The Bank has considered financial collaterals such as deposits held and guarantee issued by other banks as eligible credit risk mitigants.

The Credit risk exposure and CRM effects and risk weight allocation within the respective exposure class under Standardised approach is disclosed in Annexure IV.

5.3 Counterparty credit risk

The Bank deals in derivatives as part of its balance sheet risk management and as part of risk management solutions offered to its clients. The primary derivatives transactions include foreign exchange forwards, cross currency swaps and interest rate swaps. The Bank has no exposure to credit derivative transactions.

The derivative transactions expose the Bank to counterparty credit risk (CCR). CCR is the risk that the counterparty to a derivative transaction could default before the final settlement of the transaction's cash flows.

The PRA has introduced new approaches for CCR computation through a policy statement issued in October 2021 that implements the Basel III standard in UK with effect from January 1, 2022. The Bank computes counterparty exposure value for derivative transactions using the Standardised approach for counterparty credit risk (SA-CCR) as specified in Article 274 of CRR guidelines. During the year, the Bank changed CCR methodology from Mark-to-Market method to SA-CCR method in line with the updated regulatory requirements of CRR with effect from January 1, 2022. The exposure is calculated as the sum of [replacement cost (RC) and potential future exposure (PFE)] multiplied by factor of 1.4. The Bank recognises the effects of netting as risk reducing in accordance with the CRR which reduces the overall exposure only where margining agreement is in place with the counterparty. The counterparty credit limit is set in accordance with the BCC approved CRMP.

The CCR framework also includes a Credit Valuation Adjustment (CVA) for the fair value of CCR for derivative transactions. It represents the capital charge for potential losses due to the credit quality deterioration of a counterparty that does not necessarily end with a default.

As part of compliance to European Market Infrastructure Regulation (EMIR), the Bank centrally clears interest rate swaps through LCH Clearnet (London Clearing House), thereby mitigating the counterparty credit risk. Also, the Bank has entered into credit support annexe (CSA) agreement with its major interbank counterparties, which mandate exchange of daily variation margin based on the movement in MTM.

The Bank has outlined in its CRMP, that collateral obtained for credit risk mitigation should not have material positive correlation between the credit quality of the obligor and the value of the collateral. Also, securities issued by the obligor or any related group entity are not eligible as collateral.

The Bank also provides counterparty credit risk on its Securities Financing Transactions (SFT) with interbank counterparties. The exposure on account of such SFTs at March 31, 2022 was USD 104.2 million (March 31, 2021: USD 116.7 million). The market value of the securities lent against the SFT transaction is considered as its exposure value. Further, the SFT transactions are governed by Global Master Repurchase Agreement (GMRA) which requires margin exchange, in the event of a significant movement in the market value of the security lent.

The Bank has no contractual obligations linked to its credit rating.

Details relating to Analysis of CCR exposure by approach (CCR1), Transactions subject to own funds requirements for CVA risk (CCR2), Standardised approach – CCR exposures by regulatory exposure class and risk weights (CCR3), and Exposures to CCPs (CCR8) are provided in Annexure V.

Composition of collateral for CCR exposures (CCR5) is not disclosed as the collateral received and posted is below the regulatory threshold prescribed for disclosure.

5.4 Additional Valuation Adjustment (AVA)

To ensure that the valuation of the Bank's fair valued assets and liabilities achieves an appropriate degree of certainty, AVA has been calculated on the sum of the absolute value of its total fair valued assets and liabilities. The calculation of AVA is as per the regulatory technical standards (RTS) on prudent valuation adjustment published by the EBA. The Bank follows the simplified approach for AVAs and accordingly apply an AVAs of 0.1% on the sum of the absolute value of its total fair valued assets and liabilities. A case by case analysis is done and only completely back to back transactions are excluded from the computation of AVA.

5.5 Credit risk and dilution risk

Loan impairment provisions

The Bank regularly reviews its loan portfolio to assess for impairment. Provisions are established to recognise incurred losses in the loan portfolio carried at amortised cost. In determining whether an impairment has occurred at the balance sheet date, the Bank assesses if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment and rather the combined effect of several events may have caused the impairment.

In accordance with the guidelines of FRS 102, an impairment loss for financial assets measured at amortized cost is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The estimated future cash flows take into account only the credit losses that have been incurred at the time of the impairment loss calculation. In case the expected cash flows are not available, the breakup value of security/collateral for respective facilities under watch is calculated in accordance with the Bank's collateral valuation policy. In line with accounting guidelines, the Bank recognises an impairment loss equal to the best estimate within the range of reasonable possible outcomes, taking into account all relevant information available about conditions existing at the end of the reporting period.

Collectively assessed impairment allowances cover credit losses inherent in portfolios with similar economic characteristics, when there is objective evidence to suggest that they contain impaired claims, but, the individual impaired items cannot yet be identified. In assessing the need for collective impairment allowances, management considers factors such as historical loss trends, credit quality of the portfolio, portfolio size, concentrations, and economic factors. The aggregate amount of specific and collective provisions is intended to be sufficient to absorb estimated credit losses generated in the loan portfolio. The collective impairment policy, as defined in the CRMP, stipulates that collective provision, based on the credit rating of the exposures, needs to be provided in respect of the entire performing loan and receivables portfolio. The Bank has followed FRS 102 guidelines for defining its collective impairment policy wherein the provisioning is determined by the extent of the underlying credit risk in the portfolio of the Bank. This is also the direction provided by the Basel accord. The exposures that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in the collective assessment of impairment. In line with market practice, the Bank has been using a representative set of Probability of Default (PD)/Loss Given Default (LGD) data to determine the extent of provisioning required to be made in respect of the performing loan portfolio on a collective basis. The aggregate provisioning requirement is arrived at by multiplying the outstanding amounts under each portfolio type (internally rated and externally rated exposures) on the relevant date with the corresponding PD and LGD.

Further disclosure on past due and impaired assets, allowance for credit losses, and a reconciliation of changes in the specific and general credit adjustments is provided in the Annual report for the year ended March 31, 2022.

Impairment of available for sale financial assets

The Bank regularly reviews its available for sale securities portfolio to assess for impairment. The Bank considers all available evidence, including observable market data or information about events specifically relating to the securities which may result in a shortfall in recovery of future cash flows. These events may include a significant financial difficulty of the issuer, a breach of contract such as a default, bankruptcy or other financial reorganisation, or the disappearance of an active market for the debt security because of financial difficulties relating to the issuer, information about the issuer's liquidity, business and financial risk exposures, level of and trends in default for similar financial assets and national and local economic conditions. Once impairment has been identified, the amount of impairment is measured based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss. In determining whether an impairment event has occurred at the balance sheet date, the Bank considers whether there is any observable data which comprises evidence of the occurrence of a loss event, and evidence that the loss event results in a decrease in estimated future cash flows or their timings. Such observable data includes any adverse change in the payment status of borrowers or changes in economic conditions that correlate with defaults on loan repayment obligations. For equity investments a significant or prolonged decline in the fair value of an available for sale equity investment below its cost is an objective evidence of impairment considered by the Bank.

The Bank’s impaired AFS securities include equity investment only. Additional information on the Bank’s accounting policies, analysis of overdue and impaired exposures and valuation methodologies is provided in the Annual Report for the year ended March 31, 2022.

6. Market Risk

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. It also includes the interest rate risk in banking book. The Bank's key policies for managing market risk as approved by the Board Risk Committee (BRC)/ALCO are:

- Treasury policy manual and mandate (TPMM) which also includes the trading book policy statement (TBPS);
- Interest Rate Risk in Banking Book (IRRBB);
- Valuation, Model Validation Policy and Independent Price Verification Policy

These policies are designed to ensure that transactions in securities, foreign exchange and derivatives are conducted in accordance with sound and acceptable business practices as well as regulatory guidelines and laws governing such transactions. The policies are reviewed periodically to take into account changed business requirements, the economic environment and revised policy guidelines.

The key market risks to which the Bank is exposed relate to:

- Interest rate risk – Interest rate risk is defined as the risk of loss which the Bank will incur as a result of an increase or decrease in interest rates. Interest income and expense from interest sensitive assets and liabilities are impacted by changes in interest rates. The overall value of the investment portfolio, the underlying value of the Bank other assets, liabilities, and off balance sheet (OBS) instruments are also impacted due to changes in interest rates because the present value of future cash flows changes when interest rates change.
- Forex risk – This risk arises due to positions in non- US dollar denominated currencies, which in turn arise from assets and liabilities in those currencies. Foreign exchange risk is managed within the Treasury function in accordance with approved position limits. The Net overnight open position (NOOP) of the Bank at March 31, 2022 was USD 1.9 million (March 31, 2021: USD 2.2 million). The Bank has not provided any capital on its net open foreign exchange exposures as the open position was less than 2% of the total own funds of the Bank (Article 351 of the CRR).
- Equity Risk – Equity price risk arises due to the volatility in price movement of the Bank's investment in equity shares and convertibles. Threshold triggers are defined for decline in the values of equity investments and an escalation framework is in place. The value of the Bank's equity investments at March 31, 2022 was USD 5.9 million (March 31, 2021: USD 5.0 million) and the option value of convertibles at March 31, 2022 was Nil (March 31, 2021: Nil).
- Price Risk - Price risk is the risk to the price of investments arising out of changes in multiple factors such as interest rate volatility. The price risk for the Bank is inter-alia monitored through price value of basis point (PV01), value at risk (VaR) and cumulative stop loss. The risk appetite of the Bank includes limits for such risk metrics. The Bank does not have active trading book subjected to mark to market risk. The Bank hedges most of its AFS book to minimise portfolio losses due to interest rate changes by entering into interest rate swaps. In view of this, price risk is not deemed as material risk. Further, the Bank has discussed price risk in subsequent sections through the section on VaR and also through the impact of a change in interest rates on investments held in the AFS portfolio.

The Bank enters into various financial instruments as principal to manage balance sheet interest rate and foreign exchange rate risk. These mainly include interest rate swaps and exchange rate related contracts. The Bank uses derivatives to mitigate interest rate risk. Hedge accounting

is applied to derivatives and hedged items when the criteria under IAS39 for financial instruments as permitted by FRS 102 have been met. For qualifying hedges, the fair value changes of the derivative are substantially matched by corresponding fair value changes of the hedged item, both of which are recognised in profit and loss.

The Bank has devised various risk metrics for different products and investments. These risk metrics are measured and reported to senior management by the Bank's independent Treasury Control & Services Group (TCSG). Some of the risk metrics adopted by the Bank for monitoring its risks are value-at-risk (VaR), duration of equity (DoE), price value of basis point (PV01) and stop loss amongst others. The risk appetite of the Bank includes limits for these risk metrics.

VaR is calculated using a parametric approach at a 99% confidence level over a one day holding period. The total VAR for the Bank's AFS portfolio, including investment portfolio, as at March 31, 2022 was USD 1.2 million (March 31, 2021: USD 1.5 million). The maximum, average and minimum VAR during the year for the AFS portfolio, including investment portfolio, was USD 2.5 million, USD 1.0 million and USD 0.7 million (FY 2021: USD 4.9 million, USD 3.9 million and USD 1.5 million) respectively.

Interest rate risk in the Banking book

Interest rate risk in the Banking book ("IRRBB") is the risk that changes in market interest rates might adversely affect the Bank's financial condition. It is the risk of potential variability in earnings and capital value resulting from changes in market interest rates.

The Bank has aligned IRRBB policy in accordance with the standardised framework prescribed in the PRA rulebook which became effective from January 1, 2022. The Bank's IRRBB policy sets out the processes and key controls required to identify all IRRBB risks arising from banking book operations, to monitor the risk exposures via a set of metrics with a frequency in line with the risk management horizon, and to manage these risks within agreed risk appetite and limits.

In order to manage its interest rate risk in its banking book, the Bank has set out various measurement tools like Interest rate sensitivity reports, Duration of Equity, Delta EvE, Delta NII and Sensitivity analysis of hedge portfolio. Computation of these measurement tools are based on assumptions approved by the Board Risk Committee and are reviewed periodically.

The Delta EVE is the change in the net present value of all cash flows originating from banking book assets, liabilities and off-balance- sheet items resulting from a change in interest rates, assuming that all banking book positions run off. The Bank has considered the scenarios prescribed in the PRA rulebook for computation of Delta EVE. The delta EVE measure is calculated on a monthly basis and is applied to the full life of transactions allowing the risk over the whole life of positions to be considered. It does not capture the impact of business growth or management actions, and is based on the gap based approach with expected balance sheet run-off profile.

Alongside the requirement to monitor and evaluate the potential impact of changes in interest rates on economic value, the PRA expects firms to monitor and evaluate the potential impact on earnings volatility. This earning volatility is measured through change in net interest income (Delta NII). The Delta NII is a measure of the potential change in NII due to an adverse interest rate movement over a predefined time horizon. Considering the size of the Bank's balance sheet

and considering business activities, earnings are assessed for the period of 1 year. The main model assumptions for Delta NII are:

- The balance sheet is kept at the current level, i.e. no growth is assumed, and run-off balances are reinvested to maintain a constant balance sheet
- Non-maturity positions are adjusted for an assumed behavioural profile, to align with the expected product life-cycle

The interest rate sensitivity report indicate whether the Bank will be in a position to benefit from rising interest rates by having a positive gap or whether it will be impacted from declining interest rates by a negative gap.

The Bank also uses Duration of Equity ("DoE") as an all-encompassing measure, which takes into consideration duration and value of both assets and liabilities. DoE is a measure of interest rate sensitivity, which indicates how much the market value of equity, would change if interest rates change by 1%. Currently, a limit of +/- 2.8 has been prescribed for overall DoE of the Bank. The measures for interest rate risk in the banking book are reported to the ALCO on a monthly basis and to the Board Risk Committee on a quarterly basis.

The Bank monitors the P&L volatility which may arise from hedge portfolio as the hedges become ineffective by scenario analysis for 200 bps parallel shift in interest rates (both +ve and –ve) change on the portfolio of hedge effective instruments. Analysis highlights the maximum P&L impact arising out of the above scenarios by considering only those swaps that contribute negatively. The scenario impact is presented to the ALCO on a monthly basis.

UK IRRBB1 - Quantitative information on IRRBB

Amount (USD million)

		a	c	e
		ΔEVE	**ΔNII**	**Tier 1 capital**
	Period	**March 31, 2022**	**March 31, 2022**	**March 31, 2022**
010	Parallel shock up	(10.1)	(0.5)	
020	Parallel shock down	(1.6)	(1.4)	
030	Steepener shock	(3.3)		
040	Flattener shock	(9.4)		
050	Short rates shock up	(11.8)		
060	Short rates shock down	(0.7)		
070	**Maximum**	(11.8)		
080	**Tier 1 capital**			293.0

Further information in relation to Market Risk is provided in the Annual Report for the year ended March 31, 2022.

7. Operational, Information Security, Conduct and Other risk

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. 'Compliance and legal' risk which is defined as the risk that arises from a failure or inability to comply with the laws, regulations or voluntary codes applicable to the financial services industry and 'conduct' risk, which includes risks arising from unfair treatment and delivering inappropriate outcomes to its customers, are also considered within the ambit of operational risk. The Bank has also identified outsourcing and information security risks as key operational risks affecting the Bank and has put in place effective controls including policies and procedure to manage, mitigate and monitor these risks.

The management of operational risk within the Bank is governed by the Operational Risk Management Policy (ORMP) which is reviewed and approved by the BRC on an annual basis. The Bank has determined and articulated an Operational Risk Appetite (ORA) which has been defined as the acceptable maximum level of operational risk that the Bank is willing to accept in pursuit of its strategic objectives, taking into account its stakeholders as well as regulatory requirements. It has been expressed both in quantitative and qualitative terms. The Bank has expressed its ORA as a percentage of financial parameters, i.e., operating income and operating expenses based on the average level of losses for the previous years and has also taken into account the existing controls and expected future developments/ initiatives. The Bank has implemented a Risk and Control Self-Assessment (RCSA) approach to identify and ensure effective control of its operational risks. The RCSAs along with Key Risk Indicators and collection and analysis of operational risk incidents are the tools implemented for systematic management of operational risk within the Bank. The risk dashboard including the detailed operational risk incident report are periodically reported to the BRC.

The Bank has identified 'Outsourcing' as a key operational risk within the Bank. In order to provide guidelines for the application of a standardised approach to all Third Party Arrangements (TPAs) [Outsourced Arrangements (OAs) as well as Non Outsourced Third Party Arrangements (NOTPAs)], entered into by the Bank, the Bank has developed and implemented 'Policy for the Outsourcing and third party risk management'. The Policy is reviewed and approved by BRC on an annual basis. Based on the materiality assessment and risk assessment carried out in accordance with regulatory expectations, all material TPAs are notified to the BRC.

A brief section on the operational risk management framework including governance structure, various management and measurement tools implemented within the Bank is covered in the Annual Report of the Bank for the year ended March 31, 2022.

The Bank carries out an operational risk scenario analysis and stress testing exercise for assessing the adequacy of the operational risk capital charge. Various operational risk scenarios/events based on existing and external loss data, risks identified in RCSAs and internal audit reports, have been identified and assessed and each of these scenarios is assessed for its probability and financial impact. The scenarios cover key operational risks such as outsourcing risk, information security risk, business practice and conduct, technology risk, people risk, natural disaster and man-made disasters. Some of these have been further amalgamated to create seven high impact operational risk scenarios. For the purpose of stress testing, the adequacy of Pillar 1 capital has been assessed by comparing it to stress operational risk losses using three

approaches. The detailed process is mentioned in "quantitative assessment of operational risk drivers" framework which is reviewed on an annual basis as part of the ICAAP.

The Bank has adopted the Basic Indicator Approach for the purposes of calculating its operational risk capital charge as per Basel II and has provided USD 9.9 million capital towards the operational risk requirements as at March 31, 2022 (March 31, 2021: USD 11.4 million).

Information Security Risk

The Bank has established an Information Security Risk Management Framework (ISRMF) for the management of information security (IS) related risks including cyber risk, within the guidelines of the Group Information Security Policy. The purpose of the framework is to ensure that due care is exercised in protecting the critical systems and related information of the Bank and also defines minimum security standards required for securing the IT resources of the Bank. The Board is ultimately responsible for ensuring adherence to the regulatory information security requirements. On a day to day basis, compliance with the requirements of the ISRMF is overseen by the Information Security Officer (ISO) of the Bank. In addition, the Bank has established an Information Technology and Security Committee (ITSC) comprising senior management that oversees important IT and information security issues brought out during the course of the day-to-day operations, review of material deficiencies/breaches (if any), remedial measures, analysis of monitoring reports provided by the Information Security Group of Parent Bank, Internal Audit and Compliance with respect to data protection issues. The ITSC is presented with updates on various IT related aspects such as IT security controls, availability of key IT applications, inventory management, secure configuration of network devices, update on IT projects, actionable emanating out of internal/external audits, penetration testing and/or risk assessments.

During FY2022, the Bank renewed its “Cyber Essentials” certification and badge. Cyber Essentials is a UK government information security assurance scheme operated by the National Cyber Security Centre that encourages organisations in UK to adopt good practices in information security. The certification demonstrates the Bank’s continuous commitment to cyber security and it provides reassurance to customers and vendors that the Bank is working to secure their information and data by implementing essential cyber security measures.

Adequacy of capital for information security risks has been assessed as part of the impact of failure of the Bank’s website and internet banking platform under Pillar 2B, detailed in the ICAAP document of the Bank. Additionally, potential impact on account of ‘cyber-crime’ has also been identified as part of the ‘scenario analysis and stress testing’ framework of the Bank.

Conduct Risk

The Bank’s conduct risk philosophy is to look to develop and maintain long term relationships with its customers, based on openness, trust and fairness. It expects that the behaviour and motivation of every employee must be about good conduct and adherence to established controls to deliver fair and appropriate outcomes to our customers. The Bank evaluates the impact of the changing regulatory requirements on an ongoing basis and is fully committed to establishing controls to deliver fair and appropriate outcomes for its customers.

The Bank continues to focus on the conduct risk matters as defined in its conduct risk appetite. Performance against conduct risk related matters are reviewed and monitored by the BCRC and at the executive level by the CORMAC. Both Committees meet on a periodic basis.

Climate change

The Bank closely monitors the regulatory landscape and steps being taken by the industry on 'Climate Change' and 'Environmental Social & Governance (ESG)'. The CRO has the additional responsibility as SMF to ensure that the regulatory expectations are adequately addressed. The BRC provides an oversight to the climate change related action plan of the Bank. A Working Group (WG), chaired by the CRO and with members from Legal, Risk, Compliance, Finance, Treasury and business groups, meets regularly to track the latest regulatory guidance and expectations and developments in the industry with regard to Climate change. The WG is making use of guides published by the Climate Financial Risk Forum (CFRF), which is co-chaired by the FCA and the PRA. The CFRF has been established with the objective to build capacity and share best practice across financial regulators and industry in the UK to advance responses to the financial risks from climate change. The guides aim to help financial firms in the UK to understand the risks and opportunities that arise from climate change, and provide support for how to integrate them into risk, strategy and decision-making processes. The Bank continues to enhance identification, oversight and management of climate-related risks proportionate to its size and nature of operations. For example, for its loans against property (LAP) business, the Bank has stipulated minimum requirement for energy efficiency rating (evidenced through Energy Performance Certificate (EPC) for properties mortgaged to the Bank. For corporate borrowers constituting the credit portfolio, a process has been institutionalised to score parameters like sectoral, regulatory, physical, transition, litigation and reputation risks on account of climate change as part of appraisal and asset quality review (AQR) notes. The final weighted scores have been used to categorise the financial impact of climate change on the borrower's business into either 'High', Medium' or 'Low'. The Bank proposes to increase engagement with borrowers assessed as potential 'High' impact, and seek more information on the action plan to transition to net zero.

The Bank has included below Climate Change related financial risk in its risk appetite statement effective from April 2022:

The Bank is committed to:

a. managing transition and physical risks in its portfolio faced today and under future scenarios;
b. taking suitable steps to align to the UK government's mission to achieve net zero.

Further information is provided in the Annual Report for the year ended March 31, 2022.

COVID-19

Since the beginning of year 2020, the world has been facing unprecedented crisis of the COVID-19 pandemic which severely impacted economic activity across the globe. Though the impact of the COVID-19 virus diminished during calendar year (CY) 2021, its impact in terms of supply disruptions in conjunction with rising geopolitical risks continue to act as major downside risks to the growth outlook for CY2022. During FY2022, the Bank remained focused on maintaining its robust internal controls and risk management techniques to ensure that the Bank operates within its risk appetite. The Bank also focused on conserving capital and liquidity at all times during the year due to the uncertain economic environment. Further information is provided in the Annual Report for the year ended March 31, 2022.

Brexit

From January 1, 2021 the UK formally left the European Union. While the Bank ensured continuity of its business operations in Germany, due to the absence of an equivalence regime between the UK and EU, the Bank had engaged external legal counsel to obtain clarity on the access to business in other EU countries. The Bank has established its processes to comply with the guidance provided by the external legal counsel. The Bank had assessed the impact of limited access to EU market on its business strategy. As the Bank's strategy has been more focused towards an asset light and transaction banking model, it was assessed that Brexit would not have a significant impact on the Bank's strategy. Further information is provided in the Annual Report for the year ended March 31, 2022.

IBOR reform

Following the financial crisis, the replacement of benchmark interest rates such as LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators and central banks. The Bank formed a Steering Committee chaired by the Head of Corporate Banking and attended by the executive management team with regular meetings to monitor and discuss the developments related to IBOR reform. The Bank engaged an external consultant to provide regular oversight and specialised assistance, where required, on the Libor transition project. The Bank also coordinates with other banks to share and follow best practices. Further information is provided in the Annual Report for the year ended March 31, 2022.

8. Liquidity Risk

Liquidity risk arises due to insufficient available cash flows including the potential difficulty of resorting to the financial markets in order to meet payment obligations. The Bank's key policies for managing liquidity risk, as approved by the Board, are:

- Internal Liquidity Adequacy Assessment Process (ILAAP)
- Liquidity, Contingency, Recovery and Resolution Plans (LC-RRP)

The Bank differentiates liquidity risk between funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that the Bank will not be able to efficiently meet cash flow requirements in a timely manner for its payment obligations including liability repayments, even under adverse conditions, and to fund all investment/lending opportunities, even under adverse conditions. Market liquidity refers to a Bank's ability to execute its transactions and to close out its positions at a fair market price. This may become difficult in certain market conditions either because of the underlying product itself or because of the Bank's own creditworthiness.

The Bank's liquidity risk management philosophy is to be able, even under adverse conditions, to meet all liability repayments on time and to fund all investment opportunities by raising sufficient funds either by increasing liabilities or by converting assets into cash expeditiously and at reasonable cost.

Structure and organisation of the liquidity risk management function

The Board and senior management (members of the Management Committee) are responsible for ensuring the overall appropriateness of the Bank's liquidity management practices by defining the Bank's risk appetite through the finance planning cycle and monitoring the risk profile of the Bank through the Risk Management committees. These Committees monitor and escalate the risks to the attention of the Board and senior management as set out in policy. The use of the ILAAP has enhanced the Bank's liquidity management processes.

The organisation structure for liquidity management is outlined below:

Liquidity risk management

The risk identification and quantification approach adopted by the Bank for each material risk driver is considered appropriate to the nature, size and complexity of the Bank's business. The Bank has considered various stressed risk events to assess the overall liquidity adequacy of the Bank under stressed conditions. The Bank remains committed to ensuring that all its stakeholders are protected by maintaining adequate liquid assets to withstand a range of severe stressed events and by having a prudent funding profile. The liquidity and funding risk appetite statement ensures that the Bank adequately monitors the short term and structural liquidity risk. Also, it ensures that the Bank maintains adequate liquid assets for severe stress scenarios. The analysis of the risk drivers covers the potential liquidity risks that may arise out of the key service lines of the Bank and defines adequate controls to mitigate these risks. The Bank considers the stress

horizon of 90 day for the liquidity risk appetite adequate based on its balance sheet structure and its business mode.

Liquidity risk appetite statement

The Bank has implemented the CRD/CRR liquidity guidelines as specified by PRA. As per the guidelines, the Bank has prepared an Internal Liquidity Adequacy Assessment Process (ILAAP) document outlining the liquidity risk appetite of the Bank. The Bank maintains a diversified funding base comprising retail, corporate customer deposits and institutional balances. The Bank also holds unencumbered, high quality liquid assets to protect against stress conditions. The Bank monitors and manages its overall liquidity risk appetite by ensuring that it maintains liquidity coverage ratio above regulatory requirements, by having adequate liquid assets for projected stressed outflows under various scenarios and also ensures that its liquidity gap position is within the approved limit for the various time buckets. This framework is further augmented by defining risk limits for individual liquidity risk drivers. ALCO and BRC review these parameters on monthly and quarterly basis respectively.

Stress testing

The ILAAP document sets out the framework used to ensure that the Bank maintains sufficient liquidity at all times, including periods of stress. This has been done through the robust liquidity stress testing under various identified scenarios. Under each scenario, the Bank assesses the behavior of each liquidity risk drivers and estimates the amount of liquidity required to mitigate net stress outflows. The stress testing is carried out daily. The results of the stress test are reported to the ALCO and BRC & Board on a monthly and quarterly basis respectively.

Further, from October 1, 2015 the Bank maintains Liquidity Coverage Ratio (LCR) as stipulated by the PRA. The Net Stable Funding ratio (NSFR) for the Bank as at March 31, 2022 was 141.7%. NSFR was introduced as a regulatory requirement in the UK from January 1, 2022.

The LCR is intended to ensure that a bank maintains an adequate level of unencumbered HQLA which can be used to offset the net stressed outflows the bank could encounter under a combined stress scenario lasting 30 days. The LCR ratio of the Bank at March 31, 2022 was 245.2% (March 31, 2021: 329.5%) against the regulatory requirement of 100.0%. The Bank holds an adequate level of liquidity in excess of regulatory requirements and requirements as per internal risk appetite defined in ILAAP.

Contingency Funding Plan

The Bank's LC-RRP document details the overall approach and actions the Bank would undertake in order to manage the Bank's liquidity and capital positions during liquidity contingency or recovery scenarios.

The Liquidity Contingency Plan (LCP) sets out the plan of action the Bank would use to fund business activity in liquidity stress situation. The LCP outlines a list of potential risk factors, key reports and metrics that are reviewed on an ongoing basis to assist in assessing the severity of, and of individuals to foster effective coordination, control and distribution of information, all of which are critical in the management of a crisis.

The LCP also details the responsibilities of these groups and individuals, which include making and disseminating key decisions, coordinating all contingency activities throughout the duration of the crisis and managing internal and external communication.

Further information in relation to Liquidity risk is provided in the Annual Report for the year ended March 31, 2022.

9. Remuneration disclosure

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 formed in accordance with the mandate provided by the Board and 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. The last material change in the remuneration policy was made to comply with the CRD V amendments. A total of four Board Governance Committee meetings were held during the year ended March 31, 2022.

The BGC uses external consultant, as and when appropriate, to receive advice and guidance on remuneration policy and related matters of the Bank and its branch in Germany. The Germany branch overall aligns their remuneration practices with the principles contained in the remuneration policy of the Bank with some changes made to adhere to the local environment and regulation.

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.

Staff engaged in all control functions, including Compliance, Risk, 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 linked to the overall performance of the Bank.

The Bank's performance goals are approved by the BGC, which periodically reviews the performance against the objectives and the means adopted to achieve the same.

Design and Structure of Remuneration

The remuneration philosophy of the Bank is based on the principles of performance against stated objectives of the Bank. 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. The Bank does not encourage any kind of guaranteed bonus. The 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 of an individual is decided by skip level managers, in association with their HR managers. This ensures that an individual's pay-out 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 variable pay approach followed for all employees, the Committee reviews the Bank's performance including that of the Managing Director & CEO and the Management Committee. Based on Bank's performance, the Committee approves the rate of variable pay to be paid and the increments to be given.

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 performance review.

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 consists of performance bonus and Employee Stock Options (ESOS).

The ratio between the fixed and variable pay of total compensation is set by the Bank to ensure an appropriate balance. The ratio of variable component to fixed component of total remuneration will not exceed 2:1 starting from financial year 2022 and onwards.

At senior level, up to 100% of the share instruments, part of variable pay, are deferred over 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 and 'vested & unexercised' options are lapsed in the event of termination of a code staff member's employment for 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. ESOS also aims at aligning senior management behaviour 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 Limited, India. This scheme is approved by the shareholders of ICICI Bank Limited. The BGC 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 pay-outs of variable pay. In the event of exceptional performance, if the quantum of bonus for an employee is more than or equal to INR value of 2,500,000, then 50% is paid upfront and balance is deferred equally over a period of three years.

In relation to employee stock options granted under ESOS and cash bonuses earned from April 1, 2021 onwards and which are deferred the following will apply:

- Malus may be applied during the deferment period as applicable to the Deferred Variable Remuneration; and
- Clawback shall apply for a period of seven years from the date on which the relevant award is made;
- Cash bonus awards earned from April 1, 2021 and which are not deferred shall be subject to clawback for a period of one year only from the date of award.

The Bank satisfies all the conditions specified for a small CRR firm in Remuneration part of PRA Rulebook and is classified as a small CRR firm. Accordingly, the Bank applies the derogation available in the Remuneration Part of the PRA Rulebook at section 5.3, and/or 12.2 (second subparagraph), and 15.A1(3) mainly in relation to all the code staff (excluding the non-executive directors who are not in receipt of variable remuneration).

Code Staff

The following employees of the Bank have been identified as Remuneration Code Staff, whose professional activities have a material impact on the risk profile of the Bank:

1. Executive Senior Managers (Member of Management Committee including Head of Internal Audit).

2. Independent Non-Executive Directors of the Bank.

Equal Opportunities and Diversity

The Bank is an equal opportunities employer and is committed to providing equal opportunities and avoiding unlawful discrimination. This Policy aims to ensure that no one is unfairly discriminated against because of their age, disability, gender, reassignment, race, colour, nationality, ethnic or national origin, religion or belief, sex, sexual orientation, marriage and civil partnership and status, or pregnancy and maternity. The Policy states that the Bank will not discriminate against individuals (including members of the management body) on the grounds stated, in any area of recruitment or employment including job selection, training, promotion, appraisal, salary, administration and terms and conditions of employment, discipline and selection for redundancy.

UK REM1 - Remuneration awarded for the financial year 2021-22:

Amount (USD million)

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	3	10	0	0
2		Total fixed remuneration	0.3	2.2	-	-
3		Of which: cash-based	0.3	2.0		
UK-4a		Of which: shares or equivalent ownership interests	-	-		
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-		
UK-5x		Of which: other instruments	-	-		
7		Of which: other forms	-	0.2		
9	Variable remuneration	Number of identified staff	0	10	0	0
10		Total variable remuneration	-	1.5	-	-
11		Of which: cash-based		0.8		
12		Of which: deferred		0.4		
UK-13a		Of which: shares or equivalent ownership interests		0.7		
UK-14a		Of which: deferred		0.7		
UK-13b		Of which: share-linked instruments or equivalent non-cash instruments		-		
UK-14b		Of which: deferred		-		
UK-14x		Of which: other instruments		-		
UK-14y		Of which: deferred		-		
15		Of which: other forms		-		
16		Of which: deferred		-		
17	Total remuneration (2 + 10)		0.3	3.7	-	-

Notes:

a. The total remuneration includes part year salary of 2 (Two) MB Management function staff. These management function position were discontinued / merged during the mid-year re-organisation.
b. As on 31 March 2022, the number of MB Management function staff was 8.
c. Amounts in above table has been converted to equivalent USD using average GBP:USD exchange rate of the 12 month end during the year.

UK REM4 - Remuneration of 1 million EUR or more per year for the financial year 2021-22:

		A
	EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	NIL
2	1 500 000 to below 2 000 000	NIL
3	2 000 000 to below 2 500 000	NIL
4	2 500 000 to below 3 000 000	NIL
5	3 000 000 to below 3 500 000	NIL
6	3 500 000 to below 4 000 000	NIL
7	4 000 000 to below 4 500 000	NIL
8	4 500 000 to below 5 000 000	NIL
9	5 000 000 to below 6 000 000	NIL
10	6 000 000 to below 7 000 000	NIL
11	7 000 000 to below 8 000 000	NIL

Annexure I

UK CC1 - Composition of regulatory own funds

Amount (USD million)

		March 31, 2022	March 31, 2021	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (UK CC2)
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	220.1	420.1	19a
	of which: ordinary shares	220.1	420.1	19a
2	Retained earnings	72.2	57.4	21a
3	Accumulated other comprehensive income (and other reserves)	0.5	2.3	22a
UK-3a	Funds for general banking risk	-	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	-	
5	Minority interests (amount allowed in consolidated CET1)	-	-	
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0.9	14.8	21a
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**293.7**	**494.6**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(0.4)	(0.4)	
8	Intangible assets (net of related tax liability) (negative amount)	(0.3)	(0.3)	7a
9	Empty set in the UK	-	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	-	

		March 31, 2022	March 31, 2021	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (UK CC2)
12	Negative amounts resulting from the calculation of expected loss amounts	-	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(0.0)	(0.0)	
15	Defined-benefit pension fund assets (negative amount)	-	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	-	
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
18	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
19	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
20	Empty set in the UK	-	-	
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	-	
UK-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	-	
UK-20c	of which: securitisation positions (negative amount)	-	-	

		March 31, 2022	March 31, 2021	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (UK CC2)
UK-20d	of which: free deliveries (negative amount)	-	-	
21	Deferred tax assets arising from temporary difference (amount above 10 % threshold , net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	-	
22	Amount exceeding the 17.65% threshold (negative amount)	-	-	
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-	
24	Empty set in the UK	-	-	
25	of which: deferred tax assets arising from temporary difference	-	-	
UK-25a	Losses for the current financial year (negative amount)	-	-	
UK-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	-	
26	Empty set in the UK	-	-	
27	Qualifying AT1 deductions that exceeds the AT1 items of the institution (negative amount)	-	-	
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	-	-	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(0.7)**	**(0.7)**	
29	**Common Equity Tier 1 (CET1) capital**	**293.0**	**493.9**	
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	-	-	
31	of which: classified as equity under applicable accounting standards	-	-	
32	of which: classified as liabilities under applicable accounting standards	-	-	

		March 31, 2022	March 31, 2021	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (UK CC2)
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	-	-	
UK-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	-	
UK-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties	-	-	
35	of which: instruments issued by subsidiaries subject to phase-out	-	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**-**	**-**	
Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
40	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	

		March 31, 2022	March 31, 2021	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (UK CC2)
41	Empty set in the UK	-	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-	
42a	Other regulatory adjustments to AT1 capital	-	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	**-**	
44	**Additional Tier 1 (AT1) capital**	**-**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**293.0**	**493.9**	
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts	73.8	74.4	13a
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	-	
UK-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	-	
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party	-	-	
49	of which: instruments issued by subsidiaries subject to phase-out	-	-	
50	Credit risk adjustments	11.2	18.4	
51	**Tier 2 (T2) capital before regulatory adjustment**	**85.0**	**92.8**	
Tier 2 (T2) capital: regulatory adjustments				
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-	

		March 31, 2022	March 31, 2021	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (UK CC2)
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	-	-	
54a	Empty set in the UK	-	-	
55	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amounts)	-	-	
56	Empty set in the UK	-	-	
UK-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	-	
UK-56b	Other regulatory adjustments to T2 capital	-	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	**-**	
58	**Tier 2 (T2) capital**	**85.0**	**92.8**	
59	**Total capital (TC = T1 + T2)**	**378.0**	**586.7**	
60	**Total Risk exposure amount**	**1,646.7**	**2,075.1**	
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	17.79%	23.80%	
62	Tier 1 (as a percentage of total risk exposure amount)	17.79%	23.80%	
63	Total capital (as a percentage of total risk exposure amount)	22.96%	28.27%	

		March 31, 2022	March 31, 2021	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (UK CC2)
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	2.53%	2.52%	
65	of which: capital conservation buffer requirement	2.50%	2.50%	
66	of which: countercyclical buffer requirement	0.03%	0.02%	
67	of which: systemic risk buffer requirement	-	-	
UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	9.92%	16.20%	
69,70,71	[non-relevant in UK]	-	-	
Amounts below the thresholds for deduction (before risk-weighting)				
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	-	
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% threshold and net of eligible short positions	-	-	
74	Empty set in the UK	-	-	
75	Deferred tax assets arising from temporary difference (amount below 17.65 % threshold , net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	-	

		March 31, 2022	March 31, 2021	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (UK CC2)
Applicable caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	11.2	18.4	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	18.9	25.9	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	-	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)				
80	Current cap on CET1 instruments subject to phase-out arrangements	-	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	
82	Current cap on AT1 instruments subject to phase-out arrangements	-	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	
84	Current cap on T2 instruments subject to phase-out arrangements	-	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	

Notes:

a. The Bank returned ordinary equity share capital, part of CET 1 capital, of USD 200.0 million to its shareholders during the year post receipt of requisite approvals including regulatory and court approval for reduction of capital.

b. The final dividend of USD 10.0 million on the ordinary equity shares of the Bank recommended by the Board for the year was deducted from profits for the year ended March 31, 2022.

Annexure II

UK CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

Amount (USD million)

		Balance sheet as in published financial statements		Reference UK CC1
		As at March 31, 2022	As at March 31, 2021	
Assets				
1	Cash and cash equivalents	336.7	733.6	
2	Investment in Treasury bills	154.4	125.8	
3	Loans and advances to banks	141.4	52.4	
4	Loans and advances to customers	1,182.9	1,522.1	
5	Other Investment Securities	366.8	413.0	
6	Derivative Financial instruments	20.1	49.2	
7	Tangible and intangible fixed assets	2.7	3.5	
7a	*of which, other intangibles*	*0.3*	*0.3*	8
8	Other assets	27.4	46.1	
9	Prepayments and accrued income	9.6	11.1	
10	**Total assets**	**2,242.0**	**2,956.8**	
Liabilities				
11	Deposits by banks	28.9	65.3	
12	Customer accounts	1,542.0	1,957.5	
13	Bonds and medium term notes (including subordinated liabilities)	219.3	274.0	
13a	*of which: considered for Tier 2 capital*	*73.8*	*74.4*	46
14	Derivative Financial instruments	18.2	40.4	
15	Other liabilities	15.5	19.6	
16	Accruals and deferred income	13.7	14.1	
17	Repurchase Agreements	88.5	79.1	

		Balance sheet as in published financial statements		Reference UK CC1
		As at March 31, 2022	As at March 31, 2021	
18	**Total liabilities**	**1,926.1**	**2,450.0**	
Shareholders' Equity				
19	Issued share capital	220.1	420.1	
19a	*of which: considered for CET 1 capital*	*220.1*	*420.1*	1
20	Capital contribution	12.2	12.2	
21	Retained earnings	83.1	72.2	
21a	*of which: considered for CET 1 capital*	*73.1*	*72.2*	2 and UK-5a
22	Available for sale reserve	0.5	2.3	
22a	*of which: considered for CET 1 capital*	*0.5*	*2.3*	3
23	**Total shareholders' equity**	**315.9**	**506.8**	

Notes:

a. The Bank's Pillar 3 disclosures have been prepared on an individual basis. There is no subsidiary/joint venture of the Bank that is required to be consolidated for accounting or regulatory prudential purposes. The Bank's scope of accounting consolidation and its scope of regulatory consolidation are exactly the same and accordingly the column (a) and (b) of the Template UK CC2 has been merged for disclosure purposes.

b. Italicised values represent subsets of values directly above them, and also show the splits between Tier 1 and Tier 2 Capital detailed in the CRR Own Funds.

Annexure III

UK CCA: Main features of regulatory own funds instruments and eligible liabilities instruments

1	Issuer	ICICI Bank UK Plc	ICICI Bank UK Plc	ICICI Bank UK Plc
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Ordinary Shares USD	Ordinary Shares GBP	XS1881532912
2a	Public or private placement	Private	Private	Public
3	Governing law(s) of the instrument	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	No	No	Yes
	Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Share Capital	Ordinary Share Capital	Dated Subordinated Bonds with issuer call
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	USD 220.0 million	USD 0.1 million	USD 73.8 million
9	Nominal amount of instrument	USD 220.0 million	GBP 0.05 million	SGD 100.0 million
UK-9a	Issue price	USD 1.00 per share	GBP 1.00 per share	100.00%
UK-9b	Redemption price	N/A	N/A	100.00%
10	Accounting classification	Shareholder's equity	Shareholder's equity	Liability - amortised cost
11	Original date of issuance	01-Aug-2003 and on various other dates	28-Apr-2003	26-Sep-2018
12	Perpetual or dated	Perpetual	Perpetual	Dated with Issuer call option

13	Original maturity date	No maturity	No maturity	26-Sep-2028
14	Issuer call subject to prior supervisory approval	No	No	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	N/A	26-Sep-2023; Redemption at par
16	Subsequent call dates, if applicable	N/A	N/A	At each interest payment date
	Coupons / dividends			
17	Fixed or floating dividend/coupon	Floating	Floating	Fixed to floating
18	Coupon rate and any related index	N/A	N/A	5.3750% till 26-Sep-2024, thereafter Singapore dollar swap offer rates plus 2.9950%
19	Existence of a dividend stopper	N/A	N/A	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A	N/A
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A	N/A
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	No	Yes

31	If write-down, write-down trigger(s)	N/A	N/A	A decision that the Bank or its Parent Bank (as the case may be) would become non-viable either without a write-down of bonds or without injection of capital from public sector / equivalent support, as determined by RBI and provided that the local regulator does not object to such determination
32	If write-down, full or partial	N/A	N/A	Full
33	If write-down, permanent or temporary	N/A	N/A	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A	N/A
UK-34b	Ranking of the instrument in normal insolvency proceedings	Ranks below all other forms of capital	Ranks below all other forms of capital	Ranks above all other forms of capital
35	Position in subordination hierarchy in liquidation (specify instrument type immediately Senior to instrument)	Perpetual Deeply Subordinated Debt	Perpetual Deeply Subordinated Debt	Unsecured and Un-subordinated Debt
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A	N/A	N/A

Annexure IV

UK CR4 – Standardised approach – Credit risk exposure and CRM effects

As at March 31, 2022 | **Amount (USD million)**

Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
	a	b	C	d	e	f
Central governments or central banks	450.7	-	450.7	-	-	0.00%
Public sector entities	-	-	-	0.1	0.0	20.00%
Institutions	221.4	3.6	293.3	2.6	154.8	52.31%
Corporates	868.4	206.2	796.5	38.5	827.9	99.15%
Secured by mortgages on immovable property	574.4	4.2	574.4	2.1	380.6	66.01%
Exposures in default	25.4	-	25.4	-	31.8	125.22%
Institutions and corporates with a short-term credit assessment	51.7	9.6	51.7	7.0	35.9	61.22%
Equity	5.9	-	5.9	-	5.9	100.00%
Other items	32.7	-	32.7	46.0	54.2	68.85%
TOTAL	**2,230.6**	**223.6**	**2,230.6**	**96.3**	**1,491.1**	**64.08%**

Notes:

a. Exposure and RWA amounts exclude counterparty credit risk exposure and securitization in accordance with the instructions provided in the regulation.

b. Exposure classes where the exposure and RWA amount is NIL has been excluded from above table.

As at March 31, 2021 **Amount (USD million)**

Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
	a	b	c	d	e	f
Central governments or central banks	782.8	-	782.8	-	-	-
Public sector entities	-	-	-	0.7	0.1	20.00%
Institutions	201.9	6.5	286.4	1.7	143.1	49.65%
Corporates	1,147.3	263.4	1,061.8	47.0	1,118.1	100.83%
Secured by mortgages on immovable property	618.9	4.4	618.9	2.2	439.6	70.79%
Exposures in default	34.5		34.5		49.7	144.02%
Institutions and corporates with a short-term credit assessment	85.7	1.5	85.7	0.3	45.6	53.04%
Equity	5.0		5.0		5.0	100.00%
Other items	38.2		39.2	68.5	64.6	59.98%
TOTAL	2,914.3	275.8	2,914.3	120.4	1,865.8	61.48%

UK CR5 – Standardised approach

As at March 31, 2022 **Amount (USD million)**

Exposure classes	Risk weight								Total	Of which unrated
	0%	20%	35%	50%	100%	150%	250%	Others		
	a	e	f	g	j	k	l	o	p	q
Central governments or central banks	450.7								450.7	-
Public sector entities		0.1							0.1	0.1
Institutions		67.6		174.0	54.3				295.9	0.6
Corporates		39.7		7.3	730.0	58.0			835.0	386.7
Exposures secured by mortgages on immovable property			241.4		335.1				576.5	576.5
Exposures in default					12.6	12.8			25.4	25.4
Exposures to institutions and corporates with a short-term credit assessment		7.4		35.1	14.8	1.4			58.7	-
Equity exposures					5.9				5.9	5.9
Other items	2.9	43.6			23.4		8.8		78.7	78.7
TOTAL	453.6	158.4	241.4	216.4	1,176.1	72.2	8.8	-	2,326.9	1,073.9

Notes:

a. Exposure amounts exclude counterparty credit risk exposure and securitization in accordance with the instructions provided in the regulation. Exposure classes classification is post CCF and post CRM.
b. Exposure classes and risk weight % category where the exposure amount is NIL has been excluded from above table.
c. Exposures for which a credit assessment by a nominated ECAI is not available has been included in the "Of which Unrated" category.

As at March 31, 2021 **Amount (USD million)**

Exposure classes	Risk weight									Total	Of which unrated
	0%	2%	20%	35%	50%	100%	150%	250%	Others		
	a	b	e	f	g	j	k	l	o	p	q
Central governments or central banks	782.8									782.8	-
Public sector entities			0.7							0.7	0.7
Institutions		16.9	40.6		192.0	38.6				288.1	1.7
Corporates			36.4		22.5	946.4	103.5			1,108.8	578.9
Exposures secured by mortgages on immovable property				208.2		412.9				621.1	621.1
Exposures in default						4.1	30.4			34.5	34.5
Exposures to institutions and corporates with a short-term credit assessment			10.4		65.4	9.0	1.2			86.0	-
Equity exposures						5.0				5.0	5.0
Other items	1.8		67.9			29.3		8.7		107.7	107.7
TOTAL	**784.6**	**16.9**	**156.0**	**208.2**	**279.9**	**1,445.3**	**135.1**	**8.7**	**-**	**3,034.7**	**1,349.6**

Annexure V

UK CCR1 – Analysis of CCR exposure by approach

As at March 31, 2022 **Amount (USD million)**

		a	b	C	d	e	f	G	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
UK1	Original Exposure Method (for derivatives)				1.4			-	-
UK2	Simplified SA-CCR (for derivatives)				1.4			-	-
1	SA-CCR (for derivatives)	5.4	13.0		1.4	25.7	25.7	25.7	17.3
2	IMM (for derivatives and SFTs)							-	-
2a	*Of which securities financing transactions netting sets*								
2b	*Of which derivatives and long settlement transactions netting sets*								
2c	*Of which from contractual cross-product netting sets*								
3	Financial collateral simple method (for SFTs)					104.2	15.7	15.7	5.7
4	Financial collateral comprehensive method (for SFTs)							-	-
5	VaR for SFTs							-	-
6	**Total**					129.9	41.4	41.4	23.0

Notes: Derivatives exposure amount excludes exposure to CCPs in line with instructions provided in the regulation.

UK CCR2 – Transactions subject to own funds requirements for CVA risk

As at March 31, 2022 **Amount (USD million)**

		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		
3	(ii) stressed VaR component (including the 3× multiplier)		
4	Transactions subject to the Standardised method	36.6	8.9
UK4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	36.6	8.9

UK CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

As at March 31, 2022 **Amount (USD million)**

Exposure classes	Risk weight											
	a	b	c	d	e	f	g	h	i	J	k	l
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
Institutions					11.1	19.1						30.2
Corporates									11.2			11.2
Total exposure value	**-**	**-**	**-**	**-**	**11.1**	**19.1**	**-**	**-**	**11.2**	**-**	**-**	**41.4**

Notes:
a. Exposure value is post CRM.
b. Exposure classes where the exposure amount is NIL has been excluded from above table.

UK CCR8 – Exposures to CCPs

As at March 31, 2022 **Amount (USD million)**

		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		0.2
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	10.9	0.2
3	(i) OTC derivatives	10.9	0.2
4	(ii) Exchange-traded derivatives		
5	(iii) SFTs		
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin	6.7	
8	Non-segregated initial margin		
9	Prefunded default fund contributions		
10	Unfunded default fund contributions		
11	**Exposures to non-QCCPs (total)**		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	(i) OTC derivatives		

		a	b
		Exposure value	RWEA
14	(ii) Exchange-traded derivatives		
15	(iii) SFTs		
16	(iv) Netting sets where cross-product netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Prefunded default fund contributions		
20	Unfunded default fund contributions		

Annexure VI

Compliance to Pillar 3 requirements

The table below lists the CRR article reference with a high level summary of disclosure requirement along with information on compliance by the Bank for those requirements. The below table contains reference to only those CRR articles for which disclosure is required in accordance with Article 433c (2) of CRR for non-listed Other Institution.

CRR reference	Disclosure requirement	Compliance reference
Scope of disclosure requirements		
431 (1)	Requirement to publish Pillar 3 disclosures	Bank publishes Pillar 3 disclosures for the year ended March 31, 2022 on its website.
431 (2)	Permission granted by the competent authorities for any specific methodologies shall make public disclosure of the information	The Bank has not obtained any such permission from the competent authorities.
431 (3)	Institution must have a formal policy to comply with Pillar 3 disclosure requirements covering written attestation by senior management and internal verification.	Refer Section 1.3 – Scope of application of Directive requirements; Section 1.4 - Frequency and Disclosure; Section 1.6 – Verification
431 (4)	All quantitative disclosures shall be accompanied by a qualitative narrative and any other supplementary information that may be necessary	The Bank provides appropriate narrative or supplementary information wherever required in the disclosure document.
431 (5)	Explanation of ratings decision to SMEs and other corporate applicants for loans upon request.	The Bank handles all loan applications through its relationship managers. The relationship manager suitably explains the rating decision in writing upon receipt of such request from SME and other corporate applicants.
Non-material, proprietary or confidential information		
432 (1)	Institutions may omit information that is not material.	Refer section 1.4 – Frequency and Disclosure

CRR reference	Disclosure requirement	Compliance reference
432 (2)	Institutions may omit information that is proprietary or confidential.	
432 (3)	Where 432 (2) apply this must be stated in the disclosures, and more general information must be disclosed.	
Frequency of disclosure		
433	Disclosures shall be published in accordance with Article 433a, 433b, and 433c. Annual disclosure shall be published on the same date on which institution publish their financial statements or as soon as possible thereafter.	Refer Section 1.4 – Frequency and Disclosure
Disclosure by institutions – Large, Small and non-complex and Others		
433a	Disclosures by Large Institutions	Not applicable, as the Bank is not classified as large institution.
433b	Disclosures by Small and Non-Complex Institutions	Not applicable, as the Bank is not classified as small and non-complex institution.
433c	Disclosures by Other Institutions: Institutions that are not subject to Article 433a or 433b shall disclose the information outlined below with the following frequency	Refer Section 1.4 – Frequency and Disclosure
433c (1)	Institutions that are not subject to Article 433a or 433b shall disclose the information outlined with the following frequency: annual, semi-annual, quarterly	The Bank being a non-listed institution has disclosed the information outlined in Article 433c (2) on an annual basis. The Bank discloses the information in Pillar 3 disclosure document using the Disclosure Format prescribed under the regulation.
433c (2)	By way of derogation to paragraph 1, other institution that are non-listed shall disclose the following information on an annual basis: (a) points (a), (e) and (f) of Article 435(1); (b) points (a), (b) and (c) of Article 435(2); (c) point (a) of Article 437; (d) points (c) and (d) of Article	

CRR reference	Disclosure requirement	Compliance reference
	438; (e) the key metrics referred to in Article 447; (f) points (a) to (d), (h) to (k) of Article 450(1).	
Means of disclosures		
434 (1)	To disclose information required in Title II and III in electronic format and in a single medium or location.	Refer Section 1.4 – Frequency and Disclosure; Section 1.5 – Media and Location
434 (2)	To make available on website an archive of the information required to be disclosed.	Refer Section 1.4 – Frequency and Disclosure
434a	Uniform Disclosure formats	The Bank has used the uniform disclosure format provided in the regulation for making disclosure.
434b	Timing and Means of disclosures under Article 441	Not applicable as the Bank is not a G-SII.
Risk management objectives and policies		
435	Disclose their risk management objectives and policies for each separate category of risk, including the risks referred to in this Title. These disclosures shall include:	Refer Section 4 – Risk Management and Governance Framework Section 5 – Credit Risk Section 6 – Market Risk Section 7 – Operational, Information Security, Conduct and other risk Section 8 – Liquidity Risk
435 (1) (a)	Strategies and processes to manage those categories of risks	
435 (1) (e)	declaration approved by the management body on the adequacy of risk management arrangements of the institution providing assurance that the risk management systems put in place are adequate with regard to the institution's profile and strategy	
435 (1) (f)	concise risk statement approved by the management body succinctly describing the relevant institution's overall risk profile associated with the business strategy; that statement shall include:	

CRR reference	Disclosure requirement	Compliance reference
435 (1) (f)(i)	key ratios and figures providing external stakeholders with a comprehensive view of the institution's management of risk, including how the risk profile of the institution interacts with the risk tolerance set by the management body	
435 (1) (f)(ii)	information on intragroup transactions and transactions with related parties that may have a material impact of the risk profile of the consolidated group.	
435 (2) (a)	Number of directorships held by members of the management body.	Refer Section 1.4 – Frequency and Disclosure and Annexure VI – Disclosure not published in accordance with Article 432
435 (2) (b)	Recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise.	Refer Section 1.4 – Frequency and Disclosure and Annexure VI - Disclosure not published in accordance with Article 432
435 (2) (c)	Policy on diversity with regard to selection of members of the management body, its objective and any relevant targets set out in that policy, and the extent to which such objectives and targets have been achieved.	Refer Section 9 – Remuneration disclosure
Own funds		
437 (a)	Reconciliation of CET1, AT1 and T2 capital with financial statements.	Refer Section 2 – Capital adequacy
Own Funds Requirements and Risk-Weighted Exposure Amounts		
438 (c)	Result of ICAAP	In line with the regulatory requirements, the Bank has instituted an ICAAP, which is used to estimate the capital requirements in line with the risk appetite of the Bank. The ICAAP is approved by the Board of the Bank at the start of each financial year. The Bank provides the result of ICAAP as and when demanded / prescribed by the regulator.

CRR reference	Disclosure requirement	Compliance reference
438 (d)	Capital requirement amounts and risk weighted exposure amount for different risk category set out in Part Three.	Refer Section 3 – Minimum Capital Requirement
Disclosure of Key Metrics		
447	Institutions shall disclose the following key metrics in a tabular format:	Refer Section 2 – Capital adequacy
447 (a)	The composition of their own funds and their own funds requirements as calculated in accordance with Article 92	
447 (b)	The total risk exposure amount as calculated in accordance with Article 92(3);	
447 (c)	Where applicable, the amount and composition of additional own funds which the institutions are required to hold	
447 (d)	Their combined buffer requirement which the institutions are required to hold	
447 (e)	Their leverage ratio and the total exposure measure as calculated in accordance with Article 429	
447 (f)	Information in relation to their liquidity coverage ratio	
447 (g)	Information in relation to their net stable funding requirement	
447 (h)	Their own funds and eligible liabilities ratios and their components, numerator and denominator	The Bank is currently not classified as G-SIIs, hence not applicable.
Remuneration disclosures		
450 (1)	Information regarding the remuneration policy and practices for those categories of staff whose professional activities have a material impact on its risk profile:	Refer Section 9 – Remuneration disclosure
450 (1) (a)	(a) information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, if applicable, information about the	Refer Section 9 – Remuneration disclosure

CRR reference	Disclosure requirement	Compliance reference
	composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;	
450 (1) (b)	Information about the link between pay of the staff and their performance;	Refer Section 9 – Remuneration disclosure
450 (1) (c)	Most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;	Refer Section 9 – Remuneration disclosure
450 (1) (d)	Ratios between fixed and variable remuneration set in accordance with rules 15.9 to 15.13 of the Remuneration Part of the PRA Rulebook;	
450 (1) (h)	Aggregate quantitative information on remuneration for staff whose professional activities have a material impact on the risk profile of the institution:	Refer Section 9 – Remuneration disclosure
450 (1) (h) (i)	Amounts of remuneration for the financial year split into fixed remuneration including a description of the fixed components and variable remuneration, and the number of beneficiaries;	The Bank currently falls within Proportionality level – Three firm in accordance with PRA Supervisory Statement SS2/17 and is accordingly not required to publish disclosures contained in 450 (1) (h) (i) to 450 (1) (h) (vii).
450 (1) (h) (ii)	Amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part;	
450 (1) (h) (iii)	Amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years;	

CRR reference	Disclosure requirement	Compliance reference
450 (1) (h) (iv)	Amounts of deferred remuneration due to vest in the financial year and the number of beneficiaries of those awards;	
450 (1) (h) (v)	the guaranteed variable remuneration awards during the financial year, and the number of beneficiaries of those rewards;	
450 (1) (h) (vi)	severance payments awarded in previous periods, that have been paid out during the financial year;	
450 (1) (h) (vii)	Amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person.	
450 (1) (i)	Number of individuals with annual remuneration of EUR 1 million or more, broken down into specified pay bands.	The Bank currently falls within Proportionality level – Three firm in accordance with PRA Supervisory Statement SS2/17 and is accordingly not required to publish disclosures contained in 450 (1) (i).
450 (1) (k)	information on whether the institution benefits from a derogation laid down in the Remuneration Part of the PRA Rulebook at 5.3, and/or 12.2 (second subparagraph), and 15.A1(3).	Refer Section 9 – Remuneration disclosure
450 (endnote)	Institutions to comply with Article 450 in a manner that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities and without prejudice to the GDPR.	In accordance with PRA Supervisory Statement SS2/17 on Remuneration the Bank currently falls within proportionality level three firm and disclosures is made accordingly.

In accordance with the requirement of Article 433c (2) of CRR for non-listed other institution category, the Bank is not required to disclose all the information required to be disclosed under Part Eight of CRR or PRA Disclosure (CRR) Rulebook. The Bank has accordingly disclosed only the required information in this disclosure.

Disclosures not published in accordance with Article 432

The Bank has not disclosed the below information on account of confidentiality in accordance with Article 432 of CRR:

CRR reference	Disclosure requirement	Compliance reference
435 (2) (a)	Number of directorships held by members of the management body.	The Bank publishes details of directors who held office during the year as part of its annual report. Number of directorships held by directors is currently not published separately as it is considered confidential in nature in accordance with Article 432 of CRR. The Bank reviews these details to identify any conflict of interest and to take appropriate action, as and when required.
435 (2) (b)	Recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise.	Owing to confidentiality, the recruitment policy for the selection of members of the management body of the Bank is currently not disclosed as part of the Pillar 3 disclosures in accordance with Article 432 of CRR. The experience and expertise the Bank's directors is published on the website of the Bank.