

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit ratings.

## ICICI Bank Limited (security code: -)

### <Affirmation>

Foreign Currency Long-term Issuer Rating:	BBB+
Outlook:	Stable
Senior Bonds Program Rating:	BBB+

### Rationale

- (1) ICICI Bank Limited (the Bank) is India's second-largest private commercial bank in terms of consolidated total assets. The ratings are primarily supported by its strong operational base, high and stable profitability and solid capital position. On the other hand, they are constrained by the sovereign rating on India (Foreign Currency Long-term Issuer Rating: BBB+/Stable), given the nature of financial institutions which are generally affected by the regulatory environment and the economic and financial conditions of the countries they are located. The expansion of the Bank's nonperforming assets (NPAs) has slowed and its credit cost ratio has started declining in keeping with the progress made by the Bank in reducing fresh additions to NPAs and sufficiently providing for the stock of non-performing loans as well as recoveries from few large NPAs. Both its net interest margin and capital adequacy ratio have been kept high, with its buffer for absorbing losses staying ample. Attention needs to be paid to future trends of credit cost and NPAs amid the continuation of economic slowdown and collapse of some financial institutions in India. However, JCR holds that the Bank will be able to keep its capital level sound enough to absorb its credit cost. All these considered, JCR has affirmed its ratings with a Stable outlook.
- (2) The Bank's consolidated total assets stood at INR 13 trillion (approximately JPY 20 trillion) at the end of December 2019, making it India's second-largest private sector commercial bank. It has been evolving universal banking throughout the country not only with its commercial banking service but also with life insurance, non-life insurance, securities and asset management services through its subsidiaries, thereby establishing a strong nationwide operational base. With "risk-calibrated growth" of operating profit as its keyword, the Bank has been aiming to expand its stable and high profit while controlling risks. It has also been rebalancing its lending portfolio to retail loans, such as home loans where the quality of assets stays stable and unsecured loans for individuals which make higher profit margins. Moreover, it has established a leading position in digital banking, such as mobile banking and cashless payments, to support the expansion of its retail customer base.
- (3) The primary source of the Bank's operating revenue is net interest income, which accounts for about 65% of operating income, followed by fees, commissions and other income with a share of about 35%. Both its net interest margin and interest spread have been staying stable and high at mid-3% and around 3%, respectively. Meanwhile, its credit cost ratio has declined to about half the level of FY2018/19 following the progress made by the Bank in reducing fresh additions to NPAs and sufficiently providing for the stock of non-performing loans as well as recoveries from few large NPAs, with its post-provision profit for FY2019/20 expected to recover to the level before the period when the disposal of NPAs was initiated on a full scale. The credit cost may go up again amid the ongoing economic slowdown and intermittent failures involving some commercial banks and nonbanks. Therefore, attention needs to be paid to its future trends. However, JCR holds that the Bank's current profitability would be able to fully absorb a higher cost.
- (4) The Bank's outstanding balance of loans at the end of December 2019 increased 12.6% year-on-year, showing relatively fast growth despite the economic deceleration. The growth was led by retail loans including home loans, which accounted for 63% of the total loan portfolio. By contrast, the Bank continued to curb its lending to corporate borrowers, cutting back on loans to those including power, iron and steel companies which suffered earnings setbacks due to the economic downturn. The Bank's NPAs had been on the rise till FY2017/18 as the RBI stepped up its drive to accelerate recognition of such assets held by the entire banking sector. However, the pace of their increase has sharply slowed due to aggressive disposal of NPAs. The Bank's net NPA ratio (on an unconsolidated basis) dropped from 4.89% at the end of March 2017, the most recent peak, to

1.49% at the end of December 2019. The ratio of NPAs covered by the loan-loss provisions recovered to reach around 80% due to swift provisioning by the Bank.

- (5) The Bank's consolidated common equity Tier 1 ratio stood high at 13.43% at the end of December 2019 due mainly to a steady accumulation of internal reserves, with its buffer for loss absorption staying thick. As to funding, the ratio of deposits to total funding has reached approximately 80% whereas the borrowing ratio has declined to 15% due in part to a continued fall in the loan-to-deposit ratio. The ratio of average CASA deposits which assure lower funding costs has remained above 40%. All these indicators demonstrate that the Bank's funding structure has been improving. Its resilience to liquidity risks has also been strengthened year by year, with its consolidated LCR registering 126.8% at the end of December 2019.

Yoshihiko Tamura, Shinichi Endo

## Rating

Issuer: ICICI Bank Limited

### <Affirmation>

Foreign Currency Long-term Issuer Rating: BBB+

Outlook: Stable

Program Rating: BBB+

Type of Securities: Senior bonds

Maximum Outstanding: JPY50 billion

Valid: one year effective from June 18, 2019

Rating Assignment Date: March 17, 2020

The criteria used for identifying matters which serve as assumptions for the assessment of the credit status, and the criteria used for setting of grades indicating the results of the assessments of the credit status are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of methodology for determination of the credit rating is shown as "JCR's Rating Methodology" (November 7, 2014) and "Banks" (May 8, 2014) in Information about JCR Ratings on JCR's website (<http://www.jcr.co.jp/en/>).

### Glossary:

A bond program rating is assigned to evaluate the creditworthiness of a program. The credit standing of an individual bond issued under the program may be regarded as the same as that of the rated program. However, JCR does not consider the credit standing of the individual bond as the same as that of the program, in the cases where the principal and interest payments of the individual bond rely on the credit standing of a third party rather than the issuer of the program and bonds (e.g. credit linked bonds and exchangeable bonds). JCR usually does not assign a rating to the individual bond issued under the program, unless the issuer solicits a rating.

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

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## INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

### Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	ICICI Bank Limited
Rating Publication Date:	March 19, 2020

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

B) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.

A) Audited financial statements presented by the rating stakeholders

B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

## 9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the publication by the issuer or some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.

## 10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of credit rating, such as one in the ancillary business.

## 11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

### A) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

### B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

### C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

### D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's

business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

**E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract**

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

**F) Rise and Fall in General Economy and Markets**

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

**G) Various Events**

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

## 12

Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

## 13

Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

**A) Business Bases**

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

**B) Financial Grounds and Asset Quality**

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

C) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

D) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the order of seniority in repayment of interests and principal. JCR assumes the resultant change of the credit rating is most likely by a notch. The change could be as much as a few notches if the issuer's financial structure differs so much and thereby the balance between debts shifted so greatly. Rating change is also possible in case of the financial products for which non-payment of interest/ principal is contractually permissible, if and when the assumptions made at the time of its determination turns out to be inaccurate. The change of the credit rating is assumed to be by a notch but often as much as a few notches.

E) Rise and Fall in General Economy and Markets

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of general economy and markets. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

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Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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## The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
ICICI Bank Limited	Issuer(Long-term)(FC)	July 26, 2002	BBB	
ICICI Bank Limited	Issuer(Long-term)(FC)	June 8, 2006	BBB	Stable
ICICI Bank Limited	Issuer(Long-term)(FC)	August 2, 2007	BBB+	Stable
ICICI Bank Limited	Issuer(Long-term)(FC)	August 29, 2008	BBB+	Stable
ICICI Bank Limited	Issuer(Long-term)(FC)	October 6, 2009	BBB+	Stable
ICICI Bank Limited	Issuer(Long-term)(FC)	November 26, 2010	BBB+	Stable
ICICI Bank Limited	Issuer(Long-term)(FC)	December 9, 2011	BBB+	Stable
ICICI Bank Limited	Issuer(Long-term)(FC)	December 27, 2012	BBB+	Stable
ICICI Bank Limited	Issuer(Long-term)(FC)	December 13, 2013	BBB+	Negative
ICICI Bank Limited	Issuer(Long-term)(FC)	February 19, 2015	BBB+	Stable
ICICI Bank Limited	Issuer(Long-term)(FC)	April 5, 2016	BBB+	Stable
ICICI Bank Limited	Issuer(Long-term)(FC)	February 10, 2017	BBB+	Stable
ICICI Bank Limited	Issuer(Long-term)(FC)	October 17, 2017	BBB+	Stable
ICICI Bank Limited	Issuer(Long-term)(FC)	December 28, 2018	BBB+	Stable
ICICI Bank Limited	Bonds Program (Senior bonds)	June 17, 2019	BBB+	

## Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Atsushi Masuda, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.



Atsushi Masuda  
General Manager of International Rating Department

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