

ICICI Bank Limited Hong Kong Branch
Unaudited Interim Disclosure Statement
As at September 30, 2016



**ICICI BANK LIMITED (HONG KONG BRANCH)
UNAUDITED INTERIM FINANCIAL DISCLOSURE AS AT SEPTEMBER 30, 2016**

Statement of Compliance

We have prepared this unaudited Interim Disclosure Statement of ICICI Bank Limited, Hong Kong Branch ("the Branch") as at September 30, 2016. It is compiled according to the Banking (Disclosure) Rules under the Banking Ordinance (Chapter 155M) effective from January 1, 2007.

As the Chief Executive of the Branch, I confirm that, to the best of my knowledge, the information contained in the Disclosure Statement is correctly compiled in accordance with the Banking (Disclosure) Rules requirement and consistent with the books and records of the Branch.

ICICI Bank Limited
Hong Kong Branch



Hitesh Sethia
Chief Executive

21 DEC 2016

ICICI BANK LIMITED (HONG KONG BRANCH)
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Section A – Branch information (Hong Kong office only)

I. Profit and Loss Information

	Half year ended September 30, 2016 HK\$ in million	Half year ended September 30, 2015 HK\$ in million
Income		
Interest income	721	875
Interest expense	<u>(502)</u>	<u>(640)</u>
Net interest income	219	235
Other operating income		
Gains less losses arising from trading in foreign currencies	31	37
Gains less losses on securities held for trading purposes	-	-
Gains less losses from other trading activities	(14)	(38)
Net fees and commission income	70	85
Fees and commission income	70	85
Fees and commission expense	<u>-</u>	<u>-</u>
Other income	6	6
Total operating income	<u>312</u>	<u>325</u>
Expenses		
Operating expenses		
Staff expenses	(23)	(22)
Rental expenses	(6)	(6)
Other expenses	<u>(14)</u>	<u>(15)</u>
Total operating expenses	<u>(43)</u>	<u>(43)</u>
Operating profit before impairment losses	269	282
(Charge for) / release of impairment losses and provisions for impaired loans and receivables		
Collective provision	(2)	13
Specific provision	<u>(142)</u>	<u>7</u>
	(144)	20
Gains less losses from the disposal of property, plant and equipment and investment properties	<u>-</u>	<u>-</u>
Profit before taxation	125	302
Tax expense	(20)	(50)
Profit after taxation	<u>105</u>	<u>252</u>

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II. Balance Sheet Information

	September 30, 2016		March 31, 2016
	HK\$ in		HK\$ in
	million		million
Assets			
Cash and balances with banks	308		2,560
Placement with banks which have a residual contractual maturity of more than one month but not more than twelve months	218		1
Amount due from overseas offices of the institution	20,581		22,774
Trade bills	1,773		1,681
Advances and other accounts			
Advances to customers	10,739		11,094
Advances to banks	1,279		897
Accrued interest	72		75
Unamortized discount on loans	(1)		(2)
Provision for impaired loans and receivables (collective)	(178)		(176)
Provision for impaired loans and receivables (specific)	(152)	11,759	(10)
			11,878
Securities held for trading purposes			
Investment in treasury bills	382		386
Investment securities			
Investment in treasury bills	120		120
Investment in corporate bonds	208		209
Investment in certificate of deposit held	-	328	-
			329
Other investments			
Investment in group subsidiaries	1,700		1,712
Investment in credit linked notes	-	1,700	-
			1,712
Property, plant and equipment	4		4
Other assets and receivables	723		899
Total assets	37,776		42,224
Liabilities			
Deposits and balances from banks	21,338		24,493
Deposits from customers			
Demand deposits and current accounts	518		625
Time, call and notice deposits	3,329	3,847	3,705
			4,330
Amount due to overseas offices of the institution	73		817
Certificate of deposit issued	548		863
Issued debt securities	10,327		9,683
Other liabilities	515		627
Retained earnings	1,128		1,411
Total liabilities	37,776		42,224

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III. Additional Balance Sheet Information

	September 30, 2016		March 31, 2016	
	HK\$ in million		HK\$ in million	
(a) Loans and receivables				
Loan and advances to customers		10,739		11,094
Loan and advances to banks		1,279		897
Accrued interest		72		75
Unamortized discount on loans		(1)		(2)
Provision for impaired loans and advances to customers				
- Collective		(178)		(176)
- Individual		(152)		(10)
		<u>11,759</u>		<u>11,878</u>
(b) Overdue and rescheduled advances				
Overdue advances				
	Gross amount	% to total	Gross amount	% to total
	HK\$ in million	loans and	HK\$ in million	loans and
		receivables		receivables
Advances to customers overdue for				
- Above 1 month but up to 3 months	1,276	10.85%	58	0.49%
- Above 3 months but up to 6 months	11	0.09%	-	-
- Above 6 months but up to 1 year	94	0.80%	14	0.12%
- Above 1 year	20	0.17%	4	0.03%
Total overdue advances	<u>1,401</u>	<u>11.91%</u>	<u>76</u>	<u>0.64%</u>
Secured overdue advances	895		75	
Unsecured overdue advances	<u>506</u>		<u>1</u>	
	<u>1,401</u>		<u>76</u>	

There were HK\$132 million specific provisions made on overdue advances which were impaired as at September 30, 2016 (March 31, 2016: HK\$10 million).

The impaired loans and advances to customers which are individually determined to be impaired amounted to HK\$248 million (2.11%) as at September 30, 2016 and HK\$18 million (0.15%) as at March 31, 2016. There were no impaired loans and advances to banks as at September 30, 2016 and March 31, 2016.

The amount of specific provisions made on impaired loans and advances to customers amounted to HK\$152 million as at September 30, 2016 (March 31, 2016: HK\$10 million). There were no specific provisions made on impaired loans and advances to banks as at September 30, 2016 and March 31, 2016.

Collateral held with respect to overdue loans and advances to customers as at September 30, 2016 and March 31, 2016 is mainly property, inventories, plant and machinery. Collateral of a total of HK\$108 million has been taken into account in respect of loans and advances to customers to which individual impairment allowances relate (March 31, 2016: HK\$17 million).

Impaired loans and advances to customers did not include any rescheduled loans and advances to customers as at September 30, 2016 and March 31, 2016. There were no rescheduled loans and advances to banks as at September 30, 2016 and March 31, 2016. There were no rescheduled loans and advances to customers which are overdue more than 90 days as at September 30, 2016 and March 31, 2016.

No repossessed asset was held for impaired and overdue advance as at September 30, 2016 and March 31, 2016. Other than the HK\$1,401 million and HK\$76 million respectively as presented above, there are no other advances to customers overdue for more than 1 month as at September 30, 2016 and March 31, 2016.

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(c) The breakdown of the gross amount of loans and advances to customers by industry categories

	September 30, 2016		HK\$ in million
	Gross loans and advances	Overdue loans and advances	Collateral or other security
Loans and advances for use in Hong Kong Industrial, commercial and financial			
- Wholesale and retail trade	116	-	-
- Manufacturing	87	-	-
- Others	78	-	78
Loans and advances for use outside Hong Kong	10,108	1,267	7,948
Trade finance	350	134	206
	<u>10,739</u>	<u>1,401</u>	<u>8,232</u>

	March 31, 2016		HK\$ in million
	Gross loans and advances	Overdue loans and advances	Collateral or other security
Loans and advances for use in Hong Kong Industrial, commercial and financial			
- Wholesale and retail trade	116	-	-
- Manufacturing	88	-	-
- Others	78	-	78
Loans and advances for use outside Hong Kong	10,527	18	8,462
Trade finance	285	58	256
	<u>11,094</u>	<u>76</u>	<u>8,796</u>

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(d) Analysis of gross loans and advances to customer by geographical areas

September 30, 2016 HK\$ in million

	Gross loans and advances	Overdue loans and advances	Impaired loans (individually determined)
- Asia & Pacific (excluding Hong Kong)	7,034	1,134	248
<i>of which India</i>	6,739	1,134	248
- Africa	1,323	-	-
<i>of which Mauritius</i>	1,323	-	-
- Western Europe	1,628	267	-
<i>of which United Kingdom</i>	1,244	267	-
- Others	754	-	-
	<u>10,739</u>	<u>1,401</u>	<u>248</u>

March 31, 2016 HK\$ in million

	Gross loans and advances	Overdue loans and advances	Impaired loans (individually determined)
- Asia & Pacific (excluding Hong Kong)	7,197	76	18
<i>of which India</i>	7,016	76	18
- Africa	1,335	-	-
<i>of which Mauritius</i>	1,335	-	-
- Western Europe	1,655	-	-
<i>of which United Kingdom</i>	1,252	-	-
- Others	907	-	-
	<u>11,094</u>	<u>76</u>	<u>18</u>

Note: Gross amount of loans and advances to customers by geographical areas are derived according to the location of the counterparties and constitutes not less than 10% of the total amount of loans and advances to customers after taking into account any recognised risk transfer at either September 30, 2016 or March 31, 2016.

The comparative figures have been reclassified to conform with the current period's presentation.

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(e) Non-bank mainland exposures

The following Mainland exposures to non-bank counterparties are prepared in accordance with HKMA Return of Mainland Activities (Form MA(BS)(20)) completion instructions.

Types of Counterparties	September 30, 2016		HK\$ in million
	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	117	-	117
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	348	21	369
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	465	21	486
Total assets after provision¹	37,820		
On-balance sheet exposures as percentage of total assets	1.23%		

1. Total assets after provision are based on HKMA Return of Assets & Liabilities (Form MA(BS)(1)).

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(e) Non-bank mainland exposures (continued)

Types of Counterparties	March 31, 2016		HK\$ in million
	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	210	-	210
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	221	22	243
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	431	22	453
Total assets after provision¹	42,273		
On-balance sheet exposures as percentage of total assets	1.02%		

1. Total assets after provision are based on HKMA Return of Assets & Liabilities (Form MA(BS)(1)).

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IV. International claims (excluding intra-group claims) by geographical areas after taking into consideration of transfer of risks

						HK\$ in million
						<u>Non-bank private sector</u>
						Non- financial private sector
	Banks	Official sector	Non-bank financial institutions	Non- financial private sector	Others	Total
At September 30, 2016						
- Developing Asia-Pacific	1,955	-	212	7,067	-	9,234
<i>of which India</i>	879	-	212	6,857	-	7,948
- Developed Countries	463	382	28	1,610	-	2,483
- Offshore Centers	118	122	218	2,300	-	2,758

						HK\$ in million
						<u>Non-bank private sector</u>
						Non- financial private sector
	Banks	Official sector	Non-bank financial institutions	Non- financial private sector	Others	Total
At March 31, 2016						
- Developing Asia-Pacific	3,802	-	212	7,396	-	11,410
<i>of which India</i>	2,693	-	212	7,289	-	10,194
- Developed Countries	766	386	28	1,630	-	2,810
- Offshore Centers	116	135	223	2,495	-	2,969

Note: International claims by geographical area are derived according to the location of the counterparties, which are prepared in accordance with HKMA Return of International Banking Statistics (Form MA(BS)(21)) completion instructions. A major country or geographical segment is disclosed if international claims attributable to the country or segment (including Hong Kong) constitute not less than 10% of total international claims after taking into account any recognized risk transfer at either September 30, 2016 or March 31, 2016. Claims arising between branches and subsidiaries are excluded.

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V. Currency risk

Foreign currency exposures (Position of individual currency reported is the net position and constitutes 10% or more of the total net position in all foreign currencies).

At September 30, 2016

	USD	OTHERS	HK\$ in million TOTAL
Spot assets	33,472	4,077	37,549
Spot liabilities	(32,560)	(3,958)	(36,518)
Forward purchases	14,111	3,053	17,164
Forwards sales	(14,526)	(3,170)	(17,696)
Net options position	-	-	-
Net long position	<u>497</u>	<u>2</u>	<u>499</u>

At March 31, 2016

	USD	OTHERS	HK\$ in million TOTAL
Spot assets	37,646	4,053	41,699
Spot liabilities	(35,481)	(4,891)	(40,372)
Forward purchases	14,935	4,771	19,706
Forwards sales	(16,533)	(3,953)	(20,486)
Net options position	-	-	-
Net long / (short) position	<u>567</u>	<u>(20)</u>	<u>547</u>

There was no structural position held by the branch as at September 30, 2016 and March 31, 2016.

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VI. Off-balance sheet exposures

(a) The contractual or notional amounts of each of the following class of off-balance sheet exposures outstanding:

	September 30, 2016 HK\$ in million	March 31, 2016 HK\$ in million
Contingent liabilities and commitments		
- Direct credit substitutes	955	731
- Transaction-related contingencies	1,101	1,141
- Trade-related contingencies	379	440
- Other commitments	<u>2,122</u>	<u>3,178</u>
	<u>4,557</u>	<u>5,490</u>

Contingent liabilities and commitments arise from credit-related instruments which include letters of credit, guarantees and commitments to extend credit. The risk involved in these credit-related instruments is essentially the same as the credit risk involved in extending loan facilities to customers. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. As the facilities may expire without being drawn upon, the contractual amounts do not represent expected future cash flows.

	September 30, 2016 HK\$ in million	March 31, 2016 HK\$ in million
Derivative transactions		
- Exchange rate related derivative contracts (excluding forward foreign exchange arising from swap deposit arrangements)	7,066	9,495
- Interest rate derivative contracts	<u>9,515</u>	<u>10,032</u>
	<u>16,581</u>	<u>19,527</u>

These derivatives are used to manage the branch's own exposures to market risk as part of its asset and liability management process. The principal derivative instruments used by the Branch are interest and foreign exchange rate related contracts, which are primarily over-the-counter derivatives.

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VI. Off-balance sheet exposures

(b) The total fair value of the above derivative transactions

	September 30, 2016 HK\$ in million	March 31, 2016 HK\$ in million
Fair value recognized through profit and loss		
- Exchange rate related derivative contracts	<u>22</u>	<u>90</u>
- Interest rate derivative contracts	<u>-</u>	<u>-</u>
Fair value of outstanding derivatives		
- Exchange rate related derivative contracts	<u>329</u>	<u>349</u>
- Interest rate derivative contracts	<u>-</u>	<u>-</u>

There are no bilateral netting arrangements for above derivative transactions.

VII. Liquidity

	September 30, 2016	September 30, 2015
The average liquidity maintenance ratio for the financial period	45.17%	50.99%

The average liquidity maintenance ratio is the arithmetic mean of each calendar month's average value of its liquidity maintenance ratio as reported in Part I(2) of the 'Return of Liquidity Position of an Authorized Institution'.

VIII. Liquidity Risk Management

The Bank uses various tools for measurement of liquidity risk including the statement of structural liquidity, dynamic liquidity gap statements, liquidity ratios and stress testing. The Bank maintains diverse sources of liquidity to facilitate flexibility in meeting funding requirements. International branches of the Bank are primarily funded by debt capital market issuances, lines of financing from export credit agencies, syndicated loans, bilateral loans and bank lines, in addition to deposits in certain local markets.

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Section B – Bank information (Consolidated basis)		September 30, 2016 HK\$ in million	March 31, 2016 HK\$ in million
IX.	Capital and Capital Adequacy		
	Risk-based ratios: (Include market-risk equivalent)		
(a)	Capital adequacy ratio ¹	16.22%	16.60%
(b)	Total capital ¹	129,581	130,240
(c)	Total amount of shareholders' funds ^{2,3}	115,877	109,915
X.	Other Financial Information		
(a)	Total assets	1,122,510	1,074,569
(b)	Total liabilities ⁴	1,006,633	964,654
(c)	Total loans and advance	591,854	577,461
(d)	Total deposits	552,222	527,576
(e)	Pre-tax profit (before minority interest)	8,686	16,730
	1. As per Basel III guidelines, all group entities have been consolidated, except Group companies which are engaged in insurance business and businesses not pertaining to financial services. Capital at September 30, 2016 includes retained earnings for half year ended September 30, 2016.		
	2. Shareholders' funds are the sum total of share capital & reserves (net of restricted reserves).		
	3. Employee stock options outstanding of HK\$7.6 million (Rs.65.4 million), which are transitional in nature and will ultimately be transferred to equity/reserve, are not considered in shareholders' funds.		
	4. Total liabilities are equal to total assets minus shareholders' funds.		
	5. The conversion rate at September 30, 2016 is ₹8.59 = HK\$1. (March 31, 2016 is ₹8.55 = HK\$1).		

