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INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Mumbai Branch

Auditor's Report on the Financial Statements
[Under Section 30 of the Banking Regulation Act, 1949]

To,

The Chief Executive Officer
Industrial and Commercial Bank of China Limited, Mumbai Branch

Report on the Financial Statements

1. We have audited the accompanying financial statements of the Industrial and Commercial Bank of China Limited, Mumbai Branch ('the Bank'), which comprise the Balance Sheet as at March 31, 2016 and the Profit and Loss Account and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Bank's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Bank in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on standalone financial statements.

Opinion

6. In our opinion and to the best of our information and according to the explanations given, the said financials statements together with notes thereon give full information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for banking companies and give true and fair view in conformity with the accounting principles generally accepted in India:
   a) in the case of the Balance Sheet, of the state of affairs of the Bank as at March 31, 2016;
   b) in case of the Profit and Loss Account, of the profit of the Bank for the year ended on that date;
   c) in the case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. The Balance Sheet and Profit and Loss Account and the Cash Flow Statement have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
8. As required by Section 30(3) of the Banking Regulation Act, 1949, we report that:
   i. We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
   ii. The transactions of the Bank, which have come to our notice have been within the powers of the Bank; and
9. As required by Section 143 (3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) in our opinion proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
   (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   (e) reporting requirement pursuant to provision of Section 164 (2) of the Act are not applicable considering the Bank is a branch of Industrial and Commercial Bank of China incorporated in China with limited liability;
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate report in "Annexure A"
   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. the Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 18.7.6 to the financial statements;
      ii. the Bank has made adequate provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
      iii. the Bank is currently not liable to transfer any amount to the Investor Education and Protection Fund.

For **Khimji Kunverji & Co**
Chartered Accountants
FRN: 105146W

Date: June 29, 2016
Place: Mumbai

Gautam V Shah
Partner (F-117348)

Annexure - A to the Auditors' Report on the Financial Statements

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the Act)

We have audited the internal financial controls over financial reporting of the Industrial and Commercial Bank of China Limited, Mumbai Branch ('the Bank'), as at March 31, 2016 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Khimji Kunverji & Co**
Chartered Accountants
FRN: 105146W

Date: June 29, 2016
Place: Mumbai

Gautam V Shah
Partner (F-117348)

BALANCE SHEET AS ON MARCH 31, 2016

(All ₹ in Thousands)

	Schedule	As at 31-Mar-16	As at 31-Mar-15
CAPITAL AND LIABILITIES			
Capital	1	**4,554,480**	4,554,480
Reserves and Surplus	2	**1,136,136**	812,878
Deposits	3	**6,577,203**	4,096,921
Borrowings	4	**3,188,876**	4,100,000
Other Liabilities and Provisions	5	**254,965**	299,504
Total		**15,711,660**	**13,863,783**
ASSETS			
Cash and Balances with Reserve Bank of India	6	**310,145**	411,417
Balances with Banks and Money at Call and Short Notice	7	**181,956**	270,454
Investments	8	**3,621,647**	2,522,329
Advances	9	**11,398,762**	10,531,002
Fixed Assets	10	**43,777**	12,042
Other Assets	11	**155,373**	116,539
		15,711,660	**13,863,783**
Contingent Liabilities	12	**14,336,941**	23,027,690
Bills for Collection		-	-
Significant Accounting Policies	17		
Notes to Accounts	18		

The schedules referred above form an integral part of the Balance Sheet

For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Firm Reg. No: 105146W

Gautam V. Shah
Partner
Membership No. F-117348

Place: Mumbai
Date: June 29, 2016

For and on behalf of
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED MUMBAI BRANCH

Hong Qing
Chief Executive Officer

He Hu
Deputy General Manager

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2016

(All ₹ in Thousands)

	Schedule	Year ended 31-Mar-16	Year ended 31-Mar-15
INCOME			
Interest Earned	13	**1,062,384**	1,097,931
Other Income	14	**329,142**	192,012
Total		**1,391,526**	**1,289,943**
EXPENDITURE			
Interest Expended	15	**314,404**	334,447
Operating Expenses	16	**368,840**	325,174
Provisions and Contingencies	18.6.1	**385,024**	312,043
Total		**1,068,268**	**971,664**
Net Profit for the Year after tax		323,258	318,279
Total		**323,258**	**318,279**
APPROPRIATIONS			
Transfer to Statutory Reserve		80,815	79,570
Transfer to/(from) Investment fluctuation Reserve		-	-
Transfer to Investment Reserve Account		-	26,006
Transfer to Remittable Surplus retained in India for CRAR		242,443	212,703
Balance carried over to Balance Sheet		-	-
Total		**323,258**	**318,279**
Significant Accounting Policies	17		
Notes to Accounts	18		

The schedules referred above form an integral part of the Profit and Loss Account

For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Firm Reg. No: 105146W

Gautam V. Shah
Partner
Membership No. F-117348

Place: Mumbai
Date: June 29, 2016

For and on behalf of
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED MUMBAI BRANCH

Hong Qing
Chief Executive Officer

He Hu
Deputy General Manager

CASH FLOW STATEMENT FOR THE YEAR ENEDED MARCH 31, 2016

(All ₹ in Thousands)

		Current Year	Previous Year
A	**Cash flow from operating activities:**		
	Profit/(Loss) Before Tax	625,075	618,991
	Adjustment for		
	Provision for Standard Assets	(36,808)	73,379
	Provision for Sub-Standard Assets	120,015	-
	Depreciation on assets	10,037	9,708
	(Profit)/Loss on sale of Fixed assets	(72)	-
	Operating Profit/(Loss) before Working capital changes	718,247	702,078
	Adjustment for		
	Increase/(decrease) in deposits	2,480,282	1,841,748
	Increase/(decrease) in other liabilities and provisions	11,556	85,624
	(Increase)/decrease in other assets	5,713	(7,662)
	(Increase)/decrease in investments	(1,099,318)	(1,144,950)
	(Increase)/decrease in advances	(987,775)	(6,174,738)
	Increase/(decrease) in Borrowings	(911,124)	2,460,368
	Cash generated / (used) from Operating activity	**217,581**	**(2,237,532)**
	Taxes Paid	(365,651)	(291,839)
	Net cash used in operating activity	**(148,070)**	**(2,529,371)**
B	**Cash flow from investing activity**		
	Purchase of fixed assets	(1,881)	(1,226)
	Payments for in Capital WIP	(39,891)	-
	Proceeds froms sale of fixed assets	72	-
	Net cash (used) in investing activity	**(41,700)**	**(1,226)**
C	**Cash Flow from financing activities**		
	Issue of fresh capital	-	-
	Net Cash inflow from financing activities	**-**	**-**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(189,770)**	**(2,530,597)**
	Cash and Cash equivalents (Opening Balance)	681,871	3,212,468
	Cash and cash equivalent (Closing Balance)	**492,101**	**681,871**

1	Cash and Cash equivalents represents cash and balances with banks as disclosed in Schedule 6 and 7
2	The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (AS-3) on Cash Flow Statements issued by the Instituite of Chartered Accounts of India

This is the Cash Flow Statement referred to in our Report on even date

For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Firm Reg. No: 105146W

Gautam V. Shah
Partner
Membership No. F-117348

Place: Mumbai
Date: June 29, 2016

For and on behalf of
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED MUMBAI BRANCH

Hong Qing
Chief Executive Officer

He Hu
Deputy General Manager

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

(All ₹ in Thousands)

	As on 31-Mar-16	As on 31-Mar-15
SCHEDULE 1 - CAPITAL		
HEAD OFFICE ACCOUNT		
Opening balance	**4,554,480**	4,554,480
Additions during the year	-	-
Closing Balance	**4,554,480**	**4,554,480**
Amount (Face Value) of deposit kept in form of securities with RBI under section 11(2)(b) of the Banking Regulation Act, 1949	**210,000**	130,000
	210,000	**130,000**

	As on 31-Mar-16	As on 31-Mar-15
SCHEDULE 2 - RESERVES AND SURPLUS		
I STATUTORY RESERVES		
Opening balance	**203,220**	123,650
Additions during the year	**80,815**	79,570
Closing Balance	**284,035**	**203,220**
II INVESTMENT RESERVE		
Opening balance	**26,006**	-
Additions during the year	-	26,006
Transfer to Profit and Loss Account	-	-
Closing Balance	**26,006**	26,006
III REVENUE AND OTHER RESERVES		
Opening balance	-	-
Additions during the year	-	-
	-	-
IV Remittable Surplus Retained in India for CRAR		
Opening balance	**583,652**	370,949
Addition during the year	**242,443**	212,703
	826,095	**583,652**
V Balance in Profit and Loss Account	-	-
	1,136,136	**812,878**

	As on 31-Mar-16	As on 31-Mar-15
SCHEDULE 3 - DEPOSITS		
A. In India		
I. DEMAND DEPOSITS		
From banks	-	-
From others	**558,945**	601,890
II. SAVINGS BANK DEPOSITS	**6,275**	6,753
III. TERM DEPOSITS	-	-
From banks	-	-
From others*	**6,011,983**	3,488,278
	6,577,203	**4,096,921**
B. (i) Deposits of branches in India	**6,577,203**	4,096,921
(ii) Deposits of branches outside India	-	-
	6,577,203	**4,096,921**

* Includes Certificate of Deposit of Rs. 2,955,731 thousand (Previous Year NIL) valued at carrying cost.

	As on 31-Mar-16	As on 31-Mar-15
SCHEDULE 4 - BORROWINGS		
I. BORROWINGS IN INDIA		
Reserve Bank of India	**600,000**	-
Other banks	**500,000**	2,600,000
Other institutions and agencies	**299,991**	-
II. BORROWINGS OUTSIDE INDIA	**1,788,885**	1,500,000
	3,188,876	**4,100,000**

	As on 31-Mar-16	As on 31-Mar-15
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	-	-
II. Inter-office adjustments (net)	-	-
III. Interest accrued	**43,117**	89,677
IV. Others [includes provision toward standard assets and unheadge foreign currency exposure Rs.57,291 thousand (Previous year Rs.95,264 thousand)]	**211,848**	190,540
V. Provison for Tax (net of advance tax)	-	19,287
	254,965	**299,504**

	As on 31-Mar-16	As on 31-Mar-15
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	**919**	834
II. Balances with Reserve Bank of India		
i) In current account	**309,226**	410,583
ii) In other accounts	-	-
Total I and II	**310,145**	**411,417**

	As on 31-Mar-16	As on 31-Mar-15
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
Balances with banks		
i) In current accounts	**6,158**	21,091
iii) In other deposit accounts	-	-
Money at call and short notice		
i) With banks	-	-
ii) With other institutions	-	-
	6,158	**21,091**
II. Outside India		
i) In current accounts	**175,798**	249,363
ii) In other deposit accounts	-	-
iii) Money at call and short notice	-	-
	175,798	**249,363**
	181,956	**270,454**

	As on 31-Mar-16	As on 31-Mar-15
SCHEDULE 8 - INVESTMENTS		
I. Investment in India in		
i) Government Securities *	**3,621,647**	2,522,329
ii) Other approved securities	-	-
iii) Shares	-	-
iv) Debentures and Bonds	-	-
v) Subsidiaries and/or joint ventures	-	-
vi) Others	-	-
	3,621,647	**2,522,329**
II. Investment outside India in		
i) Government Securities (including local authorities)	-	-
ii) Subsidiaries and/or joint ventures abroad	-	-
vi) Others	-	-
	-	-
	3,621,647	**2,522,329**
III Gross value of Investment	**3,621,647**	2,522,329
Less: Aggregate of Provisions / Depreciation	-	-
Net Investments	**3,621,647**	**2,522,329**

* includes investments in Governement securities kept with RBI under section 11(2)(b) face value of Rs. 210,000 thousand.(Previous Year Rs.130,000 thousand.)

	As on 31-Mar-16	As on 31-Mar-15
SCHEDULE 9 - ADVANCES		
A. i) Bills purchased and discounted*	**5,572,098**	20,970
ii) Cash credits, overdraft and loan repayable on demand	**4,137,775**	4,709,521
iii) Term loans	**1,688,889**	5,800,511
	11,398,762	**10,531,002**
B. i) Secured by tangible assets	**3,638,889**	6,450,511
ii) Covered by bank/governments guarantees	**1,330,298**	344,142
iii) Unsecured	**6,429,575**	3,736,349
	11,398,762	**10,531,002**
C. I. Advances in India		
i) Priority sector	**3,311,617**	1,410,491
ii) Public sector	-	-
iii) Banks	-	-
iv) Others	**8,087,145**	9,120,511
	11,398,762	**10,531,002**
II. Advances Outside India		
i) Due from banks	-	-
ii) Due from others		
(a) Bills purchased and discounted	-	-
(b) Syndicated loans	-	-
(c) Others	-	-
	11,398,762	**10,531,002**

* Includes Inter Bank Participatory Certificate of Rs. 4,551,800 thousands (Previous Year NIL).

	As on 31-Mar-16	As on 31-Mar-15
SCHEDULE 10 - FIXED ASSETS		
I. PREMISES (Leasehold improvements)		
At cost as on 31 March of the preceding year	**24,339**	24,339
Additions during the year	-	-
Deductions during the year	-	-
	24,339	24,339
Depreciation to date	**23,903**	17,448
Total Net Book Value I	**436**	**6,891**
II OTHER FIXED ASSETS (Including Furniture and Fixtures)		
At cost as on March 31 of the preceding year	**27,669**	26,443
Additions during the year	**1,881**	1,226
Deductions during the year	**(1,321)**	-
	28,229	27,669
Depreciation to date	**24,779**	22,518
Total Net Book Value II	**3,450**	**5,151**
III Capital Work In Progress	**39,891**	**-**
Net Book Value I and II	**43,777**	**12,042**

	As on 31-Mar-16	As on 31-Mar-15
SCHEDULE 11 - OTHER ASSETS		
I. Inter-office adjustments (net)	-	-
II. Interest accrued	**43,125**	86,562
III. Advance Tax (net of provision for tax)	**14,009**	-
IV. Stationery and Stamps	-	-
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Deferred Tax Asset (Net) (refer no. 18.7.5)	**36,556**	6,018
VII. Others	**61,683**	23,959
	155,373	**116,539**

	As on 31-Mar-16	As on 31-Mar-15
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	-	-
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	-	10,499,511
IV. Guarantees given on behalf of constituents		
V. a) In India	**14,224,852**	11,806,173
b) Outside India	-	-
Acceptances, endorsements and other obligations	**112,089**	722,006
VI. Other items for which the bank is contingently liable	-	-
	14,336,941	**23,027,690**

	Year Ended 31-Mar-16	Year Ended 31-Mar-15
SCHEDULE 13 - INTEREST EARNED		
Interest/discount on advances/bills	**779,318**	898,275
Income on investments	**247,918**	135,092
Interest on balances with the Reserve Bank of India and other inter-bank funds	**35,148**	63,004
Others	-	1,560
	1,062,384	**1,097,931**

	Year Ended 31-Mar-16	Year Ended 31-Mar-15
SCHEDULE 14 - OTHER INCOME		
Commission, exchange and brokerage	**279,209**	161,693
Net Profit/(Loss) on sale of investments	**18,695**	-
Net Profit /(Loss) on revaluation of investments	-	-
Profit on sale of land, building and other assets	**72**	-
Less: Loss on sale of land, building and other assets	-	-
Net profit/(Loss) on exchange transactions	**31,166**	30,319
Income earned by way of dividends etc. from subsidiaries, companies and/ or joint ventures abroad/ in India	-	-
Miscellaneous Income	-	-
	329,142	**192,012**

	Year Ended 31-Mar-16	Year Ended 31-Mar-15
SCHEDULE 15 - INTEREST EXPENDED		
Interest on deposits	**254,786**	274,633
Interest on Reserve Bank of India/interbank borrowings	**56,273**	59,814
Others	**3,345**	-
	314,404	**334,447**

	Year Ended 31-Mar-16	Year Ended 31-Mar-15
SCHEDULE 16 - OPERATING EXPENSES		
Payments to and provisions for employees	**265,642**	240,513
Rent, taxes and lighting	**47,996**	45,750
Printing and stationery	**2,090**	529
Professional Fees	**8,274**	4,465
Advertisement and publicity	**3,961**	2,038
Bank Charges	-	-
Depreciation on Bank's property	**10,037**	9,708
Director's fee, allowances and expenses	-	-
Auditors' fees and other expenses	**1,031**	1,089
Law charges	-	-
Postage, telegram, telephones etc.	**7,740**	7,908
Repairs and maintenance	**2,345**	2,239
Insurance	**5,269**	2,800
Other expenditure	**14,455**	8,135
	368,840	**325,174**

SCHEDULE - 17 - SIGNIFICANT ACCOUNTING POLICIES

I. Background:

Industrial and Commercial Bank of China Limited ("The Bank") has been granted licence by Reserve Bank of India (RBI) to carry on banking business in India. The Bank's Mumbai branch has commenced its operation from September 2011. The bank engages in comprehensive banking business including Corporate Banking, Retail banking and Investment Banking. The Bank's name has been included in the Second Schedule to The Reserve Bank of India Act, 1934 vide Notification DBOD IBD.No.8137/23.03.026/2011-12 dated December 01, 2011 published in the Gazette of India (part III – section 4).

II. Significant Accounting Policies:

1. Basis of preparation

The accompanying financial statements have been prepared in accordance with the requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, circulars and guidelines issued by Reserve Bank of India (RBI), notified Accounting Standards (AS) specified under section 133 of Companies Act, 2013 read with Rule 7 of Companies (Accounting) Rules 2014 and current practices prevailing within the banking industry in India.

2. Use of Estimates

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates and these differences are recognized prospectively in the current and future periods.

3. Investments

i) Classification

In accordance with Reserve Bank of India ('RBI') guidelines, all investments are categorised as 'Held to Maturity', or 'Held for Trading' or 'Available for Sale'.

Investments that the Bank intends to hold to maturity are classified as 'Held to Maturity'. Investments that are held principally for resale within ninety days from the date of purchase are classified as 'Held for Trading'. All other investments are classified as 'Available for Sale'. An Investment is classified as 'Held to Maturity', 'Available for Sale' or 'Held for Trading' at the time of its purchase.

ii) Valuation

Investments classified as 'Held to Maturity' are carried at their acquisition cost. The premium paid on acquisition of debt instruments, if any, is amortised over the period remaining to maturity. Investments classified as 'Available for Sale' are marked to market at quarterly intervals based on market price of the scrip as available from the trades/ quotes on the stock exchanges, SGL account transactions, price list of RBI, prices declared by Primary Dealers Association of India (PDAI) jointly with the Fixed Income Money Market and Derivatives Association of India (FIMMDA) periodically. The net depreciation, if any, on a transaction basis is recognized in the Profit and Loss account and the net appreciation, if any, is not recognized.

Investments classified as 'Held for Trading' are marked to market on monthly basis and depreciation, if any, on a transaction basis is recognized in the Profit and Loss account. The net appreciation, if any, is not recognized.

Treasury Bills, being discounted instruments are valued at carrying cost. Discount to face value of the instrument is recognised over remaining period to maturity.

iii) Acquisitions Cost

Brokerage, commission, etc., paid at the time of acquisition of securities are charged to Profit and Loss Account.

Broken period interest on debt instruments is treated as revenue item.

iv) Disposal of Investments

Profit / Loss on sale of investments under the aforesaid three categories is recognised in the Statement of Profit and Loss. The profit from sale of investment under HTM category, net of taxes and transfer to statutory reserve is appropriated from Statement of Profit and Loss to "Capital Reserve" in accordance with the RBI Guidelines.

4. Advances

AAdvances are classified as performing and non-performing based on management's periodic internal assessment as RBI prudential norms. Specific provision for 'Non Performing Advances' is made on the basis of provisioning requirement under the prudential norms as laid down by the RBI, and is deducted from Advances.The Bank also maintains a general loan loss provision on Standard Advances and Derivative Exposures at rate as prescribed by RBI and provision for country risk in accordance with RBI guidelines and are included in Schedule 5 ('other Liabilities and provision').

General provision on Standard assets also cover the provision requirement toward unhedged foreign currency exposure introduced vide RBI circular DBOD No. BP.BC.85/21.06.200/2013-14 dated January 15, 2014 effective April 1, 2014.

Page 1 continued ...

Continued from page 1

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Mumbai Branch

5. **Foreign Currency transactions and balances**
Transactions denominated in foreign currencies are accounted for at the rates prevailing on the dates of transactions. Monetary foreign currency assets and liabilities are translated at the balance sheet date at the exchange rate notified by Foreign Exchange Dealers' Association of India (FEDAI). All profits and losses resulting from the year end revaluation and exchange differences arising on the transactions settled during the year are recognised in the Profit and Loss Account.

Contingent Liabilities on account of foreign exchange contracts, currency future contracts, guarantees, letters of credit, acceptances and endorsements are reported at rates of exchange as notified by FEDAI as at the Balance Sheet date.

Accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts

The income recognition is done as per AS-11 on "The Effects of changes in Foreign exchange Rates " and the guidelines issued by RBI/FEDAI from time to time.

The hedging book consists of transactions to hedge Balance Sheet assets or liabilities. The tenor of hedging instrument may be less than or equal to the tenor of underlying hedged asset or liability. Derivative contracts designated as hedges are not marked to market unless their underlying asset or liability is marked to market. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Statement of Profit and Loss in the relevant period. Gain or losses arising from hedge ineffectiveness, if any, are recognised in the Statement of Profit and Loss.

6. **Fixed Assets & Depreciation**
Fixed assets are stated at cost less accumulated depreciation. The Bank capitalizes all costs relating to acquisition and installation of fixed assets. However, fixed assets costing less than Rs.5,000/- are expensed out.

Carrying amounts of cash generating assets are reviewed at each balance sheet date to determine whether there is any impairment. Impairment loss, if any, is recognised in the profit and loss account whenever the carrying amount exceeds the recoverable amount.

Depreciation on fixed assets is provided on pro-rata basis over the period of the estimated useful life of the asset on Straight Line Method.

The fixed assets are depreciated as per the rates given in the table below:

Assets	Depreciation Rate
Furniture & Fixtures *	20%
Office Equipment	20%
Computers Hardware	33.33%
Leasehold Improvement	Over the primary lease period

The useful lives of fixed assets marked with * above are different than those specified under schedule II of Companies Act 2013. The Management believes that useful life of fixed assets currently considered for the purpose of depreciation fairly reflect its estimate of the useful lives and residual values of Fixed Assets.

7. **Revenue Recognition**
   i) Interest Income on Advances is recognised on accrual basis except in case of Non-Performing Assets, where income is recognized on actual realisation as per RBI guidelines.
   ii) Arrangement fee is accounted for on completion of the agreed service and when right to receive is established.
   iii) Other Fees and Commission income including commission on Bank Guarantee/Letter of Credit is recognised on realisation basis.

8. **Employee benefits**

Gratuity

The Bank operates a Gratuity Fund Scheme and the contributions are remitted to the Trust established for this purpose. The trust in turn deploys majority of the funds with the Life Insurance Corporation of India, which also administers the scheme and determines the contribution premium required to be paid by the Bank. The benefit is in the form of lump sum payments to vested employees on retirement, resignation, death while in employment or on termination of employment for an amount equivalent to 15 days salary for each completed years of service subject to maximum limit specified in the Payment of Gratuity Act amended from time to time. The contribution payable/paid is charged to the Profit and Loss Account.

Leave encashment/compensated absences

TThe staff shall be entitled to 25 paid leaves other than public holidays in the state of Maharashtra and under the Negotiable Instruments Act, 1881.

Any unavailed annual leave gets encashed to employee at the end of year. However, due to work requirement or any other special circumstances, the unavailed annual leave can be postponed and availed before the end of the 1st quarter of next calendar year only after obtaining the prior approval of the CEO.

Provident Fund

The Bank contributes an amount equal to the employees' contribution on a monthly basis to the Regional Provident Fund Commissioner (RPFC).The Bank has no liability for future provident fund benefits apart from its monthly contribution which is charged to the Profit and Loss Account.

9. **Accounting for Leases**
Lease where the lessor effectively retains substantially all the risk and benefits of ownership of the leased assets are classified as Operating Leases. Operating Lease payments are recognised as an expense in Profit and Loss Account over the lease term accordance with AS-19, Leases.

10. **Taxation**
IIncome Tax expense is the aggregate amount of the current tax provision (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability in the year.

Deferred Income taxes reflects the impact of the current year timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets is recognized, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities are recognised in the Profit & Loss Account.

11. **Impairment of assets**
The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Statement of Profit and Loss to the extent the carrying amount of assets exceeds their estimated recoverable amount.

12. **Provision and Contingencies**
The Bank estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available up to the date on which the financial statements are prepared. A provision is recognized when the Bank has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are determined based on management's estimate required to settle the obligations at the balance sheet date, supplemented by experience of similar. These are reviewed at each balance sheet date and adjusted to reflect the management's current estimates. In cases where the available information indicates that the loss on the contingency is reasonable possible but the amount of loss cannot be reasonable estimated, a disclosure is made in the financial statements. In case of remote possibility, neither provisions nor disclosure is made in the financials.

SCHEDULE 18: NOTES TO ACCOUNTS

18.1 Capital Adequacy Ratio

As per the RBI guidelines on capital adequacy issued, banks are required to compute their capital requirement under Basel III effective June 30, 2013.

In terms of the RBI guidelines on New Capital Adequacy Framework, the Bank is required to maintain a minimum Capital to Risk-weighted Asset Ratio (CRAR) of 9%.

The capital adequacy ratio of the Bank, calculated as per RBI guidelines Basel III capital Regulations generally referred to as Basel – III is set out below:

Sr. No.	Particulars	2015-16	2014-15
i)	Common Equity Tier 1 capital ratio (%)	39.59%	27.10%
ii)	Tier 1 capital ratio (%)	39.59%	27.10%
iii)	Tier 2 capital ratio (%)	0.61%	0.62%
iv)	Total Capital ratio (CRAR) (%)	40.19%	27.72%
v)	Percentage of the shareholding of the Government of India in public sector banks	-	-
vi)	Amount of equity capital raised	-	-
vii)	Amount of Additional Tier 1 capital raised; of which PNCPS: PDI:	-	-
viii)	Amount of Tier 2 capital raised; of which Debt capital instrument: Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)]	-	-

18.2 Investments

(Amount in '000)

Sr. No.	Particulars	2015-16	2014-15
I	**Value of Investments**		
i.	Gross Value of Investments		
(a)	In India	3,621,647	2,522,329
(b)	Outside India	-	-
ii.	**Provision for Depreciation**		
(a)	In India	-	-
(b)	Outside India	-	-
iii.	**Net Value of Investments**		
(a)	In India	3,621,647	2,522,329
(b)	Outside India	-	-
II	**Movement of provision held toward depreciation on investments**		
i.	Opening balance	-	61,111
ii.	Add: Provision made during the year	-	-
iii.	Less: Write-off/write back of excess provision during the year	-	61,111
	Closing balance	-	-

18.2.1 Repo Transactions (in face value terms)

(Amount in '000)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2016
Securities sold under repo				
i) Government securities	31,200	21,30,900	1,01,663	NIL
ii) Corporate debt securities	NIL	NIL	NIL	NIL
Securities purchased under reverse repo				
i) Government securities	10,400	11,54,400	90,038	NIL
ii) Corporate debt securities	NIL	NIL	NIL	NIL

18.3 Derivative

18.3.1 Forward Rate Agreement/Interest Rate Swap as on March 31, 2016

(Amount in '000)

Particulars	2015-16	2014-15
The notional principal of swap agreement	NIL	NIL
Losses which be incurred if counter party failed to fulfill their obligations under the agreements	NIL	NIL
Collateral required by the bank upon entering the swaps	NIL	NIL
Concentration of credit risk arising from the swaps	NIL	NIL
The fair value of the swap book	NIL	NIL

18.3.2 The nature and terms of foreign currency CCS as on March 31, 2016 are set out below

(Amount in'000)

Nature	No.	Notional Principal	Benchmark	Terms
-	-	-	-	-

18.3.3 Exchange Traded Interest Rate Derivatives

The Bank does not deal in Exchange Traded Interest Rate Derivatives. Hence the disclosure on the same is not applicable.

18.3.4 Disclosures on risk exposure in derivative

a) Qualitative Disclosure

"Derivative" means an instrument, to be settled at a future date, whose value is derived from change in interest rate, foreign exchange rate, credit rating or credit index, price of securities (also called "underlying"), or a combination of more than one of them and includes interest rate swaps, forward rate agreements, foreign currency swaps, foreign currency-rupee swaps, foreign currency options, foreign currency-rupee options or such other instruments as may be specified by the Bank from time to time.

Structure and organization for management of risk in derivatives, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/ or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants:

Bank has a management approved Derivative Policy as part of the Investment Policy. Bank has devised separate policy for Derivative Customer Business and Customer Appropriateness policy for derivative business. These policies contain detailed guidelines on dealing with derivatives products. The framework covers the following aspects:

- Establish the overall appetite for taking risk and
- Hedge or transfer risk effectively, efficiently and expeditiously. Define the approved derivatives products and the authorized derivatives activities.
- Detail requirements for the evaluation and approval of derivative business.
- Provide bifurcation of duties and responsibilities between different departments to conduct derivative business in a prudent manner.
- Establish management responsibilities
- Identify the various types of risk faced by the bank and establish a clear and comprehensive set of limits to control these;
- Establish risk measurement methodologies which are consistent with the nature and scale of the derivatives activities;
- Require stress testing of risk positions; and The derivative reporting includes the indication on the levels of risk being undertaken, the degree of compliance with policies, procedures and limits, and the financial performance of the various derivatives activities.
- Bank undertakes derivative transactions to hedge - specifically reduce or extinguish an existing identified risk on an on-going basis during the life of the derivative transaction - or for transformation of risk exposure, as specifically permitted by RBI. During the year Bank has done forex forward contracts which are fully back to back covered. On account of these forward contracts, bank is not running any open and gap positions as on March 31, 2016.
- The derivative transactions are originated by Treasury Front Office as per the banks policy and the RBI guidelines. The mid office independently identifies measures and monitors the market risks associated with derivative transactions and appraises the Asset Liability Management Committee (ALCO) and the Risk Management Committee of the Board (RMC) on the compliance with the risk limits.
- Accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation:
- The income recognition is done as per AS-11 on "The Effects of changes in Foreign exchange Rates " and the guidelines issued by RBI/FEDAI from time to time. The integrated Treasury Policy also prescribes various limits such as Client Level Limits, Trading Member Level Limits, Net Open position Limits for credit risk mitigation.
- Identification of underlying transaction to hedge market risk through derivative transactions is done in accordance with Derivative Policy. The customer related derivative transactions are covered with counter party banks, on back to back basis and the bank does not carry market risk for such transactions.
- The hedging book consists of transactions to hedge Balance Sheet assets or liabilities.

The tenor of hedging instrument may be less than or equal to the tenor of underlying hedged asset or liability. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Statement of Profit and Loss in the relevant period. Gain or losses arising from hedge ineffectiveness, if any, are recognised in the Statement of Profit and Loss.

b) Quantitative Disclosure

(Amount in '000)

Sr. no.	Particular	2015-16 Currency Derivative *	2015-16 Interest Rate Derivatives	2014-15 Currency Derivative	2014-15 Interest Rate Derivatives
i.	Derivative (Notional Principal Amount)	-	-	-	-
(a)	For Hedging	-	-	-	-
(b)	For trading	-	-	10,499,511	-
ii.	Marked to Market Positions	-	-	-	-
(a)	Assets (+)	-	-	65,177	-
(b)	Liability (-)	-	-	(64,929)	-
iii.	Credit Exposure	-	-	275,167	-
iv.	Likely impact on one percentage change in interest rate (100*PV01)	-	-		
(a)	On Hedging derivatives	-	-	-	-
(b)	On Trading derivatives	-	-	-	-
v.	Maximum and Minimum of 100*PV01 observed during the year				
(a)	On Hedging	-	-	-	-
(b)	On Trading	-	-	-	-
vi.	Minimum of 100*PV01 observed during the year				
(a)	On Hedging	-	-	-	-
(b)	On Trading	-	-	-	-

* This represents balance of Outstanding Forward Contracts

18.4 Asset Quality

18.4.1 Business/Information Ratios:

Particulars	2015-16	2014-15
Interest income as a percentage to working funds (%) $	8.74%	9.34%
Non-interest income as a percentage to working funds (%)	2.71%	1.63%
Operating profit as a percentage to working funds (%) $	5.83%	4.74%
Return on assets (%) @	2.66%	2.71%
Business (deposits plus advances) per employee (Amount in INR '000) *	438,438	443,270
Profit per employee (Amount in INR '000) *	7,884	9,645

$: Working funds to be reckoned as average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the 12 months of the financial year.

@: Return on Assets would be with reference to average working funds (i.e. total of assets excluding accumulated losses, if any).

*: No of employees as at year end has been considered.

18.4.2 Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits:

(Amount in'000)

Particulars	2015-16	2014-15
Total Deposits of twenty largest depositors	3,574,530	4,079,792
Percentage of Deposits of twenty largest depositors to the total deposits of the bank	98.70%	99.58%

b) Concentration of Advances

(Amount in'000)

Particulars	2015-16	2014-15
Total Advances of twenty largest borrowers	23,767,704	21,560,691
Percentage of Advances of twenty largest borrowers to Total Advances of the bank	91.92%	93.50%

Advances comprise credit exposure (funded and non-funded credit limits) including derivative transactions computed as per Current Exposure Method in accordance with RBI guidelines.

c) Concentration of Exposures

(Amount in '000)

Particulars	2015-16	2014-15
Total Exposure of twenty largest borrowers	23,767,704	21,560,691
Percentage of Exposures of twenty largest borrowers to Total Advances of the Bank	91.92%	93.50%

Exposures comprise credit exposure and investment exposure as prescribed in Master circular on Exposure Norms.

d) Concentration of NPAs

(Amount in '000)

Particulars	2015-16	2014-15
Total Exposure to top four NPA accounts	480,059	-

18.4.3 Sector-wise Advances

(Amount in'000)

Sr. No.	Sector	Current year: Outstanding Total Advances	Current year: Gross NPAs	Current year: Percentage of Gross NPAs to Total Advances in that sector	Previous year: Outstanding Total Advances	Previous year: Gross NPAs	Previous year: Percentage of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Advances to industries sector eligible as priority sector lending	3,431,632	480,058	13.99%	1,410,491	-	-
3	Services	-	-	-	-	-	-
4	Personal loans	-	-	-	-	-	-
	Sub-total (A)	**3,431,632**	**480,058**	**13.99%**	**1,410,491**	**-**	**-**
B	**Non Priority Sector**						
1	Agriculture and allied activities	-	-	-	-	-	-
2	**Industry**	**3,835,345**	**-**	**-**	**7,450,511**	**-**	**-**
	Construction	388,889	-	-	2,470,927	-	-
	Power	-	-	-	2,209,584	-	-
	Roads, Rails, Bridges etc.	1,200,000	-	-	1,200,000	-	-
	Telecommunication	2,056,456	-	-	1,200,000	-	-
	Plastic	-	-	-	180,000	-	-
	Pharmaceuticals	-	-	-	100,000	-	-
	Engineering	190,000	-	-	90,000	-	-
3	**Services**	**4,251,800**	**-**	**-**	**1,670,000**	**-**	**-**
	NBFC	1,300,000	-	-	1,670,000	-	-
	Banking	2,951,800	-	-	-	-	-
4	Personal loans						
	Sub-total (B)	**8,087,145**	**-**		**9,120,511**	**-**	**-**
	Total (A+B)	**11,518,777**	**-**		**10,531,002**	**-**	**-**

(Advances to priority sector include advances to following sub sectors:
Textiles: 13.99%, Banks: 11.67%, Petrochemicals: 28.72% which exceed 10% of the total advances to that sector)

18.4.4 Unhedged foreign currency exposure

The bank has in place policy on managing credit risk arising out of unhedged foreign currency exposures of its borrowers. The Objective of this policy is to maximize the hedging on foreign currency exposures of borrowers by reviewing their foreign currency product portfolio and encouraging them to hedge the unhedged portion.

In accordance with RBI Circular DBOD No. BP.BC. 85/21.06.200/2013-14 dated 15th January 2014 effective 1st April, 2014, the Bank has maintained provision of Rs. 11,775 thousand (Previous Year 42481 thousand) and additional capital of Rs. 2,702 thousand (Previous Year 117,307 thousand) on account of unhedged foreign currency exposure of its borrowers as at March 31, 2016.

18.4.5 Asset Liability Management - Maturity Pattern

(Amount in '000)

As at March 31, 2016	1 Day	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and upto 6 months	Over 6 months and upto 12 months	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	84,469	201,767	60,000	859,000	4,176,731	439,204	275,281	480,751	-	-	6,577,203
Advances	-	-	985,620	-	3,827,437	2,608,126	2,317,535	1,300,000	360,044	-	11,398,762
Investments	-	499,421	-	-	2,479,736	-	-	24,988	-	617,502	3,621,647
Borrowings	-	1,199,991	200,000	-	1,788,885	-	-	-	-	-	3,188,876
Foreign Currency Assets	175,798	-	985,653	-	277,437	88,515	-	-	360,044	6,626	1,894,073
Foreign Currency Liabilities	95,681	-	-	-	1,789,794	-	-	47,157	-	-	1,932,633

(Amount in '000)

As at March 31, 2015	1 Day	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and upto 6 months	Over 6 months and upto 12 months	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	608,643	30,000	550,135	472,982	1,595,562	201,599	638,000	-	-	-	4,096,921
Advances	-	-	14,175	10,048	2,547,494	1,855,234	923,541	1,995,926	975,000	2,209,584	10,531,002
Investments	-	-	-	-	578,582	97,854	407,404	147,375	120,957	1,170,157	2,522,329
Borrowings	-	500,000	562,500	62,500	2,975,000	-	-	-	-	-	4,100,000
Foreign Currency Assets	249,363	-	14,175	10,048	707,494	678,775	-	-	-	-	16,59,855
Foreign Currency Liabilities	-	-	62,500	62,500	1,375,000	-	-	-	-	-	1,500,000

Classification of assets and liabilities under the different maturity buckets are compiled by management based on the guidelines issued by the RBI and are based on the same assumptions as used by the Bank for compiling the return submitted to the RBI and which have been relied upon by the Auditors.

18.4.6 Non-Performing Assets

(Amount in '000)

Particulars	2015-16	2014-15
(i) Net NPAs to Net Advances (%)	3.16%	-
(ii) Movement of NPAs (Gross)		
(a) Opening balance	-	-
(b) Additions during the year	480,059	-
(c) Reductions during the year	-	-
(d) Closing balance	480,059	-
(iii) Movement of Net NPAs		
(a) Opening balance	-	-
(b) Additions during the year	360,044	-
(c) Reductions during the year	-	-
(d) Closing balance	360,044	-
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	-	-
(b) Provisions made during the year	120,015	-
(c) Write of / write back of excess provisions	-	-
(d) Closing balance	120,015	-

18.5 Lending to Sensitive Sector

18.5.1 Exposure to Real Estate Sector

(Amount in '000)

Category	2015-16	2014-15
a) Direct exposure	-	-
(i) Residential Mortgages	-	-
(ii) Commercial Real Estate (Residential Housing sector)	388,889	2,470,927
(iii) Investments in Mortgage Backed Securities(MBS) and other	-	-
b) Indirect Exposure	-	-
Total Exposure to Real Estate Sector	**388,889**	**2,470,927**

18.5.2 Exposure to Capital Market

Exposure to Capital Market is NIL (Previous Year NIL)

18.5.3 Risk Category wise Country Exposure

(Amount in '000)

Risk Category*	Exposure (net) as at March 31, 2016	Provision held as at March 31, 2016	Exposure (net) as at March 31, 2015	Provision held as at March 31, 2015
Insignificant	468,628	1,172	225,408	564
Low	575,168	1,438	352,370	881
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	**1,043,796**	**2,609**	**577,778**	**1,445**

* In terms of RBI circular, provision is made only for those countries where the net funded exposure is 1% or more of total assets.

18.5.4 18.5.4 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the bank:

The RBI has prescribed credit exposure limits for banks in respect of their lending to single / group borrowers. The exposure limits prescribed are 15% of the capital funds of banks in case of single borrowers (SBL) and 40% of the capital funds of banks in case of group borrowers (GBL). In case of infrastructure projects, an additional exposure upto 5%/10% of the capital funds is allowed for SGL/GBL respectively. SBL/GBL can also be increased by a further 5% of the capital fund with the approval of the bank's local management committee and provided the borrower consent's to the bank making appropriate disclosures in the Bank's statutory accounts.

Name of Borrower	During the year 2015-16	As on 31.03.2016	As on 31.03.2015
Single Borrower Limits			
Adani Power Rajasthan Limited	-	-	23.69%
IL&FS Transportation Networks Limited	21.99%	19.79%	23.69%
Reliance Tech Services Limited	21.99%	21.74%	23.69%
Adani Power Maharashtra Limited	17.80%	-	19.93%
Wadhwa Residency Private Limited	17.86%	-	19.24%
Alok Industries Limited	-	-	18.48%
Raghuleela Builders Private Limited	-	-	15.71%
Shanghai Boiler Works Co Ltd	34.23%	34.23%	-
Dongfang Electric Corporation Limited	48.61%	48.61%	-
Tbea Shenyang Transformer Group Co Limited	23.10%	23.10%	-
ZTE Corporation	28.95%	28.95%	-
Group Borrower Limits			
Adani Group	-	-	**43.62%**
Reliance Group	44.64%	44.64%	-
Dongfang Electric Corporation Limited	48.61%	48.61%	-

18.5.5 Unsecured Advances

The total amount of advances outstanding as at the year-end for which intangible securities such as charge over the rights, licenses, authority etc. has been taken as also the estimated value of such intangible collateral is Rs. Nil (Previous Year Rs. Nil)

18.5.6 Intra-Group Exposures

The Intra-group exposure comprises of bank's transactions and exposures to the entities belonging to the bank's own group (group entities). The Bank's exposure to their Head Office and overseas branches of the parent bank, except for proprietary derivative transactions undertaken with them, are excluded from intra-group exposure.

The bank has the following exposures towards Intra-group

a) Total amount of intra-group exposures – NIL (Previous Year Rs. Nil)

b) Total amount of top-20 intra-group exposures – NIL (Previous Year Rs. Nil)

c) Percentage of intra-group exposures to total exposure of the bank on borrowers / customers – NIL (Previous Year Rs. Nil)

d) Details of breach of limits on intra-group exposures and regulatory action thereon, if any – NIL (Previous Year Rs. Nil)

18.5.7 Provisioning Coverage Ratio (PCR)

Particulars	2015-16	2014-15
Provisioning Coverage Ratio	25%	-

18.6 Miscellaneous Disclosures

18.6.1 Provisions and Contingencies: Break-up of Provisions and Contingencies

(Amount in '000)

Particulars	2015-16	2014-15
Provision for depreciation on Investment	-	(61,111)
Provision towards Standard Assets [including unhedge foreign currency provision of Rs. (30,705) thousand (P.Y. 42,481 thousand)]	(37,973)	73,379
Provision for Substandard Assets	120,015	-
Provision for Country Risk	1,165	(937)
Income Tax for Current Year	297,898	299,742
Adjustment for Previous Year	34,457	-
Deferred Tax	(30,538)	970
Total	**385,024**	**312,043**

Page 2 continued ...

Continued from page 2

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Mumbai Branch

18.6.2 Floating Provisions
The floating provisions as on 31st March 2016 is Nil (Previous year Nil).

18.6.3 Disclosure of Penalties imposed by RBI
No penalties were imposed on the Bank by RBI under the provisions of section 46 (4) of the Banking regulation Act, 1949.

18.6.4 Liquidity Coverage Ratio

A. Quantitative Disclosures

(Amount in '000)

		2015-16	
		Total Unweighted	**Total Weighted**
		Value (INR '000)	**Value (INR '000)**
		(Average)	**(Average)**
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)	2,812,023	2,812,023
Cash Outflows			
2	**Retail deposits and deposits from small business customers, of which:**	**6,995**	**699**
(i)	Stable deposits	-	-
(ii)	Less stable deposits	6,995	699
3	Unsecured wholesale funding, of which:	**3,494,915**	**2,358,763**
(i)	Operational deposits (all counterparties)	3,494,915	2,358,763
(ii)	Non-operational deposits (all counterparties)	-	-
(iii)	Unsecured debt	-	-
4	Secured wholesale funding	-	-
5	Additional requirements, of which	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	-	-
6	Other contractual funding obligations	-	-
7	Other contingent funding obligations	14,454,692	627,902
8	**Total Cash Outflows**	**17,956,602**	**2,987,365**
Cash Inflows			
9	Secured lending (e.g. reverse repos)		
10	Inflows from fully performing exposures	1,757,797	1,445,488
11	Other cash inflows	7,849	7,849
12	**Total Cash Inflows**	**1,765,646**	**1,453,337**
		Total Adjusted Value	**Total Adjusted Value**
21	**TOTAL HQLA**		**2,812,023**
22	**Total Net Cash Outflows**		**1,534,028**
23	**Liquidity Coverage Ratio (%)**		**183.31%**

(Amount in '000)

		2014-15	
		Total Unweighted	**Total Weighted**
		Value (INR '000)	**Value (INR '000)**
		(Average)	**(Average)**
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)	1,983,090	1,983,090
Cash Outflows			
2	**Retail deposits and deposits from small business customers, of which:**	**5,807**	**581**
(i)	Stable deposits	-	-
(ii)	Less stable deposits	5,807	581
3	**Unsecured wholesale funding, of which:**	**2,481,778**	**992,711**
(i)	Operational deposits (all counterparties)	2,481,778	992,711
(ii)	Non-operational deposits (all counterparties)	-	-
(iii)	Unsecured debt	-	-
4	Secured wholesale funding	-	-
5	Additional requirements, of which	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	-	-
6	Other contractual funding obligations	2,067,605	2,067,605
7	Other contingent funding obligations	-	-
8	**Total Cash Outflows**	**4,555,190**	**3,060,897**
Cash Inflows			
9	Secured lending (e.g. reverse repos)		
10	Inflows from fully performing exposures	320,754	282,953
11	Other cash inflows	2,050	2,050
12	**Total Cash Inflows**	**322,804**	**285,003**
		Total Adjusted Value	**Total Adjusted Value**
21	**TOTAL HQLA**		**1,983,090**
22	**Total Net Cash Outflows**		**2,775,894**
23	**Liquidity Coverage Ratio (%)**		**71.44%**

In computing the above information, certain estimates and assumption have been made by the management which are relied upon by the auditors

B. Qualitative disclosure around LCR

(a) The main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time;

The Bank measures and monitor the LCR in line with the Reserve Bank of India's circular dated 9th June, 2014 on "Basel III Framework on Liquidity Standards-Liquidity Coverage Ratio(LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standard". The LCR guidelines aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets(HQLAs) that can be converted in to cash to meet its liquidity needs for a 30 calendar day time horizon under a significant severe liquidity stress scenario. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken.

(b) Intra-period changes as well as changes over time;

The maintenance of LCR, both on end of period and on an average basis has been on account of increase in excess of CRR and SLR

(c) The composition of HQLA;

Bank is maintaining HQLA primarily in the form of SLR investments over and above mandatory requirement and regulatory dispensation allowed upto 7% of NDTL in the form of borrowing limit available through Marginal Standing Facility (MSF) and facility to avail liquidity for LCR. Bank does not hold any Level 2A or Level 2B Assets.

(d) Concentration of funding sources;

Funding sources include accepting term deposits from corporates, swap funding, call/notice/term borrowing from financial institutions and issuing certificate of deposits. Bank also borrows from ICBC's Head Office, subsidiaries and branches in compliance with RBI guidelines.

(e) Derivative exposures and potential collateral calls;

Bank has not yet started offering derivatives products to clients. During the year bank has done forex swap to hedge currency risk on its foreign currency borrowings. Bank has also done forex forward contracts which are fully back to back covered and on account of these forward contract, bank is not running any open and gap positions as on March 31, 2015.

(f) Currency mismatch in the LCR;

Majority of bank's asset and liabilities are in Indian Rupees. Presently all Foreign Currency Assets/Loans are backed by Foreign Currency Liabilities/ Borrowing. Banks borrows in FCY within the ICBC Group.

(g) A description of the degree of centralisation of liquidity management and interaction between the group's units;

ICBC Mumbai branch's liquidity management is centralized with treasury. It co-ordinates with respective department for efficient fund management.

(h) Bank does not expect any cash outflow regarding Guarantees and Letter of Credit in the next 30 days period.

(i) Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile.

There is no other material inflow and outflow not capture in LCR common template. Bank's LCR of 183.31% is higher than minimum requirement of 70% and as such bank is in compliance with RBI guidelines.

18.6.5 Disclosures of Remuneration
IIn terms of guidelines issued by RBI vide circular no. DBOD No. BC. 72/29.67.001/2011-12 dated 13th Jan 2012 on "Compensation of Whole Time Directors/Chief Executive Officers/Risk takers and Control function staff, etc., the Bank has submitted a declaration received from its Head Office to RBI to the effect that the compensation structure in India, including that of CEO's, is in conformity with the FSB principles and standards.

18.6.6 The Bank has no disclosure to make in respect of the following items as the relevant items are either Nil or Not Applicable

1	Investments	Non-SLR Investment Portfolio
		Sale and Transfers to/ from HTM Category
2	Asset Quality	Particulars of Accounts Restructured
		Details of financial assets sold to Securitisation / Reconstruction
		Company for Asset Reconstruction.
		Details of non-performing financial assets purchased / sold.
		Overseas Assets, NPAs and Revenue
		Off-Balance Sheet sponsored Special Purpose Vehicles (SPVs)
3	Awards passed by the Banking Ombudsman	
4	Letter of Comforts issued by the Bank	
5	Off-Balance Sheet SPVs sponsored	
6	Draw down from Reserves	
7	Bancassurance Business	
8	Non Banking Assets acquired in satisfaction of claims	
9	Disclosure for customer complaint	
10	Unamortised Pension and Gratuity Liabilities	
11	Disclosures relating to Securitisation	
12	Credit Default Swaps	
13	Transfers to Depositor Education and Awareness Fund (DEAF)	

18.7 Disclosure Requirements as per Accounting Standard (AS)

18.7.1 AS -15 Employee Benefit

Provident Fund
The Bank contributes an amount equal to the employees' contribution on a monthly basis to the Regional Provident Fund Commissioner (RPFC).The Bank has no liability for future provident fund benefits apart from its monthly contribution which is charged to the Profit and Loss Account amounting to Rs. 9,616 thousand (Previous Year Rs. 9,796 thousand)

Gratuity
The following table sets out the status of the defined benefit Gratuity Plan as required under AS 15 (Revised 2005):

(Amount in '000)

Particulars	**2015-16**	**2014-15**
Change in the present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of year	733	282
Interest Cost	59	26
Current Service Cost	391	237
Benefit Paid	-	-
Actuarial (Gain)/loss on obligations	261	188
Closing value of defined benefit obligation at the end of the year	1,444	733
Change in Plan Assets		
Opening Fair value of plan assets at the beginning of year	557	216
Expected Return on plan assets	45	19
Contribution by Employer	730	334
Benefit Paid	-	-
Actuarial Gain/(loss) on obligations	1	(12)
Closing Fair value of plan assets at the end of the year	1,333	557
Actural Return on Plan Assets		
Expected Return on plan assets	45	19
Actuarial Gain/(Loss) on plan assets	1	(12)
Actual Return on Plan Assets	**46**	**7**
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets	1,333	557
Present value of benefit obligation as at end of the period	(1,444)	(733)
Fund status	(111)	(176)
Unrecognised past service cost at the end of the period	-	-
Unrecognised transitional liability at the end of the period	-	-
Net (Liability)/Assets Recognised in the Balance Sheet	(111)	(176)
Net Cost recognised in the Profit and Loss Account		
Current service cost	391	237
Interest Cost	14	7
Actuarial (Gain)/Loss	260	200
Expense Recognised in P&L	665	444

Principal Actuarial Assumption:

Valuation Assumptions	**2015-16**	**2014-15**
Future Salary Rise	6.00%	6.00%
Rate of Discounting	7.80%	8.07%
Attrition Rate	10.00%	10.00%
Mortality Rate	India Assured Lives Mortality (2006-08) Ultimate	India Assured Lives Mortality (2006-08) Ultimate

Experience Adjustment *	**2015-16**	**2014-15**	**2013-14**
Defined benefit obligation	1,444	733	282
Plan assets	1,333	557	216
(Surplus)/Deficit	111	176	66
Experience adjustment on plan liabilities - Gain/(Loss)	(235)	(130)	1,880
Experience adjustment on plan assets - Gain/(Loss)	1	(12)	2

18.7.2 AS 17-Segment Reporting

Segment Information – Basis of Preparation
In line with the RBI guidelines, the Bank has identified "Treasury Operations" and "Corporate Banking Operations" as the primary reporting segments.

Treasury activities include foreign exchange, fixed income, money market and derivative transactions. The corporate banking segment consists of lending to corporate client relationships and trade finance. Other Banking Operations comprises activities other than Treasury and corporate Banking.

The Bank does not have overseas operations and operates only in domestic segment.

(Amount in'000)

	2015-16					2014-15				
Segmentation	**Corporate**	**Treasury**	**Retail**	**Other**	**Total**	**Corporate**	**Treasury**	**Retail**	**Other**	**Total**
Segment revenue	1,058,527	332,927	-	72	1,391,526	1,059,968	228,415	-	1,560	1,289,943
Segment result	**476,277**	**160,845**	**(2,919)**	**72**	**634,225**	**549,354**	**71,684**	**-**	**1,560**	**622,598**
Unallocated expenses					9,150					3,607
Operating Profits					**625,075**					**618,991**
Income taxes					301,817					300,712
Extraordinary profit / (loss)	-	-		-	-	-	-		-	-
Net profit (loss)					**323,258**					**318,279**
Other information :										
Segment assets	11,481,660	4,134,541	-	-	15,616,201	10,615,372	3,229,648	-	-	13,845,020
Unallocated assets					95,459					18,763
Total assets					**15,711,660**					**13,863,783**
Segment liabilities	3,854,612	6,147,813	-	-	10,002,425	4,326,165	4,130,585	-	-	8,456,750
Unallocated liabilities					18,619					39,675
Total liability					**10,021,044**					**8,496,425**

In computing the above information, certain estimates and assumption have been made by the management which are relied upon by the auditors.

18.7.3 AS-18 Related Party Disclosures
In the terms of the Accounting Standard 18 on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India and the related guideline issued by the RBI, the details pertaining to related parties are as under

Related Party Relationship

a) Parent
The Industrial and Commercial Bank of China, Beijing is the Head Office of the Bank.

b) Branch Office
Branch offices comprise all branches of The Industrial and Commercial Bank of China Limited outside India.

c) Fellow subsidiaries
Fellow subsidiaries comprise companies, which have a common ultimate holding company, Theses are as follows:

Industrial and commercial bank of china (asia) limited, Icbc international holdings limited, Industrial and commercial bank of china (macau) limited, Industrial and commercial bank of china (malaysia) berhad, pt. bank icbc indonesia, Industrial and commercial bank of china (thai) public company limited, Industrial and commercial bank of china (almaty) joint stock company, Industrial and commercial bank of china (new zealand) limited, Industrial and commercial bank of china, (london) plc, Industrial and commercial bank of china (europe) s.a., zao Industrial and commercial bank of china (moscow), Industrial and commercial bank of china (usa) na, industrial and commercial bank of china financial services llc, industrial and commercial bank of china (canada), Industrial and commercial bank of china (argentina) s.a., Industrial and commercial bank of china (brasil) s.a., icbc peru bank, Icbc credit suisse asset management co., ltd., Icbc financial leasing co., ltd., Icbc-axa assurance co., ltd.

d) Key Management personnel
Sun Xiang, CEO of Industrial and Commercial Bank of China Limited, Mumbai Branch up to April 10, 2015.

Luo Zan, Interim-CEO of Industrial and Commercial Bank of China Limited, Mumbai Branch from April 10, 2015 to August 31, 2015.

Hong Qing, CEO of Industrial and Commercial Bank of China Limited, Mumbai Branch w.e.f. August 31, 2015.

Note:
Related parties are identified by the Management and relied upon by the auditors.

Transactions with Related Parties:
The Bank's related party balances and transactions for the year ended March 31, 2016 and March 31, 2015 are summarized as follows:

(Amount '000)

Items/Related Party	**2014-15**	**2014-15**
	Subsidiaries	**Subsidiaries**
Borrowings as on March 31	-	-
Maximum Outstanding	-	287,500
Lending as on March 31	-	-
Maximum Outstanding	18,58,932	437,500
Receivables as of March 31	-	-
Interest Paid	-	2
Interest received	1,834	244

In terms of the RBI circular guidelines regarding disclosure of related party transactions where there is only one entity in any category of related parties, particulars of such transactions have not been disclosed.

18.7.4 AS-19 Leases
The Company's significant leasing arrangement is in respect of operating leases for office premises. These lease agreements, which are non-cancellable and are usually renewable by mutual consent on mutually agreeable terms.

(Amount '000)

Description	**As at March 31, 2016**	**As at March 31, 2015**
Payable within one year	51,786	39,029
Payable later than one year and not later than five year	221,934	3,252
Later than 5 years	-	-
Lease payment charged to Profit and Loss account	39,029	38,603

18.7.5 AS-22 Accounting for taxes on income
As on March 31, 2016 the Bank had a net deferred tax asset of Rs. 30,538 thousands which has been shown under other assets. The major components giving rise to the deferred tax assets and liabilities are as under:

(Amount '000)

Description	**As at March 31, 2016**	**As at March 31, 2015**
Provision for Bonus	18,935	-
Provision for Gratuity	368	91
Provision for Country Risk	1,129	625
Provision for advances	25,601	-
Fixed Asset	(9,476)	5,302
Total Deferred Tax Assets	**36,556**	**6,018**
Net Deferred Tax Liability / (Asset)- P&L Impact	**(30,538)**	**(970)**

18.7.6 AS-29 Contingent Liabilities :
The following table describes the nature of contingent liabilities of Bank.

Contingent Liability	Brief Description
1. Liability on account of outstanding Foreign Exchange Contracts.	The Bank enters into foreign exchange contracts with inter Bank participants on its own account and for customers. Forward Exchange contracts are commitments to buy / sell foreign currency at a future date at the contracted date.
2. Guarantees and Acceptances, endorsements and other obligations	As a part of its normal Banking activity, the Bank issues guarantees on behalf of its customers, correspondence Banks and Head office. Guarantees generally represent irrevocable assurance that the Bank will make payments in the event of the customers failing to fulfil its financial or performance obligation.

18.8 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:
To the extent of the information received by the Bank from its vendors, there are no transactions with "suppliers" as defined under the Micro, Small and Medium Enterprises Development Act, 2006 during the financial year, hence the disclosures as required under the said Act are not applicable. This has been relied upon by the Auditors.

18.9 Transfer Pricing
The Bank has a comprehensive system of maintenance of information and documents required by transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. The management is of the opinion that international transactions are at arm's length so that the above legislation will not have material impact on the financial statements, particularly on the amount of tax expense and that of provision of taxes.

18.10 Corporate Social Responsibility
The Bank has a global policy on Corporate Social Responsibility (CSR) programmes that support art, children and education. In India, Bank has separate committee for CSR.

As per required under provision of Companies Act, 2013, the Bank is required to contribute 2% of average profit before tax of 3 immediately preceding financial years which work out to Rs. 8831 ('000). During the year, the Bank has contributed as amount of Rs. 1640 ('000) toward OXFAM and Prime Ministers National Relief Fund included under Other Expenditures of Schedule 16. Out of the amount indicated above, Rs.1,400 ('000) was a part disbursement in respect of a two-year project for "Economic empowerment of tribal women farmers through vegetable cultivation, in Orissa" ,wherein the total cost of the project is Rs. 3,200 ('000).

18.11 Comparative figures
Previous year's figures have been regrouped /rearranged wherever necessary to conform to current year's presentation.

For and on behalf of **Khimji Kunverji & Co.** **Chartered Accountants** **Firm Reg. No: 105146W**	For and on behalf of **INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED** **MUMBAI BRANCH**
Gautam V. Shah Partner Membership No. F-117348	**Hong Qing** Chief Executive Officer
Place: Mumbai Date: June 29, 2016	**He Hu** Deputy General Manager

Basel III: Pillar 3 Disclosures ***as at 31March 2016***

(Currency: Indian rupees in million)

1. Scope of Application & Capital Adequacy

The capital Adequacy framework is applicable to Industrial and Commercial Bank of China Limited, Mumbai branch.

(i) Qualitative Disclosures:

(a) List of group entities considered for consolidation: Not Applicable

(b) List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation: Not Applicable

(ii) Quantitative Disclosures:

(c) List of group entities considered for consolidation: Not Applicable

(d) The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted: Not Applicable

(e) The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted: Not Applicable

(f) Any restrictions or impediments on transfer of funds or regulatory capital within the banking group: There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group.

2. Capital Adequacy

Qualitative Disclosures:

(a) The Bank has a well-defined Internal Capital Adequacy Assessment Process (ICAAP) which covers methodology and detailed information on the on-going assessment of the Bank's key risks, measurement and mitigation of risks. It also provides an overview of the current and future capital requirements of the Bank based on growth projections and assessment of these risks. The focus of the ICAAP includes the Bank's capital planning, assessment and management of material risks and adequacy of capital under normal and stress conditions. The management and the functional departments/business units are actively involved in the identification of the sources of risk and the review of mitigations/controls in place.

Capital is the amount held or required to be held by the Bank to underpin the risk of loss in value of exposure, businesses etc. so as to protect the depositors and general creditors against losses. Capital funds are broadly classified as Tier I and Tier II Capital.

The Bank has adopted Standardized Approach for Credit Risk, Basic Indicator Approach for Operational Risk and Standardized Duration Approach for Market Risk for computing CRAR In line with the guidelines of the Reserve Bank of India.

Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier I or in Upper Tier II:

- Tier I capital: - consists of funds from H.O. for the purpose of meeting capital adequacy norms & statutory reserves minus deferred tax asset.
- Tier II capital comprises of general loan loss provisions on standard assets, country risk and un-hedged foreign currency exposures.

The capital requirement is affected by the economic environment, regulatory requirement and by the risk arising from bank's activities. Capital Planning exercise of the bank is carried out every year to ensure the adequacy of capital at the times of changing economic conditions, even at the time of economic recession. In capital planning process the bank reviews:

- Current capital requirement of the bank.
- The targeted and sustainable capital in terms of business strategy, policy and risk appetite.
- The future capital planning is done on a three-year outlook.

Quantitative disclosures:
The Capital requirement for credit, market and operational risk and Tier I capital ratio of the Bank as on 31st March 2016 is as follows:

(Rs. in million)

	PARTICULARS	**2015-16**
A	**Capital requirement for credit risk**	
	- Portfolios subject to standardised approach	1,082
	- Securitisation exposures	-
B	**Capital requirement for market risk**	
	Standardised duration approach	
	-Interest rate risk	31
	-Foreign exchange risk	46
	-Equity risk	-
C	**Capital requirement for operational risk**	
	-Basic indicator approach	127
D	**Capital Adequacy ratio of the Bank (%)**	**40.19%**
E	**Tier I CRAR (%)**	**39.59%**

Risk Exposure and Assessment
The Bank is exposed to various risks such as Credit Risk, Market Risk, Operational Risk, Concentration Risk, Liquidity Risk, Interest Rate Risk, Reputation Risk, Strategic Risk, Compliance Risk, Legal Risk, Country Risk and Foreign Exchange Risk and the methodologies adopted for their identification, assessment, measurement, monitoring and control is envisaged in the ICAAP and various risk management policies of the Bank.

The Senior Management undertakes an annual assessment to ascertain whether the processes relating to the ICAAP implemented by the Bank successfully achieve the objectives. The senior management also receives and reviews the reports regularly to evaluate the sensitivity of the key assumptions and to assess the validity of the Bank's estimated future capital requirements. In the light of such an assessment, appropriate changes in the ICAAP are instituted to ensure that the underlying objectives are met.

General qualitative Disclosures:

Risk Management / Risk Management Committee
BBank has in place risk management and measurement systems for analysing the risk in loans and investments and instituted timely remedial measures through Risk Management Committee (RMC).

The RMC regularly oversees the Bank's risk management policies/practices under various risks viz. credit, operational and market risk etc. This committee comprises of top executives of Bank. The committee meets at regular intervals throughout the year to assess and monitor the level of risk under various Bank operations and initiate appropriate mitigation measures wherever necessary.

3. Credit Risk: General Disclosures

Qualitative Disclosures
Credit risk is defined as the inability of a borrower or counter-party to honour commitments under an agreement/contract, in relation to lending, trading, settlement and other financial transactions. Bank has fixed various exposure limits approved by the appropriate authority. These limits are being monitored on a regular basis.

Bank has a comprehensive credit manual for managing the credit risk. The credit manual aims to set a consistent framework and procedures to manage credit risk across the Bank and to take a well-balanced approach to risks and business opportunities. The manual serves as a practical guide and a common source of reference to the management and staff involved in lending activities of the Bank. The manual provides the information necessary to enable employees in credit business to carry out their duties with due care, efficiency, levels of control, cost effectiveness required by the management of the Bank and to reflect prevailing policies, practices, procedures and regulations.

Structure and Organization
The credit responsibilities are divided between the Corporate Banking and Risk Management Departments. Corporate Banking functions as front Office. Risk Management Department functions as the Middle and Back Office. The role of Corporate Banking and Risk Management are performed independently by separate individuals to avoid potential conflicts of interest and to gain a fair and objective view on the risks that the Bank is undertaking.

In addition, Credit Review Committee is a key part of credit organization structure. The Bank establishes the Credit Review Committee with a view to achieving a standard management of credit business. The Credit Review Committee's conclusion is served as a reference for General Managers to make final lending decision.

Non-Performing Asset (NPA)
An asset, including a leased asset, becomes non-performing when it ceases to generate income for the Bank. A non-performing asset (NPA) is a loan or an advance where:

- Interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan,
- The account remains 'out of order', in respect of an Overdraft/Cash Credit (OD/CC),
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
- The installment of principal or interest thereon remains overdue for one crop season for long duration crops,
- The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on securitization dated February 1, 2006.
- In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

'Out of Order' Status - An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/ drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/ drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as 'out of order'

'Overdue' - Any amount due to the Bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the Bank.

Page 3 continued ...

Continued from page 3

ICBC 中国工商银行 孟买分行

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Mumbai Branch

Non Performing Assets of the Bank are further classified in to three categories as under:

Sub standard Assets

- A sub standard asset is one which has remained NPA for a period less than or equal to 12 months.

Doubtful Assets

- An asset would be classified as doubtful if it has remained in the sub standard category for 12 months.

Loss Assets

- A loss asset is one where loss has been identified by the bank or by internal or external auditors or the RBI inspection. In loss assets realizable value of security available is less than 10% of balance outstanding/ dues.

Credit Rating System

Credit rating represents the best estimate of the probability of default of the customer being graded in a span of one year. Bank has an internal credit rating system to assign credit ratings to the corporate customers. These grades act as a tool for determining the risk of customer and are also used for determining the pricing for the customer. All customers are assigned a credit grade based on the different risk parameters in the system. The credit rating system uses a combination of quantitative inputs and qualitative inputs to arrive at a credit rating.

Monitoring & Review

The periodic review of individual customer is a part of the post-lending management process. The Bank has set up a regular monitoring mechanism at the portfolio, customer and transaction level. Corporate Banking is responsible for monitoring credit risk at customer or transaction level. Risk Management Department is responsible for monitoring credit risk at portfolio level.

Concentration Risk

As a prudential measure aimed at better risk management and avoidance of concentration of credit risks, Bank has fixed limits on its exposure to specific industry or sectors and has prescribed regulatory limits on Bank's exposure to individual and group borrowers etc. The Bank avoids undue concentration of risk to a single sector, industry, region or large borrower/ connected group. Credit exposures to various segments of industry should meet the business objectives and portfolio targets of the Bank. These limits are reviewed and revised annually based on capital funds as of March of the previous financial year.

Quantitative disclosures:

Total Gross credit risk exposures including Geographic Distribution of Exposure

(Rs. in million)

Particulars	2015-16		
	Domestic	Overseas	Total
Fund Based	11,519	-	11,519
Non Fund Based *	14,337	-	14,337
Total	**25,856**	-	**25,856**

Industries wise exposure:

(Rs. in million)

		2015-16	
Sr. No.	Type of the Industries	Fund Based	Non Fund Based
1	Construction	389	-
2	Power		165
3	NBFC	1300	-
4	Roads, Rails, Bridges etc.	1,200	-
5	Telecommunication	1,936	10
6	Textile	515	-
7	Chemicals	1317	82
8	Manufacturing	120	2
9	Pharmaceuticals	800	-
10	Engineering	190	18
11	Banking	3352	14009
12	Steel	-	51
13	Metal/Mining	400	
	Total	**11,519**	**14,337**

Movement of NPA's and Provision for NPA's

Gross NPAs in various categories (Substandard, doubtful, loss etc.):

(Rs. in million)

	Particulars	2015-16
A	Amount of NPA's (Gross)	480
B	Net NPA's	360
C	NPA's ratios	
	Gross NPAs to gross advances	4.17%
	Net NPAs to net advances	3.16%
D	Movement of NPA's	-
	Opening Balance	-
	Additions	480
	Reductions	-
	Closing Balance	480
E	Movement of Provision for NPA's	-
	Opening Balance	-
	Provision made during the year	120
	Write offs	-
	Write back of excess provision	-
	Closing balance	120
F	Amount of Non performing investments and Provisions	-
	Amount of provisions held for Non performing investments	-
G	Movement of provisions for depreciation on investment	-
	Opening Balance	-
	Add: Provision made during the year	-
	Less: Write back of excess provisions	-
	Add: Amortisation of premium on HTM category	-
	Closing balance	-

Residual Contractual maturity breaks down of Assets

(Rs. in million)

MATURITY BUCKETS	Cash, balances with RBI and other Banks	Investment Securities	Loans and Advances	Other Assets including fixed assets
Next Day	354	-	-	9
2 TO 7 Days	138	499	-	-
8 TO 14 Days	-	-	986	29
15 to 28 days	-	-	-	-
29 days to 3 months	-	2480	3,827	65
Over 3 months upto 6 months	-	-	2,608	14
over 6 months upto 12 months	-	-	2,318	-
Over 1 year to 3 years	-	25	1,300	-
Over 3 years to 5 years	-	-	360	-
Over 5 years	-	618	0	88
Total	**492**	**3,622**	**11,399**	**205**

4 Credit Risk: Disclosures for Portfolios Subject to the Standardised Approach

Qualitative Disclosures:

Bank uses the credit ratings of the eligible credit rating agencies, for assigning risk weights for credit risk as per the guidelines of the Reserve Bank of India. The facility provided by the Bank possesses rating assigned by an eligible credit rating agency; the risk weight of the claim is based on these ratings.

In accordance with the principles laid down in the Revised Framework from the Reserve Bank of India, Banks uses the ratings of the following domestic credit rating agencies for the purposes of risk weighting its domestic claims for capital adequacy purposes:

a) Credit Analysis and Research Limited;
b) CRISIL Limited;
c) SMERA Ratings Ltd.;
d) ICRA Limited; and
e) Brickwork Ratings India Pvt. Limited (Brickwork)
f) India Ratings and Research Private Limited (India Ratings)

As per the guidelines from the Reserve Bank of India, Bank uses the ratings of the following international credit rating agencies for the purposes of risk weighting its international claims for capital adequacy purposes:

a. Fitch;
b. Moody's; and
c. Standard & Poor's

The transfer of public issue ratings onto comparable assets in the Banking Book is in line with the provisions advised in Reserve Bank of India's Master circular on New Capital Adequacy Framework.

Quantitative Disclosures:

The exposure under each credit risk category is as follows:

(Rs. in million)

Risk Bucket	2015-16
Below 100% Risk Weight	13170
100% risk weight	16722
More than 100% risk weight	0

5. Credit Risk Mitigation: Disclosures for Standardised Approaches

Qualitative Disclosures

Credit Risk Mitigation (CRM) allows the eligible credit risk mitigants to be recognised for regulatory capital purposes. Eligible credit risk mitigants like financial collateral, non-financial collateral and guarantees, are used to mitigate credit risk exposure. Bank recognises only those collaterals that are considered as eligible for credit risk mitigation as per RBI guidelines.

Quantitative Disclosures

(Rs. in million)

S. No.	Particulars	31.03.2016
1	Total exposure (after, where applicable, on- or off balance sheet netting) that is covered by eligible financial collateral after the application of haircuts for each separately disclosed credit risk portfolio	120
2	Total exposure (after, where applicable, on- or off-balance sheet netting) that is covered by guarantees/ credit derivatives (whenever specifically permitted by RBI) for each separately disclosed portfolio	-

6. Securitisation Exposures: Disclosure for Standardised Approach

Qualitative and Quantitative disclosures:

The Bank does not have any Securitisation Exposure.

7. Market Risk in Trading Book

Market risk is defined as the risk of losses in on-balance sheet and off-balance sheet positions arising from movements in market prices. Market Risk Management include a well-drawn Market Risk Management policy, various risk limits identification, measurement monitoring control and mitigation of market risk in trading book. ALCO monitors all the risk limits periodically and manages the issues relating to market risk management.

The Bank does not trade in securities. Banks deals in securities only to maintain the SLR requirement as per RBI guidelines.

Currently Bank uses standardized duration method to arrive at the capital charge for Market Risk.

8. Operational Risk

Qualitative disclosures

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

The Bank has a management approved operational risk management policy in place The purpose of this policy is to establish explicit and consistent Operational Risk Management framework that would result in the systematic and proactive identification, assessment, measurement, monitoring, mitigation and reporting of the operational risks. The operational processes are well documented and laid down and all the transactions adhere to the processes and are reconciled and monitored systematically.

The Bank uses Basic Indicator Approach for calculating capital charge for Operational Risk.

9. Interest Rate Risk in the Banking Book (IRRBB)

Interest rate risk is the potential change in Net Interest Income or Economic Value of Equity caused by unexpected changes in market interest rates.

Qualitative Disclosures

Interest Rate Risk:

Interest rate risk is the risk due to variability of interest rates. The various types of interest rate risk are Reinvestment Risk, Gap/ Mismatch Risk, Basis Risk, Embedded Option Risk, Yield-curve Risk and Model Risk.

The Bank strives to achieve a balance between reducing risk to earnings from adverse movements in interest rates, and enhancing net interest income through correct anticipation of the direction and extent on interest rate changes. IRRBB is measured and controlled using both Earnings Perspective (Traditional Gap Analysis) and Economic Value Perspective (Duration Gap Analysis). The Bank performs Duration Gap Analysis and Traditional Gap Analysis as per the RBI Guidelines on monthly basis for managing the interest rate risk. The Duration Gap analysis analyzes the impact of 100 bps change in the interest rates on the Net worth for the Bank. Traditional Gap Analysis analyzes the impact of 100 bps change in the interest rates on the Earnings.

Bank also performs periodic stress test on interest rate risk in order to analyze the impact of stress due to adverse movement in the interest rates and its impact on Bank's earnings.

After review of the current situation of IRRBB, the ALCO devise various strategies to minimize the interest rate risk while maximizing earnings and net worth.

Quantitative Disclosures:

Impact of increase (decline) in earnings and economic value for upward and downward interest rate shocks of 1% as on 31 March, 2016 are given below:

Earnings Perspective

(Rs. in million)

Particulars	Interest Rate Shock	
Impact on Earnings	1%	-1%
	54	(54)

Economic Value Perspective

(Rs. in million)

Particulars	Interest Rate Shock	
Impact on Earnings	1%	-1%
	91	(91)

10. General Disclosure for Exposures Related to Counterparty Credit Risk

Qualitative Disclosures

Counterparty Credit Risk (CCR) is the risk that a counter party to a transaction could default before the final settlement of the transaction cash flows. Unlike a bank's exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss to either party. Counterparty credit risk in case of derivative contracts arises from the forward contracts. The subsequent credit risk exposures depend on the value of underlying market factors (e.g., interest rates and foreign exchange rates), which can be volatile and uncertain in nature.

ICBC Mumbai Branch monitors and manages its exposure to counterparties in over-the-counter (OTC) derivative trades to protect its balance sheet in the event of a counterparty default. Counterparty risk exposures which may be materially and adversely affected by market risk events are identified, reviewed and acted upon by management and highlighted to the risk management committees. The risk measurement methodology includes the higher risks associated with transactions that exhibit a strong relationship between the creditworthiness of a counterparty and the expected future replacement value of a relevant transaction as identified during the trade booking process.

Quantitative Disclosures

The Bank enters into the foreign exchange forward contracts in the normal course of business for proprietary trading and arbitrage purposes, as well as for risk management needs, including mitigation of interest rate and foreign currency risk. Derivative exposures are calculated according to the current exposures method.

Credit exposures on foreign exchange forward contracts:

(Rs. in million)

Nature	Notional Amount	Potential Exposure	Current exposure	Total credit exposure
Forward contracts	NIL	NIL	NIL	NIL

11. Composition of Capital

(Rs. in million)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)			Amounts Subject to Pre-Basel III Treatment	Ref No.
Common Equity Tier 1 capital: instruments and reserves				
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	4,554.48		
2	Retained earnings	1136.14		
3	Accumulated other comprehensive income (and other reserves)	-		
4	*Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)*	-		
Public sector capital injections grandfathered until January 1, 2018				
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-		
6	**Common Equity Tier 1 capital before regulatory adjustments**	5,690.60		
Common Equity Tier 1 capital: regulatory adjustments				
7	Prudential valuation adjustments	-		
8	Goodwill (net of related tax liability)	-		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	-		
10	Deferred tax assets	36.56		
11	Cash-flow hedge reserve			
12	Shortfall of provisions to expected losses	-		
13	Securitisation gain on sale	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined-benefit pension fund net assets	-		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-		
17	Reciprocal cross-holdings in common equity	-		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-		
20	Mortgage servicing rights4 (amount above 10% threshold)	-		
21	Deferred tax assets arising from temporary differences5 (amount above 10% threshold, net of related tax liability)	-		
22	Amount exceeding the 15% threshold	-		
23	of which: significant investments in the common stock of financial entities	-		
24	of which: mortgage servicing rights	-		
25	of which: deferred tax assets arising from temporary differences	-		
26	National specific regulatory adjustments (26a+26b+26c+26d)	-		
26a	*of which:* Investments in the equity capital of the unconsolidated insurance subsidiaries	-		
26b	*of which:* Investments in the equity capital of unconsolidated non-financial subsidiaries	-		
26c	*of which:* Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-		
26d	*of which:* Unamortised pension funds expenditures	-		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT]			
	For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)			
	of which: [INSERT TYPE OF ADJUSTMENT]			
	of which: [INSERT TYPE OF ADJUSTMENT]			
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions			
28	**Total regulatory adjustments to Common equity Tier 1**	36.56		
29	**Common Equity Tier 1 capital (CET1)**	5654.06		
Additional Tier 1 capital: instruments				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-		
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	*Directly issued capital instruments subject to phase out from Additional Tier 1*	-		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	*of which: instruments issued by subsidiaries subject to phase out*	-		
36	**Additional Tier 1 capital before regulatory adjustments**	-		
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own Additional Tier 1 instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
41	National specific regulatory adjustments (41a+41b)	-		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. DTAs]	-		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		
43	**Total regulatory adjustments to Additional Tier 1 capital**	-		
44	**Additional Tier 1 capital (AT1)**	-		
44a	**Additional Tier 1 capital reckoned for capital adequacy**	-		
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)**	5,654.06		
Tier 2 capital: instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-		
47	Directly issued capital instruments subject to phase out from Tier 2	-		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		
49	of which: instruments issued by subsidiaries subject to phase out	-		
50	Provisions	86.81		
51	Tier 2 capital before regulatory adjustments	86.81		
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments	-		
53	Reciprocal cross-holdings in Tier 2 instruments	-		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		
55	Significant investments13 in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
56	National specific regulatory adjustments (56a+56b)	-		
56a	*of which:* Investments in the Tier 2 capital of unconsolidated subsidiaries	-		
56b	*of which:* Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-		
	of which: [INSERT TYPE OF ADJUSTMENT	-		
57	**Total regulatory adjustments to Tier 2 capital**	-		
58	**Tier 2 capital (T2)**	86.81		
58a	**Tier 2 capital reckoned for capital adequacy**	86.81		
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	-		
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	86.81		
59	**Total capital (TC = T1 + T2) (45 + 58c)**	5,740.86		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
	of which: …	-		
60	**Total risk weighted assets (60a + 60b + 60c)**	14,283.32		
60a	*of which: total credit risk weighted assets*	12,023.10		
60b	*of which: total market risk weighted assets*	853.51		
60c	*of which: total operational risk weighted assets*	1406.72		
Capital ratios				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	39.59%		
62	Tier 1 (as a percentage of risk weighted assets)	39.59%		
63	Total capital (as a percentage of risk weighted assets)	40.19%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	0%		
65	*of which: capital conservation buffer requirement*	0%		
66	*of which: bank specific countercyclical buffer requirement*	0%		
67	*of which: G-SIB buffer requirement*	0%		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	39.59%		
National minima (if different from Basel III)				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	6%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7%		
71	National total capital minimum ratio (if different from Basel III minimum)	9%		
Amounts below the thresholds for deduction (before risk weighting)				
72	Non-significant investments in the capital of other financial entities	-		
73	Significant investments in the common stock of financial entities	-		
74	Mortgage servicing rights (net of related tax liability)	-		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-		
Applicable caps on the inclusion of provisions in Tier 2				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	86.81		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	150.29		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	86.81		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-		
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 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)*	-		

12. Composition of Capital - Reconciliation Requirements

(Rs. in million)

	Step 1	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on 31.03.2016	**As on 31.03.2016**
A	**Capital & Liabilities**	5,690.62	Not Applicable
i	Paid-up Capital	4,554.48	
	Reserves & Surplus	1136.14	
	Minority Interest	-	
	Total Capital	5,690.62	
ii	Deposits	6577.20	
	of which: Deposits from banks	-	
	of which: Customer deposits	3,621.47	
	of which: Other deposits (Certificate of deposits)	2955.73	
iii	Borrowings	3188.88	
	of which: From RBI	600.00	
	of which: From banks	2588.88	
	of which: From other institutions & agencies	-	
	of which: Others (pl. specify)	-	
	of which: Capital instruments	-	
iv	Other liabilities & provisions	254.97	
	Total	157,11.66	
B	**Assets**		
i	Cash and balances with Reserve Bank of India	310.15	
	Balance with banks and money at call and short notice	181.96	

Page 4 continued ...

Continued from page 4

ICBC 中国工商银行 孟买分行

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Mumbai Branch

	Step 1	**Balance sheet as in financial statements**	**Balance sheet under regulatory scope of consolidation**
ii	Investments:	3,621.65	
	of which: Government securities	3,621.65	
	of which: Other approved securities	-	
	of which: Shares	-	
	of which: Debentures & Bonds	-	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	-	
iii	Loans and advances	11,398.76	
	of which: Loans and advances to banks		
	of which: Loans and advances to customers	11,398.76	
iv	Fixed assets	43.78	
v	Other assets	155.38	
	of which: Goodwill and intangible assets	-	
	of which: Deferred tax assets	36.57	
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	157,11.66	

(Rs. in million)

	Step 2	**Balance sheet as in financial statements**	**Balance sheet under regulatory scope of consolidation**
		As on 31.03.2016	**As on 31.03.2016**
A	**Capital & Liabilities**		Not Applicable
i	Paid-up Capital	4,554.48	
	of which: Amount eligible for CET1	4,554.48	
	of which: Amount eligible for AT1	-	
	Reserves & Surplus	1136.14	
	of which:	-	
	Statutory Reserve	284.04	
	Investment Reserve	26.01	
	Amount Retained in India for CAPAD	826.09	
	Minority Interest	-	

	Step 2	**Balance sheet as in financial statements**	**Balance sheet under regulatory scope of consolidation**
	Total Capital	5,690.62	
ii	Deposits	6577.20	
	of which: Deposits from banks	-	
	of which: Customer deposits	3,621.47	
	of which: Other deposits (pl. specify)	2955.73	
iii	Borrowings	3188.88	
	of which: From RBI	600.00	
	of which: From banks	2588.88	
	of which: From other institutions & agencies	-	
	of which: Others (pl. specify)	-	
	of which: Capital instruments	-	
iv	Other liabilities & provisions	254.97	
	of which:		
	Provision against standard asset	45.51	
	Provision for Country Risk	2.61	
	Provision for Unhedged Foreign Currency Exposures	11.78	
	Total	15,711.66	
B	**Assets**		
i	Cash and balances with Reserve Bank of India	310.14	
	Balance with banks and money at call and short notice	181.95	
ii	Investments	3,621.64	
	of which: Government securities	3,621.64	
	of which: Other approved securities	-	
	of which: Shares	-	
	of which: Debentures & Bonds	-	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	-	
iii	Loans and advances	11,398.76	
	of which: Loans and advances to banks		
	of which: Loans and advances to customers	11,398.76	
	Fixed assets	43.78	
v	Other assets	155.37	
	of which: Goodwill and intangible assets	-	
	Out of which:		
	Goodwill	-	
	Other intangibles (excluding MSRs)	-	
	Deferred tax assets	36.56	
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	15,711.66	