ICBC

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
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 Mumbai Branch of Industrial and Commercial Bank of China Ltd. **(the Bank),** which comprises the Balance Sheet as at 31st March, 2018, the Profit and Loss Account and 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 preparation 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, and circulars, guidelines and directions issued by the Reserve Bank of India from time to time in so far as they are applicable to the Bank, accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("The Act ") read with Rule 7 of the Companies (Accounts) Rules, 2014, in so far as they are applicable to the Bank and in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949 as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the Provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting fraud and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; 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 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 applicable 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 there under.
4. We conducted our audit 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 misstatement.
5. 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 and fair presentation 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.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the notes thereon, give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for banking companies and guidelines issued by Reserve Bank of India and give a 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 31st March 2018;
   b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
   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

8. The Balance Sheet and the Profit and Loss Account 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.
9. As required by sub-section (3) of section 30 of the Baking Regulation Act, 1949 and appointment letter issued by the Bank, we report that:
   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
   (b) In our opinion, the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
10. As required by Section 143(3) of the Companies Act, 2013, we further 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 purpose 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, Profit & Loss Account and Cash Flow Statement dealt with by us in the 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 to the extent they are not inconsistent with the accounting policies prescribed by Reserve Bank of India.
   (e) 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'.
11. 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:
   (a) The Bank does not have any pending litigations which would impact its financial position – Refer Note No.28 of Schedule 18 to the financial statements;
   (b) 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 - Refer Note No.29 of Schedule 18 to the financial statements;
   (c) The Bank does not have any amount which was required to be transferred to the Investor Education and Protection Fund.
12. The financial statements of the Bank for the year ended 31st March, 2017, were audited by another auditor who expressed an unmodified opinion on these statements on 28th June, 2017.

For **CHOKSHI & CHOKSHI LLP**
Chartered Accountants
FRN: 101872W / W100045

Date: June 21, 2018 **Nilesh Joshi**
Place: Mumbai Partner M.No.114749

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MUMBAI BRANCH OF INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")
(Referred to in paragraph 10(e) of our Audit Report of even date)

1. We have audited the internal financial controls over financial reporting of MUMBAI BRANCH OF INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED ("the Bank") as of 31st March, 2018 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

2. 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" ("the 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 the 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 (the Act).

Auditors' Responsibility

3. 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 and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 were established and maintained and if such controls operated effectively in all material respects.
4. 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.
5. 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

6. The 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. The Bank's internal financial control over financial reporting includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management of Mumbai branch of the Bank; and (c) 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

7. 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

8. 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 31st March, 2018, 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 issued by the ICAI.

For **CHOKSHI & CHOKSHI LLP**
Chartered Accountants
FRN: 101872W / W100045

Date: June 21, 2018 **Nilesh Joshi**
Place: Mumbai Partner M.No.114749

BALANCE SHEET AS ON MARCH 31, 2018

(₹ in Thousands)

	Schedule	As on 31-Mar-18	As on 31-Mar-17
CAPITAL AND LIABILITIES			
Capital	1	**4,554,480**	4,554,480
Reserves and Surplus	2	**1,426,154**	1,241,733
Deposits	3	**13,348,912**	6,218,368
Borrowings	4	**9,358,104**	8,010,680
Other Liabilities and Provisions	5	**552,967**	299,430
Total		**29,240,617**	**20,324,691**
ASSETS			
Cash and Balances with Reserve Bank of India	6	**708,419**	493,912
Balances with Banks and Money at Call and Short Notice	7	**919,910**	3,536,373
Investments	8	**18,084,255**	9,059,154
Advances	9	**8,795,521**	6,811,071
Fixed Assets	10	**39,288**	47,266
Other Assets	11	**693,224**	376,915
		29,240,617	**20,324,691**
Contingent Liabilities	12	**10,749,425**	11,756,640
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
Chokshi & Chokshi LLP
Chartered Accountants
Firm Reg. No: 101872W/W100045

Nilesh Joshi
Partner
Membership No. F-114749

Place: Mumbai
Date: June 21, 2018

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

Zheng Bin
Chief Executive Officer

Song Lin
Manager Director - Head Financial & Accounting

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Thousands)

	Schedule	Year ended 31-Mar-18	Year ended 31-Mar-17
INCOME			
Interest Earned	13	**1,731,236**	1,070,147
Other Income	14	**182,629**	399,646
Total		**1,913,865**	**1,469,793**
EXPENDITURE			
Interest Expended	15	**1,052,921**	514,387
Operating Expenses	16	**430,073**	477,915
Provisions and Contingencies	18.19	**246,449**	371,894
Total		**1,729,443**	**1,364,196**
Net Profit for the Year after tax		184,421	105,597
Total		**184,421**	**105,597**
APPROPRIATIONS			
Transfer to Statutory Reserve		46,105	26,399
Transfer to/(from) Investment Reserve Account		(14,272)	(11,734)
Transfer to Remittable Surplus retained in India for CRAR		152,588	90,932
Balance carried over to Balance Sheet		-	-
Total		**184,421**	**105,597**
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
Chokshi & Chokshi LLP
Chartered Accountants
Firm Reg. No: 101872W/W100045

Nilesh Joshi
Partner
Membership No. F-114749

Place: Mumbai
Date: June 21, 2018

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

Zheng Bin
Chief Executive Officer

Song Lin
Manager Director - Head Financial & Accounting

CASH FLOW STATEMENT FOR THE YEAR ENEDED MARCH 31, 2018

(₹ in Thousands)

		Current Year	Previous Year
A	**Cash flow from operating activities:**		
	Profit/(Loss) Before Tax	331,501	111,739
	Adjustment for		
	Provision for Standard Assets	(13,386)	(11,190)
	Provision for Sub-Standard Assets	2,352	349,368
	Depreciation on assets	13,669	13,581
	Depreciation on investments	110,403	27,574
	(Profit)/Loss on sale of Fixed assets	(17)	-
	Operating Profit/(Loss) before Working capital changes	444,522	491,072
	Adjustment for		
	Increase/(decrease) in deposits	7,130,544	(358,835)
	Increase/(decrease) in other liabilities and provisions	266,923	55,655
	(Increase)/decrease in other assets	(330,403)	(46,019)
	(Increase)/decrease in investments	(9,135,504)	(5,465,081)
	(Increase)/decrease in advances	(1,986,802)	4,238,323
	Increase/(decrease) in Borrowings	1,347,424	4,821,804
	Cash generated / (used) from Operating activity	**(2,263,296)**	**3,736,919**
	Taxes Paid	(132,987)	(181,665)
	Net cash used in operating activity	**(2,396,283)**	**3,555,254**
B	**Cash flow from investing activity**		
	Purchase of fixed assets	(3,076)	(56,766)
	(Increase)/decrease in Capital WIP	(2,615)	39,696
	Proceeds froms sale of fixed assets	17	-
	Net cash (used) in investing activity	**(5,674)**	**(17,070)**
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)	**(2,401,957)**	**3,538,184**
	Cash and Cash equivalents (Opening Balance)	4,030,285	492,101
	Cash and cash equivalent (Closing Balance)	**1,628,328**	**4,030,285**
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
Chokshi & Chokshi LLP
Chartered Accountants
Firm Reg. No: 101872W/W100045

Nilesh Joshi
Partner
Membership No. F-114749

Place: Mumbai
Date: June 21, 2018

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

Zheng Bin
Chief Executive Officer

Song Lin
Manager Director - Head Financial & Accounting

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

(₹ in Thousands)

	As on 31-Mar-18	As on 31-Mar-17
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	400,000	320,000
	400,000	**320,000**
SCHEDULE 2 - RESERVES AND SURPLUS		
I. STATUTORY RESERVES		
Opening balance	310,434	284,035
Additions during the year	46,105	26,399
Closing balance	**356,539**	**310,434**
II INVESTMENT RESERVE		
Opening balance	14,272	26,006
Additions during the year	-	-
Deductions during the year	(14,272)	(11,734)
Closing balance	**-**	**14,272**
III REVENUE AND OTHER RESERVES		
Opening balance	-	-
Additions during the year	-	-
	-	-
IV Remittable Surplus Retained in India for CRAR		
Opening balance	917,027	826,095
Addition during the year	152,588	90,932
	1,069,615	**917,027**
V Balance in Profit and Loss Account	-	-
	1,426,154	**1,241,733**
SCHEDULE 3 - DEPOSITS		
A. In India		
I. DEMAND DEPOSITS		
From banks	-	-
From others	807,862	1,030,034
II. SAVINGS BANK DEPOSITS	9,109	9,882
III. TERM DEPOSITS		
From banks	-	-
From others *	12,531,941	5,178,452
	13,348,912	**6,218,368**
B. (i) Deposits of branches in India	13,348,912	6,218,368
(ii) Deposits of branches outside India	-	-
	13,348,912	**6,218,368**
* Includes Certificate of Deposit of Rs. 19,79,507 Thousand (Previous Year NIL) valued at carrying cost)		
SCHEDULE 4 - BORROWINGS		
I. BORROWINGS IN INDIA		
Reserve Bank of India	-	-
Other banks	799,441	2,306,949
Other institutions and agencies	4,517,813	3,109,731
II. BORROWINGS OUTSIDE INDIA	4,040,850	2,594,000
	9,358,104	**8,010,680**
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	-	-
II. Inter-office adjustments (net)	-	-
III. Interest accrued	307,976	152,895
IV. Others [including provision toward Standard Assets and Unhedged foreign currency exposure Rs. 35,182 Thousand (Previous year Rs. 47,031 Thousand)]	244,991	146,535
V. Provison for Tax (net of advance tax)	**-**	-
	552,967	**299,430**
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	138	770
II. Balances with Reserve Bank of India		
i) In current account	708,281	493,142
ii) In other accounts	-	-
	708,419	**493,912**
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
Balances with banks		
i) In current accounts	12,719	15,951
iii) In other deposit accounts	-	-
Money at call and short notice		
i) With banks (represents LAF with RBI)	850,000	-
ii) With other institutions	-	3,470,000
	862,719	**3,485,951**
II. Outside India		
i) In current accounts	57,191	50,422
ii) In other deposit accounts	-	-
iii) Money at call and short notice	-	-
	57,191	**50,422**
	919,910	**3,536,373**
SCHEDULE 8 - INVESTMENTS		
I. Investment in India in		
i) Government Securities *	11,940,164	8,059,364
ii) Other approved securities	-	-
iii) Shares	-	-
iv) Debentures and Bonds	6,144,091	999,790
v) Subsidiaries and/or joint ventures	-	-
vi) Others	-	-
	18,084,255	**9,059,154**
II. Investment outside India in		
i) Government Securities (including local authorities)	-	-
ii) Subsidiaries and/or joint ventures abroad	-	-
vi) Others	-	-
	18,084,255	**9,059,154**
III Gross value of Investment	18,222,233	9,086,728
Less: Aggregate of Provisions / Depreciation	(137,978)	(27,574)
Net Investments	**18,084,255**	**9,059,154**
* includes investments in Governement securities kept with RBI under section 11(2)(b) face value of Rs. 400,000 thousand.(Previous Year Rs.320,000 thousand.)		
SCHEDULE 9 - ADVANCES		
A. i) Bills purchased and discounted*	6,454,359	3,211,071
ii) Cash credits, overdraft and loan repayable on demand	350,000	1,300,000
iii) Term loans	1,991,162	2,300,000
	8,795,521	**6,811,071**
B. i) Secured by tangible assets	1,908,751	2,214,005
ii) Covered by bank/governments guarantees	5,454,670	2,518,866
iii) Unsecured	1,432,100	2,078,200
	8,795,521	**6,811,071**
C. I. Advances in India		
i) Priority sector	3,838,756	2,820,317
ii) Public sector	2,193,575	-
iii) Banks	2,763,190	532,033
iv) Others	-	3,458,721
	8,795,521	**6,811,071**
II. Advances Outside India		
i) Due from banks	-	-
ii) Due from others		
(a) Bills purchased and discounted	-	-
(b) Syndicated loans	-	-
(c) Others	-	-
	8,795,521	**6,811,071**
*Includes Master Risk Participation of Rs. NIL (Previous Year 532,033 Thousand) Inter Bank participatory Certificate of Rs. NIL (Previous year NIL)		
SCHEDULE 10 - FIXED ASSETS		
I. PREMISES (Leasehold improvements)		
At cost as on 31 March of the preceding year	39,794	24,339
Additions during the year	-	39,794
Deductions during the year	-	(24,339)
	39,794	**39,794**
Depreciation to date	15,254	7,295
Total Net Book Value I	**24,540**	**32,499**
II OTHER FIXED ASSETS (Including Furniture and Fixtures)		
At cost as on March 31 of the preceding year	45,200	28,229
Additions during the year	3,076	16,971
Deductions during the year	(991)	-
	47,285	45,200
Depreciation to date	35,346	30,628
Total Net Book Value II	**11,939**	**14,572**
III Capital Work In Progress	**2,809**	**195**
Net Book Value I and II	**39,288**	**47,266**
SCHEDULE 11 - OTHER ASSETS		
I. Inter-office adjustments (net)	-	-
II. Interest accrued	353,669	58,036
III. Advance Tax (net of provision for tax)	1,961	4,187
IV. Stationery and Stamps	-	-
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Deferred Tax Asset (Net)	210,034	221,901
VII. Others	127,560	92,791
	693,224	**376,915**
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	-	194,550
IV. Guarantees given on behalf of constituents		
a) In India	10,543,557	10,719,237
b) Outside India	-	-
V. Acceptances, endorsements and other obligations	205,868	842,853
VI. Other items for which the bank is contingently liable	-	-
	10,749,425	**11,756,640**
SCHEDULE 13 - INTEREST EARNED		
Interest/discount on advances/bills	501,963	618,905
Income on investments	1,218,507	414,029
Interest on balances with the Reserve Bank of India and other inter-bank funds	4,022	19,848
Others	6,744	17,365
	1,731,236	**1,070,147**
SCHEDULE 14 - OTHER INCOME		
Commission, exchange and brokerage	113,482	286,798
Net profit/(Loss) on sale of Investment	30,250	49,344
Net Profit /(Loss) on revaluation of investments	-	-
Profit on sale of land, building and other assets	17	-
Less: Loss on sale of land, building and other assets	-	-
Net profit/(Loss) on exchange transactions	38,880	63,504
Income earned by way of dividends etc. from subsidiaries, companies and/ or joint ventures abroad/in India	-	-
Miscellaneous Income	-	-
	182,629	**399,646**
SCHEDULE 15 - INTEREST EXPENDED		
Interest on deposits	447,931	393,910
Interest on Reserve Bank of India/interbank borrowings	130,572	40,681
Others	474,418	79,796
	1,052,921	**514,387**
SCHEDULE 16 - OPERATING EXPENSES		
Payments to and provisions for employees	266,934	333,288
Rent, taxes and lighting	72,805	70,666
Printing and stationery	1,534	1,315
Professional Fees	19,382	10,481
Advertisement and publicity	9,684	8,602
Bank Charges	-	-
Depreciation on Bank's property	13,669	13,581
Director's fee, allowances and expenses	-	-
Auditors' fees and other expenses	1,530	1,292
Law charges	-	-
Postage, telegram, telephones etc.	8,496	8,849
Repairs and maintenance	2,704	2,218
Insurance	8,550	7,052
Other expenditure	24,785	20,570
	430,073	**477,915**

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.

ICBC

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Mumbai Branch

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, for each category within each group is provided for, whereas the net appreciation for each category is ignored.

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.

(v) Non performing Investments

Provision for non-performing investments and investment subjected to prudential norms is made based on a periodic review of investments as per Bank's policy and after having considered the provisioning guidelines issued by the RBI.

4. Advances

Advances 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.

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. Bullion

The Bank imports bullion on consignment basis for selling to wholesale customers including jewellery manufacturers and exporters. The difference between price recovered from customers and cost of bullion is accounted for at the time of sale to the customer. The Income from sale of bullion is shown under "Other Income".

9. 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

The 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 this monthly contribution which is charged to the Profit and Loss Account.

10. 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.

11. Taxation

Income 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.

12. 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.

13. 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 obligation 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 case 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.

14. Cash and Cash Equivalents

Cash and Cash equivalents include cash in hand, balances with Reserve Bank of India, balances with other banks and Money at call and short notice.

Schedule 18 : NOTES TO ACCOUNTS

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	2017-18	2016-17
i)	Common Equity Tier 1 capital ratio (%)	38.61%	39.82%
ii)	Tier 1 capital ratio (%)	38.61%	39.82%
iii)	Tier 2 capital ratio (%)	0.33%	0.54%
iv)	Total Capital ratio (CRAR) (%)	38.94%	40.35%
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 Perpetual Non-Cumulative Preference Share (PNCPS): Perpetual Debt Instrument (PDI):	-	-
viii)	Amount of Tier 2 capital raised; of which Debt capital instrument: Perpetual Cumulative Preference Share (PCPS) Redeemable Non-Cumulative Preference Shares (RNCPS) Redeemable Cumulative Preference Shares (RCPS)		

2. Investments *(Amount in '000)*

Sr. No.	Particulars	2017-18	2016-17
I	**Value of Investments**		
i.	Gross Value of Investments		
(a)	In India	18,222,233	9,086,728
(b)	Outside India		
ii.	**Provision for Depreciation**		
(a)	In India	(137,978)	(27,574)
(b)	Outside India		
iii.	**Net Value of Investments**		
(a)	In India	18,084,255	9,059,154
(b)	Outside India		
II	**Movement of provision held toward depreciation on investments.**		
i.	Opening balance	27,574	-
ii.	Add: Provision made during the year	110,404	27,574
iii.	Less: Write-off/write back of excess provision during the year	-	-
	Closing balance	137,978	27,574

3. Non SLR Investment Portfolio

i) Issuer composition of Non SLR investments *(Amount in '000)*

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(i)	PSUs	762,324	-	-	-	-
(ii)	FIs	2,983,989	-	-	-	-
(iii)	Banks	937,411	-	-	-	-
(iv)	Private Corporates	1,474,230	-	-	-	-
(v)	Subsidiaries / Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Provision held towards depreciation	-	-	-	-	-
	Total	6,157,954	-	-	-	-

ii) Non performing Non-SLR investments *(Amount in '000)*

Particulars	2017-18	2016-17
Opening balance	-	-
Additions during the year since 1st April	-	-
Reductions during the above period	-	-
Closing balance	-	-
Total provisions held	-	-

4. 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 31,2018
Securities sold under repo i) Government securities ii) Corporate debt securities	49,000 NIL	1,742,400 NIL	1,437,837 NIL	4,438,900 NIL
Securities purchased under reverse repo i) Government securities ii) Corporate debt securities	35,990 NIL	2,624,740 NIL	947,251 NIL	764,700 NIL

5. Derivative

i) Forward Rate Agreement/Interest Rate Swap as on March 31, 2018 *(Amount in '000)*

Particulars	2017-18	2016-17
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

ii) The nature and terms of foreign currency CCS as on March 31, 2018 are set out below

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

iii) 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.

iv) 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, 2018.
- 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	2017-18		2016-17	
		Currency Derivative	Interest Rate Derivatives	Currency Derivative *	Interest Rate Derivatives
i.	Derivative (Notional Principal Amount)	-	-	**194,550**	-
(a)	For Hedging	-	-	194,550	-
(b)	For trading	-	-	-	-
ii.	Marked to Market Positions	-	-	**(93)**	-
(a)	Assets (+)	-	-	-	-
(b)	Liability (-)	-	-	(93)	-
iii.	Credit Exposure	-	-	**3,891**	-
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 currency swap

6. Business/Information Ratios:

Particulars	2017-18	2016-17
Interest income as a percentage to working funds (%) $	6.46%	6.84%
Non-interest income as a percentage to working funds (%)	0.68%	2.55%
Operating profit as a percentage to working funds (%) $	1.61%	3.05%
Return on assets (%) @	0.69%	0.68%
Business (deposits plus advances) per employee (Amount in INR '000) *	434,205	265,907
Profit per employee (Amount in INR '000) *	3,616	2,155

$: 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.

#: Deposits and Advances outstanding as of Balance sheet date are taken for calculating the ratio

7. Concentration of Deposits, Advances, Exposures and NPAs

i) **Concentration of Deposits:** *(Amount in '000)*

Particulars	2017-18	2016-17
Total Deposits of twenty largest depositors	12,770,330	6,109,833
Percentage of Deposits of twenty largest depositors to the total deposits of the bank	95.67%	98.254%

ii) **Concentration of Advances** *(Amount in '000)*

Particulars	2017-18	2016-17
Total Advances of twenty largest borrowers	18,279,199	16,883,769
Percentage of Advances of twenty largest borrowers to Total Advances of the bank	91.32%	81.52%

Advances comprise credit exposure (funded and non-funded credit limits) including derivative transactions in accordance with RBI guidelines.

iii) **Concentration of Exposures** *(Amount in '000)*

	(Amount in '000)	
Particulars	**2017-18**	**2016-17**
Total Exposure of twenty largest borrowers	21,047,704	16,883,769
Percentage of Exposures of twenty largest borrowers to Total Advances of the Bank	80.41%	81.52%

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

iv) **Concentration of NPAs** *(Amount in'000)*

Particulars	2017-18	2016-17
Total Exposure to top four NPA accounts	471,734	469,382

8. Sector-wise Advances *(Amount in'000)*

Sr. No.	Sector	2017-18 Outstanding Total Advances	2017-18 Gross NPAs #	2017-18 Percentage of Gross NPAs to Total Advances in that sector	2016-17 Outstanding Total Advances	2016-17 Gross NPAs	2016-17 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	4,310,490	471,734	10.94%	3,289,699	469,382	14.27%
3	Services	-	-	-	-	-	-
4	Personal loans	-	-	-	-	-	-
	Sub-total (A)	**4,310,490**	**471,734**	**10.94%**	**3,289,699**	**469,382**	**14.27%**
B	**Non Priority Sector**						
1	Agriculture and allied activities	-	-	-	-	-	-
2	**Industry**	**4,406,764**	-	-	**2,658,721**	-	-
	Construction	443,575	-	-	1,000,000	-	-
	Power	-	-	-	109,109	-	-
	Roads, Rails, Bridges etc.	850,000	-	-	1,200,000	-	-
	Telecommunication	-	-	-	-	-	-
	Plastic	-	-	-	-	-	-
	Pharmaceuticals	-	-	-	-	-	-
	Engineering	-	-	-	349,612	-	-
	Others	3,113,189	-	-	-	-	-
3	**Services**	**550,000**	-	-	**1,332,033**	-	-
	NBFC	550,000	-	-	800,000	-	-
	Banking	-	-	-	532,033	-	-
4	Personal loans	-	-	-			
	Sub-total (B)	**4,956,764**	-	-	**3,990,754**	-	-
	Total (A+B)	**9,267,254**	**471,734**	**5.09%**	**7,280,453**	**469,382**	**6.45%**

* Current year - Advances to priority sector include advances to following sub sectors:
Oil & Gas: 80.58%, Cotton: 10.94% which exceed 10% of the total advances to that sector
Previous year - Advances to priority sector include advances to following sub sectors:
Oil & Gas: 10.69%, Cotton: 17.61% which exceed 10% of the total advances to that sector
\# 100% provision on NPA

9. Movement of NPAs *(Amount in '000)*

	Particulars	2017-18	2016-17
i.	Net NPAs to Net Advances (%)	-	-
ii.	Movement of NPAs (Gross)		
	Gross NPAs as on 1st April (Opening balance)	469,382	480,059
	Additions during the year *	2,352	8,726
	Sub-total (A)	**471,734**	**488,785**
	Less:		
	i) Up gradations	-	-
	ii) Recoveries (excluding recoveries made from upgraded accounts)	-	-
	iii) Technical / Prudential Write-offs	-	-
	iv) Write-offs other than those under (iii) above	-	-
	Sub-total (B)	-	-
	Gross NPAs as on 31st March (Closing balance) (A-B)	**471,734**	**488,785**
iii.	Movement of Net NPAs		
	i) Opening Balance	-	360,044
	ii) Addition during the year	-	-
	iii) Reduction during the year	-	(360,044)
	iv) Closing Balance	**-**	**-**
iv.	Movement of provisions for NPAs (excluding provisions on standard assets)		
	i) Opening balance	469,382	120,015
	ii) Provisions made during the year *	2,352	349,367
	iii) Write of / write back of excess provisions	-	-
	iv) Closing balance	**471,734**	**469,382**

- Addition in provision is due to exchange difference

10. 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. NIL (Previous Year 13,787 thousand) and additional capital of Rs. NIL (Previous Year 35,063 thousand) on account of unhedged foreign currency exposure of its borrowers as at March 31, 2018.

11. Asset Liability Management - Maturity Pattern

As at March 31, 2018 *(Amount in '000)*

Maturity Bucket	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 Day	179,372	-	3,270,044	-	66,686	14,338
2 to 7 days	604,700	2,691,480	6,148,938	8,380,479	2,691,728	3,063,225
8 to 14 days	295,000	132,990	236,923	977,625	-	977,625
15 to 30 days	2,507,218	410,747	466,765	-	-	-
31 days to 2 months	2,474,939	954,895	1,452,504	-	-	-
2 months to 3 months	683,145	2,355,434	1,118,929	-	847,275	-
Over 3 months and upto 6 months	5,008,213	1,381,412	1,676,184	-	-	-
Over 6 months and upto 12 months	897,861	27,401	1,352,502	-	-	-
Over 1 year and upto 3 years	639,578	550,000	2,350,503	-	-	6,518
Over 3 year and upto 5 years	58,886	-	10,963	-	471,867	-
Over 5 years	-	291,162	-	-	-	-
TOTAL	**13,348,912**	**8,795,521**	**18,084,255**	**9,358,104**	**4,077,556**	**4,061,706**

ICBC

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Mumbai Branch

As at March 31, 2017 *Amount in '000)*

Maturity Bucket	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 Day	173,875	-	5,679,342	-	50,422	34,304
2 to 7 days	265,200	6,498	-	5,854,823	6,498	1,945,500
8 to 14 days	926,250	880,277	1,000,000	-	351,683	-
15 to 30 days	364,631	1,149,026	-	1,507,357	1,099,414	-
31 days to 2 months	850,600	742,194	-	-	742,194	648,500
2 months to 3 months	180,900	191,301	1,379,812	648,500	191,301	-
Over 3 months and upto 6 months	328,718	132,666	-	-	132,667	-
Over 6 Months and upto 12 Months	678,691	2,209,109	-	-	-	-
Over 1 year and upto 3 years	2,449,503	1,500,000	500,000	-	-	136,064
Over 3 year and upto 5 years	-	-	500,000	-	469,382	-
Over Five Year	-	-	-	-	6,485	-
TOTAL	**6,218,368**	**6,811,071**	**9,059,154**	**8,010,680**	**3,050,046**	**2,764,368**

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.

12. Non-Performing Assets *(Amount in '000)*

Particulars	2017-18	2016-17
(i) Net NPAs to Net Advances (%)	-	-
(ii) Movement of NPAs (Gross)		
(a) Opening balance	469,382	480,059
(b) Additions during the year *	2,352	8,726
(c) Reductions during the year	-	(19,403)
(d) Closing balance	**471,734**	**469,382**
(iii) Movement of Net NPAs		
(a) Opening balance	-	360,044
(b) Additions during the year	-	-
(c) Reductions during the year	-	(360,044)
(d) Closing balance	**-**	**-**
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	469,382	120,015
(b) Provisions made during the year *	2,352	349,367
(c) Write of / write back of excess provisions	-	-
(d) Closing balance	**471,734**	**469,382**

- Addition in provision is due to exchange difference

13. Lending to Sensitive Sector

i) **Exposure to Real Estate Sector** *(Amount in '000)*

Category	2017-18	2016-17
a) Direct exposure		
(i) Residential Mortgages	-	-
(ii) Commercial Real Estate (Residential Housing sector)	-	1,000,000
(iii) Investments in Mortgage Backed Securities(MBS) and other	-	-
b) Indirect Exposure	-	-
Total Exposure to Real Estate Sector	**-**	**1,000,000**

ii) **Exposure to Capital Market**

Exposure to Capital Market is NIL (Previous Year NIL)

14. Risk Category wise Country Exposure *(Amount in '000)*

Risk Category*	Exposure (net) as on March 31, 2018	Provision held as on March 31, 2018	Exposure (net) as on March 31, 2017	Provision held as on March 31, 2017
Insignificant	36,196	91	47,232	118
Low	20,995	52	624,677	1,562
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	**57,191**	**143**	**6,71,909**	**1,680**

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

15. 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 2017-18	As on 31.03.2018	As on 31.03.2017
Single Borrower Limits			
IL&FS Transportation Networks Ltd.	21.44%	-	20.98%
TBEA Energy India Private Limited	17.28%	17.28%	-
ICBC Shenzhen Branch	16.14%	16.14%	-
Godrej Properties Ltd.	-	-	17.48%
Bliss GVS Pharma Ltd.	-	-	15.87%
ZTE Corporation	-	-	24.82%

16. 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)

17. 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. Provisioning Coverage Ratio (PCR)

Particulars	2017-18	2016-17
Provisioning Coverage Ratio	100%	100%

19. Miscellaneous Disclosures

i) **Provisions and Contingencies: Break-up of Provisions and Contingencies**

(Amount in '000)

Particulars	2017-18	2016-17
Provision for depreciation on Investment	110,403	27,574
Provision towards Standard Assets [including unhedge foreign currency provision of Rs. NIL thousand (P.Y. 2,012 thousand)]	(11,849)	(10,260)
Provision for Substandard Assets	2,352	349,368
Provision for Country Risk	(1,537)	(930)
Income Tax for Current Year	189,400	214,436
Adjustment for Previous Year	(54,188)	(22,949)
Deferred Tax	11,868	(185,345)
Total	**246,449**	**371,894**

ii) **Floating Provisions**

The floating provisions as on 31st March 2018 is Nil (Previous year Nil).

iii) **Disclosure of Penalties imposed by RBI**

The Bank was imposed a penalty of Rs. NIL (Previous Year Rs. 232 ('000) by RBI in connection with bouncing of SGL during the financial)

20. Liquidity Coverage Ratio

i) **Quantitative Disclosures** **(Amount in '000)**

A.	Quantitative Disclosures	2017-18		2017-18		2017-18		2017-18		2016-17	
Sr. No	Particular	Three months ended March 31, 2018 Total Unweighted Value (Average)	Three months ended March 31, 2018 Total Weighted Value (Average)	Three months ended Dec 31, 2017 Total Unweighted Value (Average)	Three months ended Dec 31, 2017 Total Weighted Value (Average)	Three months ended Sep 30, 2017 Total Unweighted Value (Average)	Three months ended Sep 30, 2017 Total Weighted Value (Average)	Three months ended June 30, 2017 Total Unweighted Value (Average)	Three months ended June 30, 2017 Total Weighted Value (Average)	Total Unweighted Value March 31,2017 Ended (Average)	Total Weighted Value March 31, 2017 (Average)
1	**High Quality Liquid Assets**	**7,268,543**	**7,232,154**	**5,274,453**	**5,274,453**	**5,248,699**	**5,248,699**	**4,411,600**	**4,411,600**	**6,059,372**	**6,059,372**
	Total High Quality Liquid Assets (HQLA)	7,268,543	7,232,154	5,274,453	5,274,453	5,248,699	5,248,699	4,411,600	4,411,600	6,059,372	6,059,372
	Cash Outflows	-	-	-	-	-	-	-	-	-	-
2	**Retail deposits and deposits from small business customers, of which:**	**17,009**	**574**	**19,377**	**1,938**	**4,565**	**456**	**5,204**	**520**	**8,815**	**881**
i	Stable deposits	-	-	-	-	-	-	-	-	-	-
ii	Less stable deposits	17,009	574	19,377	1,938	4,565	456	5,204	520	8,815	881
3	**Unsecured wholesale funding, of which:**	**6,600,518**	**4,535,524**	**5,271,859**	**3,390,779**	**6,100,358**	**4,743,506**	**3,363,230**	**2,192,383**	**5,636,380**	**4,436,379**
i	Operational deposits (all counterparties)	6,600,518	4,535,524	5,271,859	3,390,779	6,100,358	4,743,506	3,363,230	2,192,383	5,636,380	4,436,379
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**	**11,159,471**	**334,784**	**11,891,424**	**356,743**	**11,365,227**	**340,957**	**11,029,443**	**330,883**	**12,514,721**	**375,442**
8	**Total Cash Outflows**	**17,776,998**	**4,870,883**	**17,182,661**	**3,749,459**	**17,470,149**	**5,084,919**	**14,397,877**	**2,523,787**	**18,159,915**	**4,812,702**
	Cash Inflows										
9	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	**5,534,569**	**5,494,569**	**4,522,439**	**4,148,725**	**3,316,915**	**2,717,162**	**2,294,891**	**2,294,891**	**2,229,102**	**1,977,152**
11	Other cash inflows	**61,565**	**61,565**	**61,535**	**61,535**	**48,213**	**48,213**	**11,545**	**11,545**	**9,747**	**9,747**
12	**Total Cash Inflows**	**5,596,134**	**5,556,134**	**4,583,974**	**4,210,260**	**3,365,128**	**2,765,375**	**2,306,436**	**2,306,436**	**2,238,849**	**1,986,899**
13	**TOTAL HQLA**		**7,232,154**		**5,274,453**		**5,248,699**		**4,411,600**		**6,059,372**
14	Total Net Cash Outflows		**1,217,721**		**937,365**		**2,319,544**		**630,947**		**2,825,803**
15	Liquidity Coverage Ratio (%)		**594.00%**		**563.00%**		**226.00%**		**699.00%**		**214.4%**

Notes:

a) For the financial year March 2018, the weighted and un-weighted amounts are calculated taking simple average of month end positions.

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

ii) **Qualitative disclosure around LCR**

(a) 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) 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 11% of NDTL in the form of borrowing limit available through Marginal Standing Facility (MSF) and facility to avail liquidity for LCR.

(c) 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.

(d) Derivative exposures and potential collateral calls;

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, 2018.

(e) 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.

(f) 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.

(g) There is no other material inflow and outflow not capture in LCR common template. Bank's LCR of 594% is higher than minimum requirement of 90% and as such bank is in compliance with RBI guidelines.

21. Disclosures of Remuneration

The Bank had submitted a declaration received from its Head Office to RBI in June 2016 to the effect that the compensation structure in India including that of the CEO's was in conformity with the FSB principles and standards.

22. 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	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	Bancassurance Business	
7	Non Banking Assets acquired in satisfaction of claims	
8	Disclosure for customer complaint	
9	Unamortised Pension and Gratuity Liabilities	
10	Disclosures relating to Securitisation	
11	Credit Default Swaps	
12	Transfers to Depositor Education and Awareness Fund (DEAF)	
13	Drawdown from Reserve	

23. Disclosure Requirements as per Accounting Standard (AS)

i) **AS -15 Employee Benefit**

a) **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. 11,821 thousand (Previous Year Rs. 10,663 thousand).

b) **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	2017-18	2016-17
Change in the present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of year	2,764	1,444
Interest Cost	199	116
Current Service Cost	1,050	701
Benefit Paid	(124)	-
Actuarial (Gain)/loss on obligations	(444)	503
Closing value of defined benefit obligation at the end of the year	3,445	2,764
Change in Plan Assets		
Opening Fair value of plan assets at the beginning of year	2,445	1,333
Expected Return on plan assets	195	107
Contribution by Employer	800	1,058
Benefit Paid	(124)	-
Actuarial Gain/(loss) on obligations	(82)	(53)
Closing Fair value of plan assets at the end of the year	3,234	2,445
Actural Return on Plan Assets		
Expected Return on plan assets	195	107
Actuarial Gain/(Loss) on plan assets	(82)	(53)
Actual Return on Plan Assets	113	54
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets	3234	2,445
Present value of benefit obligation as at end of the period	(3445)	(2,764)
Fund status	(211)	(319)
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	(211)	(319)
Net Cost recognised in the Profit and Loss Account		
Current service cost	1,050	701
Net Interest Cost	4	9
Actuarial (Gain)/Loss	(362)	556
Expense Recognised in P&L	692	1266

c) **Principal Actuarial Assumption:**

Valuation Assumptions	2017-18	2016-17
Future Salary Rise	6.00%	6.00%
Rate of Discounting	7.40%	7.22%
Attrition Rate	10.5%	10.00%
Mortality Rate	India Assured Lives Mortality (2006-08) Ultimate	India Assured Lives Mortality (2006-08) Ultimate

(Amount in '000)

Experience Adjustment	2017-18	2016-17	2015-16	2014-15	2013-14
Defined benefit obligation	3,445	2,764	1,444	733	282
Plan assets	3,234	2,445	1,333	557	216
(Surplus)/Deficit	211	319	111	176	66
Experience adjustment on plan liabilities –Gain/(Loss)	444	397	(235)	(130)	1,880
Experience adjustment on plan assets –Gain/(Loss)	(82)	(53)	1	(12)	2

24. 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 '000)

Segmentation	2017-18					2016-17				
	Corporate	Treasury	Retail	Other	Total	Corporate	Treasury	Retail	Other	Total
Segment revenue	611,514	1,302,334	-	-	1,913,847	905,633	564,159	-	-	1,469,792
Segment result	**(82,187)**	**414,805**	**-**	-	**332,618**	**(67,562)**	**181,184**	**-**	-	**113,621**
Unallocated expenses					1,117					1,885
Operating Profits					**331,501**					**111,737**
Income taxes					147,080					6,140
Extraordinary profit / (loss)	-	-	-	-	**-**	**-**	**-**	**-**	-	**-**
Net profit (loss)					**184,421**					**105,597**
Other information :										
Segment assets	8,911,806	20,074,425	-	-	29,986,231	6,871,808	13,178,314	-	-	20,050,122
Unallocated assets					254,386					274,569
Total assets					**29,240,617**					**20,324,691**
Segment liabilities	11,870,128	11,344,954	-	-	23,215,082	6,479,492	8,025,577	-	-	14,505,069
Unallocated liabilities					44,902					23,409
Total liability					**23,259,983**					**14,528,478**

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

25. 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., 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., Industrial and Commercial Bank of China Mexico S.A., ICBC Turkey Bank Anonim Sirketi, ICBC Standard Bank PLC, ICBC (Joint Stock), ICBC Financial Asset Investment Co. Ltd

d) Key Management personnel

Mr. Zheng Bin's appointment as CEO was approved by RBI on Mar.8, 2017.

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, 2018 and March 31, 2017 are summarized as follows:

(Amount '000)

Items/Related Party	2017-18	2016-17
	Subsidiaries	**Subsidiaries**
Borrowings as on March 31	-	-
Maximum Outstanding	-	-
Lending as on March 31	-	-
Maximum Outstanding	-	535,691
Consignment purchase as of March 31	-	283,879
Interest Paid	-	-
Interest received	-	73

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.

26. 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. Lease payment charged to Profit & Loss Account is Rs. 57,546 ('000) [Previous year Rs. 58,672 ('000)]

(Amount '000)

Description	As on March 31, 2018	As on March 31, 2017
Payable within one year	52,946	52,946
Payable later than one year and not later than five year	111,629	163,913
Later than 5 years		-

27. AS-22 Accounting for taxes on income

As on March 31, 2018 the Bank had a net deferred tax asset of Rs. 210,146 thousands (Previous Year 221,901 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 on March 31, 2018	As on March 31, 2017
Provision for Bonus	24,369	27,932
Provision for Gratuity	92	138
Provision for Country Risk	62	727
Provision for advances	174,338	189,109
Fixed Asset	8,747	2,835
Provision for Straight lining of Lease rental	2,426	1,160
Total Deferred Tax Assets	**210,034**	**221,901**
Net Deferred Tax Liability / (Asset)- P&L Impact	**11,868**	**(185,345)**

28. AS-29 Contingent Liabilities :

The following table describes the nature of contingent liabilities of Bank.

Contingent Liability	Brief Description
1. Claims against the Bank not acknowledged as debts	The Bank does not have any claim or have any legal or tax proceedings pending in the normal course of business and therefore, the Bank does not expect any effect on the Bank's financial conditions, results of operations or cash flows.
2. 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 / currency swaps are commitments to buy / sell foreign currency at a future date at the contracted date.
3. 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.

29. Provision for Long term contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

30. 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.

31. 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

ICBC

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Mumbai Branch

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.

32. 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. 10,471 ('000). During the year, the Bank has contributed as amount of Rs. 1,000 ('000) toward BMI included under Other Expenditures of Schedule 16.

The above mentioned amount of Rs.1,000 ('000) was a first disbursement in respect of a One calendar year project for "the project named as SWAPNAPURTI- Education for All, this project is devoted to Tribal, Unprivileged and Orphan Children",wherein the total donation will be Rs. 2,000 ('000).

33. Comparative figures

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

For and on behalf of	For and on behalf of
Chokshi & Chokshi LLP	**INDUSTRIAL AND COMMERCIAL BANK**
Chartered Accountants	**OF CHINA LIMITED**
Firm Reg. No: 101872W/W100045	**MUMBAI BRANCH**
Nilesh Joshi	**Zheng Bin**
Partner	Chief Executive Officer
Membership No. F-114749	
Place: Mumbai	**Song Lin**
Date: June 21, 2018	Manager Director - Head Financial & Accounting

BASEL III: PILLAR 3 DISCLOSURES AS AT 31 MARCH 2018

(Currency: Indian rupees in millions)

1 Scope of Application & Capital Adequacy

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

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

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) ICBC Mumbai branch's Capital funds are broadly classified as Tier 1 and Tier 2 Capital. Capital fund of INR 455.45 Cr. received from the Head Office which is classified as Tier 1 capital. Mumbai branch 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.

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.

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. The Bank-wide risk appetite is translated in terms of the targeted CRAR ratio. 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 2018 is as follows:

(Rs. in million)

	PARTICULARS	2017-18
A	**Capital requirement for credit risk**	
	- Portfolios subject to standardised approach	884
	- Securitisation exposures	-
B	**Capital requirement for market risk**	
	Standardised duration approach	
	- Interest rate risk	245
	- Foreign exchange risk	46
	- Equity risk	-
C	**Capital requirement for operational risk**	
	- Basic indicator approach	168
D	**Capital Adequacy ratio of the Bank (%)**	**38.94%**
E	**Tier I CRAR (%)**	**38.61 %**

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. As part of the ICAAP, the bank conduct relevant stress tests periodically, particularly in respect of the bank's material risk exposures, in order to evaluate the potential vulnerability of the bank to some unlikely but plausible events or movements in the market conditions that could have an adverse impact on the bank.

Senior Management undertakes an annual assessment to ascertain whether the processes relating to the ICAAP implemented by the Bank successfully achieve the objectives or not. 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

Adequate risk management and measurement systems are in place 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 the 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 Office. The role of Corporate Banking and Risk Management are performed independently by separate individuals so that conflicts of interest and to gain a fair and objective view on the risks that the Bank is undertaking.

In addition, Credit 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.

Non Performing Assets of the Bank is 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

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 Bank has set up a regular monitoring mechanism at the portfolio, customer and transaction level. The periodic review of individual customer is a part of the post-lending management process. 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	2017-18		
	Domestic	**Overseas**	**Total**
Fund Based	9,267	-	9,267
Non Fund Based	10,749	-	10,749
Total	**20,016**	-	**20,016**

Industries wise exposure: **(Rs. in million)**

		2017-18	
Sr. No.	**Type of the Industries**	**Fund Based**	**Non Fund Based**
1	Agro products	350	-
2	Automobile	-	82
3	Banks	6,237	321
4	Chemicals	65	258
5	Construction	443	613
6	Engineering	-	7,268
7	Manufacturing	-	166
8	NBFC	850	-
9	Power	-	226
10	Research & Development	-	724
11	Roads, Rails, Bridges etc.	850	-
12	Rubber & Rubber Products	-	22
13	Service	-	1
14	Steel	-	92
15	Telecommunication	-	912
16	Textile	472	-
17	Trading	-	64
	Total	**9,267**	**10,749**

Movement of NPA's and Provision for NPA's

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

(Rs. in million)

	Particulars	**2017-18**
A	Amount of NPA's (Gross)	472
B	Net NPA's	0
C	NPA's ratios	
	Gross NPAs to gross advances	5.09%
	Net NPAs to net advances	0
D	Movement of NPA's	-
	Opening Balance	469
	Additions*	3
	Reductions	-
	Closing Balance	472
E	Movement of Provision for NPA's	-
	Opening Balance	469
	Provision made during the year*	3
	Write offs	-
	Write back of excess provision	-
	Closing balance	472
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	-

* Addition is due to exchange difference

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	230	4,023	8	-
2 TO 7 Days	135	4,518	2,692	850
8 TO 14 Days	39	-	133	348
15 to 30 days	76	-	411	-
31 days to 2 months	75	-	955	-
Over 2 months upto 3 months	21	1,546	2,355	-
over 3 months upto 6 Months	152	2,062	1,381	-
6 months to 1 year	27	993	27	-
1 year to 3 years	21	4,937	550	-
3 years to 5 years	2	-	484	-
5 years to 7 years	-	-	291	-
7 years to 10 years	-	-	-	-
10 years to 15 years	-	-	-	-
Over 15 Years	-	-	-	398
Total	**778**	**18,079**	**9,287**	**1,596**

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

Qualitative Disclosures:

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	**2017-18**
Below 100% Risk Weight	27,099
100% risk weight	12,568
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**	**31.03.2018**
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 risk market 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 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, 2018 are given below:

Earnings Perspective **(Rs. in million)**

Particulars	Interest Rate Shock	
	1%	-1%
Impact on Earnings	111	(111)

Economic Value Perspective **(Rs. in million)**

Particulars	Interest Rate Shock	
	1%	-1%
Impact on Net Worth	194	(194)

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.

11 Composition of Capital **(Rs. in million)**

Basel III common disclosure template to be used from March 31, 2017			**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	14,118.82	
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)*	-	
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**	5,966.36	
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	210.03	
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**	210.03	
29	**Common Equity Tier 1 capital (CET1)**	5,756.33	
	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	-	

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INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Mumbai Branch

	Basel III common disclosure template to be used from March 31, 2017		Ref No.
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	of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	
41b	of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-	
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)**	-	
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44)**	5,756.33	
	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	49.60	
51	Tier 2 capital before regulatory adjustments	49.60	
	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	-	
57	**Total regulatory adjustments to Tier 2 capital**	-	
58	**Tier 2 capital (T2)**	49.60	
58a	**Tier 2 capital reckoned for capital adequacy**	49.60	
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	-	
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	49.60	
59	**Total capital (TC = T1 + T2) (45 + 58)**	5,805.93	
60	**Total risk weighted assets (60a + 60b + 60c)**	14,910.85	
60a	*of which: total credit risk weighted assets*	9,819.62	
60b	*of which: total market risk weighted assets*	3,223.72	
60c	*of which: total operational risk weighted assets*	1,867.52	
	Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	38.61%	
62	Tier 1 (as a percentage of risk weighted assets)	38.61%	
63	Total capital (as a percentage of risk weighted assets)	38.94%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	8.875%	
65	*of which: capital conservation buffer requirement*	1.875%	
66	*of which: bank specific countercyclical buffer requirement*	0%	
67	*of which: G-SIB buffer requirement*	1.50%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	38.94%	
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	
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)	49.60	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	122.75	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	49.60	
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)*	-	

13 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 31.03.2018	**As on 31.03.2018**
A	**Capital & Liabilities**	5,980.63	Not Applicable
i	Paid-up Capital	4,554.48	
	Reserves & Surplus	1,426.15	
	Minority Interest	-	
	Total Capital	5,980.63	
ii	Deposits	13,348.91	
	of which: Deposits from banks	-	
	of which: Customer deposits	13,348.91	
	of which: Other deposits		
iii	Borrowings	9,358.10	
	of which: From RBI	-	
	of which: From banks	-	
	of which: From other institutions & agencies	9,358.10	
	of which: Others (pl. specify)	-	
	of which: Capital instruments	-	
iv	Other liabilities & provisions	552.97	
	Total	29,240.62	
B	**Assets**		
i	Cash and balances with Reserve Bank of India	708.42	
	Balance with banks and money at call and short notice	919.91	
ii	Investments:	18,084.26	
	of which: Government securities	11,940.16	
	of which: Other approved securities	-	
	of which: Shares	-	
	of which: Debentures & Bonds	6,144.09	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	-	
iii	Loans and advances	8,795.52	
	of which: Loans and advances to banks	5,454.67	
	of which: Loans and advances to customers	3,340.85	
iv	Fixed assets	39.29	
v	Other assets	693.22	
	of which: Goodwill and intangible assets	-	
	of which: Deferred tax assets	210.03	
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	29,240.62	

(Rs. in million)

Step 2		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on 31.03.2018	**As on 31.03.2018**
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	1,426.15	
	of which:	-	
	Statutory Reserve	356.54	
	Investment Reserve	-	
	Amount Retained in India for CAPAD	1,069.62	
	Minority Interest	-	
	Total Capital	5,980.63	
ii	Deposits	13,348.91	
	of which: Deposits from banks	-	
	of which: Customer deposits	13,348.91	
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	9,358.10	
	of which: From RBI	-	
	of which: From banks	-	
	of which: From other institutions & agencies	9,358.10	
	of which: Others (pl. specify)	-	
	of which: Capital instruments	-	
iv	Other liabilities & provisions	552.97	
	of which:		
	Provision against standard asset	35.18	
	Provision for Country Risk	0.14	
	Provision for Unhedged Foreign Currency Exposures	-	
	Total	29,240.62	
B	**Assets**		
i	Cash and balances with Reserve Bank of India	708.42	
	Balance with banks and money at call and short notice	919.91	
ii	Investments	18,084.26	
	of which: Government securities	11,940.16	
	of which: Other approved securities	-	
	of which: Shares	-	
	of which: Debentures & Bonds	6,144.09	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	-	
iii	Loans and advances	8,795.52	
	of which: Loans and advances to banks	5,454.67	
	of which: Loans and advances to customers	3,340.85	
	Fixed assets	39.29	
v	Other assets	693.22	
	of which: Goodwill and intangible assets	-	
	Out of which:		
	Goodwill	-	
	Other intangibles (excluding MSRs)	-	
	Deferred tax assets	210.03	
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account	-	
	Total Assets	29,240.62	

13 Leverage ratio common disclosure template

	Item	Leverage ratio framework (Rs. In million)
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	28,360.91
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	0
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**28,360.91**
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	0
5	Add-on amounts for PFE associated with all derivatives transactions	0
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8	(Exempted CCP leg of client-cleared trade exposures)	0
9	Adjusted effective notional amount of written credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11	**Total derivative exposures (sum of lines 4 to 10)**	**0**
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transaction	0
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	CCR exposure for SFT assets	0
15	Agent transaction exposures	0
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**0**
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	10,749.42
18	(Adjustments for conversion to credit equivalent amounts)	0
19	**Off-balance sheet items (sum of lines 17 and 18)**	**10,749.42**
	Capital and total exposures	
20	Tier 1 capital	**5,756.33**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**39,110.33**
	Leverage ratio	
22	**Basel III leverage ratio**	**14.72%**

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