ICICI BANK LTD
Form 6-K
December 28, 2017

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of December, 2017

Commission File Number: 001-15002

ICICI Bank Limited
(Translation of registrant's name into English)

ICICI Bank Towers,
Bandra-Kurla Complex
Mumbai, India 400 051
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F _X_ Form 40-F __

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes __ No X

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes __ No X

Indicate by check mark whether by furnishing the information
contained in this Form, the Registrant is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b)
under the Securities Exchange Act of 1934:

Yes __ No X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g 3-2(b): Not Applicable

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<u>Item</u>

1. Semi-Annual Report filed with the Kanto Local Finance Bureau, Japan on December 26, 2017

Item 1

[Form No. 10]

Cover Page

Document Name:	Semi-Annual Report
Filed with:	Director of Kanto Local Finance Bureau
Date of Filing:	December 26, 2017
For Six-month Period:	From April 1, 2017 through September 30, 2017
Corporate Name:	ICICI Bank Limited
Name and Title of Representative:	Sanker Parameswaran Senior General Manager (Legal) & Company Secretary
Location of Registered Office:	ICICI Bank Tower, Near Chakli Circle, Old Padra Road, Vadodara 390 007, Gujarat, India
Personal Name or Corporate Name of Attorney-in-Fact:	Hironori Shibata, Attorney-at-Law
Address or Location of Attorney-in-Fact:	Anderson Mori & Tomotsune Akasaka K-Tower 2-7, Motoakasaka 1-chome Minato-ku, Tokyo
Telephone Number:	03-6888-1182
Name of Person to Contact with:	Yoshiki Mizoguchi, Attorney-at-Law Kei Takada, Attorney-at-Law
Place to Contact with:	Anderson Mori & Tomotsune Akasaka K-Tower 2-7, Motoakasaka 1-chome Minato-ku, Tokyo
Telephone Number:	03-6894-5013

Place(s) for Public Inspection: Not applicable.

Notes:

1. In this Semi-Annual Report, all references to "we", "our" and "us" are, unless the context otherwise requires, to ICICI Bank Limited on an unconsolidated basis. References to specific data applicable to particular subsidiaries or other consolidated entities are made by reference to the name of that particular entity. References to "ICICI Bank" or "the Bank" are, as the context requires, to ICICI Bank Limited on an unconsolidated basis.

2. In this document, references to "US$" are to United States dollars, references to "Rs." are to Indian rupees, and references to "¥" or "JPY" are to Japanese yen. For purposes of readability, certain US dollar amounts have been converted into Japanese yen at the mean of the telegraphic transfer spot selling and buying rates vis-à-vis customers as at December 1, 2017 as quoted by The Bank of Tokyo-Mitsubishi UFJ, Ltd. in Tokyo (US$ 1 = ¥ 112.48), and certain rupee amounts have been converted into Japanese yen at the reference rate of Rs. 1 = ¥ 1.91 based on the foreign exchange rate as announced by The Bank of Tokyo-Mitsubishi UFJ, Ltd. in Tokyo as at December 1, 2017.

3. The fiscal year of the Bank commences on April 1 and ends at March 31 of each year. References to a particular "fiscal" year are to our fiscal year ending at March 31 of that particular year. For example, "fiscal 2018" refers to the year beginning on April 1, 2017 and ending at March 31, 2018.

4. Where figures in tables have been rounded, the totals may not necessarily agree with the arithmetic sum of the figures.

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PART I. CORPORATE INFORMATION

I. SUMMARY OF LEGAL AND OTHER SYSTEMS IN HOME COUNTRY

There has been no material change in legal and other systems in India, since the last Annual Securities Report ("ASR") filed on September 29, 2017 for fiscal 2017.

II. OUTLINE OF COMPANY

1. Trends in Major Business Indices, etc.

The following data is derived from the audited unconsolidated financial results of ICICI Bank Limited prepared in accordance with generally accepted accounting principles in India ("Indian GAAP").

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Unconsolidated financial results

(Rs. in crore/JPY in million)

Sr. No.	Particulars	Six months ended				Year ended		
		September 30, 2017	**September 30, 2017**	**September 30, 2016**	**September 30, 2015**	**March 31, 2017**	**March 31, 2017**	**March 31, 2016**
		(Audited)		**(Audited)**	**(Audited)**	**(Audited)**		**(Audited)**
		Rs.	JPY	Rs.	Rs.	Rs.	JPY	Rs.
1.	Interest earned (a)+(b)+(c)+(d)	27,036.18	516,391.04	26,969.65	25,911.45	54,156.28	1,034,384.95	52,739.43
	a) Interest/discount on advances/bills	19,937.57	380,807.59	19,742.67	19,039.73	39,603.39	756,424.75	38,943.15
	b) Income on investments	5,706.04	108,985.36	5,807.73	5,320.52	11,377.07	217,302.04	10,625.35
	c) Interest on balances with Reserve Bank of India and other inter-bank funds	343.32	6,557.41	87.98	63.00	495.46	9,463.29	158.24
	d) Others	1,049.25	20,040.68	1,331.27	1,488.14	2,680.36	51,194.88	3,012.69
2.	Other income (refer note no. 4 and 10)	8,574.15	163,766.27	12,548.94	5,997.24	19,504.48	372,535.57	15,323.05
3.	**TOTAL INCOME (1)+(2)**	**35,610.33**	**680,157.30**	**39,518.59**	**31,908.67**	**73,660.76**	**1,406,920.52**	**68,062.48**
4.	Interest expended	15,737.27	300,581.86	16,557.84	15,544.86	32,418.96	619,202.14	31,515.39
5.	Operating expenses (e)+(f)	7,703.25	147,132.08	7,109.95	6,167.58	14,755.06	281,821.65	12,683.56
	e) Employee cost	3,025.22	57,781.70	2,847.31	2,479.87	5,733.71	109,513.86	5,002.35
	f) Other operating expenses	4,678.03	89,350.37	4,262.64	3,687.71	9,021.35	172,307.79	7,681.21
6.	**TOTAL EXPENDITURE (4)+(5) (excluding provisions and contingencies)**	**23,440.52**	**447,713.93**	**23,667.79**	**21,712.44**	**47,174.02**	**901,023.78**	**44,198.95**
7.	**OPERATING PROFIT (3)-(6) (Profit before provisions and contingencies)**	**12,169.81**	**232,443.37**	**15,850.80**	**10,196.23**	**36,486.74**	**505,896.73**	**23,863.53**
8.	Provisions (other than tax) and contingencies (refer note no. 6, 7 and 9)	7,111.67	135,832.90	9,597.21	1,897.55	15,208.13	290,475.28	8,067.81
9.		5,058.14	96,610.47	6,253.59	8,298.68	11,278.61	215,421.45	15,795.72

	PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS AND TAX (7)-(8)							
10.	Exceptional items	..	..	..	..	..	..	3,600.00
11.	PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX (9)-(10)	5,058.14	96,610.47	6,253.59	8,298.68	11,278.61	215,421.45	12,195.72
12.	Tax expense (g)+(h)	950.95	18,163.15	918.97	2,292.41	1,477.52	28,220.63	2,469.43
	g) Current period tax	2,444.20	46,684.22	2,187.70	2,679.17	2,180.12	41,640.29	5,788.61
	h) Deferred tax adjustment	(1,493.25)	(28,521.08)	(1,268.73)	(386.76)	(702.60)	(13,419.66)	(3,319.18)
13.	NET PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER TAX (11)-(12)	4,107.19	78,447.33	5,334.62	6,006.27	9,801.09	187,200.82	9,726.29
14.	Extraordinary items (net of tax expense)	..	..	..	..	..	..	..

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15.	**NET PROFIT / (LOSS) FOR THE PERIOD (13)-(14)**	**4,107.19**	**78,447.33**	**5,334.62**	**6,006.27**	**9,801.09**	**187,200.82**	**9,726.29**
16.	Paid-up equity share capital (face value Rs. 2/- each) (refer note no. 5)	1,283.58	24,516.38	1,164.01	1,161.75	1,165.11	22,253.60	1,163.17
17.	Reserves excluding revaluation reserves (refer note no. 5)	98,456.52	1,880,519.53	91,021.77	85,396.99	95,737.57	1,828,587.59	85,748.24
18.	Analytical ratios							
	i) Percentage of shares held by Government of India	0.14	..	0.12	0.08	0.19	..	0.14
	ii) Capital adequacy ratio (Basel III)	17.56%	..	16.14 %	16.15 %	17.39%	..	16.64 %
	iii) Earnings per share (EPS) (refer note no. 5)							
	a) Basic EPS before and after extraordinary items, net of tax expense (not annualized) (in Rs./JPY)	6.41	122.43	8.34	10.35	15.31	292.42	16.75
	b) Diluted EPS before and after extraordinary items, net of tax expense (not annualized) (in Rs./JPY)	6.34	121.09	8.31	10.27	15.25	291.28	16.65
19.	NPA Ratio [1]							
	i) Gross non-performing customer assets (net of write-off)	44,488.54	849,731.11	32,547.50	15,857.84	42,551.54	812,734.41	26,221.25
	ii) Net non-performing customer assets	24,129.78	460,878.80	16,482.52	6,759.29	25,451.03	486,114.67	12,963.08
	iii) % of gross non-performing customer assets (net of write-off) to gross customer assets	7.87%	..	6.12%	3.77%	7.89%	..	5.82%
	iv) % of net non-performing customer assets to net customer assets	4.43%	..	3.21%	1.65%	4.89%	..	2.98%
20.	Return on assets (annualized)	1.08%	..	1.49%	1.90%	1.35%	..	1.49%

1. At September 30, 2017, the percentage of gross non-performing advances (net of write-off) to gross advances was 8.79% and net non-performing advances to net advances was 4.98%.

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Unconsolidated segmental results of ICICI Bank Limited

(Rs. in crore/JPY in million)

Sr. No.	Particulars	Six months ended September 30, 2017 (Audited)	September 30, 2017	September 30, 2016 (Audited)	September 30, 2015 (Audited)	Year ended March 31, 2017 (Audited)	March 31, 2017	March 31, 2016 (Audited)
1.	**Segment revenue**							
a	Retail Banking	Rs. 24,481.59	JPY 467,598.37	Rs. 21,809.53	Rs. 18,989.59	Rs. 45,391.18	JPY 866,971.54	Rs. 39,187.80
b	Wholesale Banking	14,800.29	282,685.54	15,457.54	16,241.79	30,640.57	585,234.89	32,892.35
c	Treasury	25,646.77	489,853.31	30,330.30	22,527.78	54,562.99	1,042,153.11	48,749.62
d	Other Banking	756.00	14,439.60	954.34	852.59	1,864.09	35,604.12	1,817.85
	Total segment revenue	**65,684.65**	**1,254,576.82**	**68,551.71**	**58,611.75**	**132,458.83**	**2,529,963.65**	**122,647.62**
	Less: Inter segment revenue	30,074.32	574,419.51	29,033.12	26,703.08	58,798.07	1,123,043.14	54,585.14
	Income from operations	**35,610.33**	**680,157.30**	**39,518.59**	**31,908.67**	**73,660.76**	**1,406,920.52**	**68,062.48**
2.	**Segmental results (i.e. Profit before tax)**							
a	Retail Banking	3,241.76	61,917.62	2,361.71	1,731.78	5,385.30	102,859.23	3,897.74
b.i.	Wholesale Banking (before exceptional items)	(3,072.90)	(58,692.39)	(5,616.07)	3,307.15	(7,434.11)	(141,991.50)	2,354.57
b.ii.	Less: Exceptional items	..	..	..	..	..	..	3,600.00
b.iii.	Wholesale Banking (after exceptional items)	(3,072.90)	(58,692.39)	(5,616.07)	3,307.15	(7,434.11)	(141,991.50)	(1,245.43)
c	Treasury	4,535.00	86,618.50	9,258.33	3,100.76	12,670.70	242,010.37	9,097.41
d	Other Banking	354.28	6,766.75	249.62	158.99	656.72	12,543.35	446.00
	Total segment results	**5,058.14**	**96,610.47**	**6,253.59**	**8,298.68**	**11,278.61**	**215,421.45**	**12,195.72**
	Unallocated expenses	..	..	..	..	..	..	..
		5,058.14	**96,610.47**	**6,253.59**	**8,298.68**	**11,278.61**	**215,421.45**	**12,195.72**

	Profit before tax							
3.	**Segment assets**							
a	Retail Banking	232,051.14	4,432,176.77	191,484.27	152,291.87	213,695.04	4,081,575.26	172,480.55
b	Wholesale Banking	263,992.12	5,042,249.49	264,923.83	257,971.33	261,265.28	4,990,166.85	266,365.91
c	Treasury	269,202.19	5,141,761.83	269,931.58	227,890.55	274,821.84	5,249,097.14	258,052.97
d	Other Banking	11,258.45	215,036.40	17,592.21	13,763.83	10,999.93	210,098.66	16,005.62
e	Unallocated	11,298.26	215,796.77	8,007.61	5,138.40	11,009.36	210,278.78	7,790.05
	Total segment assets	**787,802.16**	**15,047,021.26**	**751,939.50**	**657,055.98**	**771,791.45**	**14,741,216.70**	**720,695.10**
4.	**Segment liabilities**							

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a	Retail Banking	377,917.45	7,218,223.30	330,407.45	285,145.69	367,808.59	7,025,144.07	313,393.27
b	Wholesale Banking	145,955.80	2,787,755.78	134,452.92	108,475.94	149,519.14	2,855,815.57	119,785.32
c	Treasury	157,502.81	3,008,303.67	180,707.70	165,696.01	151,145.75	2,886,883.83	186,680.55
d	Other Banking	3,638.10	69,487.71	11,355.80	11,172.74	3,366.90	64,307.79	11,100.38
e	Unallocated	..	..	..	..	..	..	..
	Total segment liabilities	**685,014.16**	**13,083,770.46**	**656,923.87**	**570,490.38**	**671,840.38**	**12,832,151.26**	**630,959.52**
5.	**Capital employed (i.e. Segment assets – Segment liabilities)**							
a	Retail Banking	(145,866.31)	(2,786,046.52)	(138,923.18)	(132,853.82)	(154,113.55)	(2,943,568.81)	(140,912.72)
b	Wholesale Banking	118,036.32	2,254,493.71	130,470.91	149,495.39	111,746.14	2,134,351.27	146,580.59
c	Treasury	111,699.38	2,133,458.16	89,223.88	62,194.54	123,676.09	2,362,213.32	71,372.42
d	Other Banking	7,620.35	145,548.69	6,236.41	2,591.09	7,633.03	145,790.87	4,905.24
e	Unallocated	11,298.26	215,796.77	8,007.61	5,138.40	11,009.36	210,278.78	7,790.05
	Total capital employed	**Rs. 102,788.00**	**JPY 1,963,250.80**	**Rs. 95,015.63**	**Rs. 86,565.60**	**Rs. 99,951.07**	**JPY 1,909,065.44**	**Rs. 89,735.58**

Notes on segmental results:

1. The disclosure on segmental reporting has been prepared in accordance with Reserve Bank of India circular no. DBOD.No.BP.BC.81/21.04.018/2006-07 dated April 18, 2007 on guidelines on enhanced disclosures on “Segmental Reporting” which is effective from the reporting period ended March 31, 2008 and Securities and Exchange Board of India circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016 on Revised Formats for Financial Results and Implementation of Indian Accounting Standards by Listed Entities.

2. “Retail Banking” includes exposures which satisfy the four criteria of orientation, product, granularity and low value of individual exposures for retail exposures laid down in Basel committee on Banking Supervision document “International Convergence of Capital Measurement and Capital Standards: A Revised Framework”. This segment also includes income from credit cards, debit cards, third party product distribution and the associated costs.

3. “Wholesale Banking” includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under Retail Banking.

4. “Treasury” includes the entire investment and derivative portfolio of the Bank.

5. “Other Banking” includes leasing operations and other items not attributable to any particular business segment of the Bank.

Notes:

1. The above financial results have been approved by the Board of Directors at its meeting held on October 27, 2017. The auditors have issued an unmodified opinion on the unconsolidated financial statements for the three months ended September 30, 2017 and six months ended September 30, 2017.

2. The financial statements have been prepared in accordance with Accounting Standard (AS) 25 on “Interim Financial Reporting”.

3. In accordance with the Reserve bank of India’s guidelines on 'Basel III Capital Regulations' read together with the Reserve Bank of India circular dated July 1, 2015, the consolidated Pillar 3 disclosure (unaudited) at September 30, 2017 including leverage ratio and liquidity coverage ratio is available at http://www.icicibank.com/regulatory-disclosure.page.

4. Pursuant to approval by the Board of Directors of the Bank on June 5, 2017, the Bank sold equity shares representing 7.00% shareholding in ICICI Lombard General Insurance Company Limited in the initial public offer during the three months ended September 30, 2017 for a total consideration of Rs. 2,099.43 crore. The sale resulted in a gain (before tax and after initial public offer related expenses) of Rs. 2,012.15 crore in unconsolidated financial results and Rs. 1,711.32 crore in consolidated financial results for the three months ended September 30, 2017 and six months ended September 30, 2017.

During the three months ended September 30, 2016, the Bank sold a part of its shareholding in ICICI Prudential Life Insurance Company Limited in the initial public offer for a total consideration of Rs. 6,056.79 crore. The sale resulted in a gain (before tax and after initial public offer related expenses) of Rs. 5,682.03 crore in unconsolidated financial results and Rs. 5,129.88 crore in consolidated financial results for the three months ended September 30, 2016, six months ended September 30, 2016 and year ended March 31, 2017.

5. The shareholders of the Bank approved the issue of bonus shares of Rs. 2 each in the proportion of 1:10, i.e. 1 (one) bonus equity share of Rs. 2 each for every 10 (ten) fully paid-up equity shares held (including shares underlying ADS), through postal ballot on June 12, 2017. Accordingly, the Bank issued 582,984,544 equity shares as bonus shares during the three months ended June 30, 2017. Further, the basic and diluted earnings per share have been restated for the three months ended September 30, 2016, six months ended September 30, 2016 and year ended March 31, 2017 as required by Accounting Standard (AS) 20 - Earnings per share.

6. On April 18, 2017, the Reserve Bank of India through its circular advised that the provisioning rates prescribed as per the prudential norms circular are the regulatory minimum and banks are encouraged to make provisions at higher rates in respect of advances to stressed sectors of the economy and had specifically highlighted the telecom sector. Accordingly, during the six months ended September 30, 2017, the Bank as per its Board approved policy made additional general provision amounting to Rs. 208.00 crore on standard loans to borrowers.

7. During the three months ended June 30, 2017, the Reserve Bank of India advised banks to initiate insolvency resolution process in respect of 12 accounts under the provisions of Insolvency and Bankruptcy Code, 2016 and also required banks to make higher provisions for these accounts during the year. The Reserve Bank of India allowed banks to spread this additional provision over three quarters starting three months ended September 30, 2017. The Bank, during fiscal 2018, is required to make additional provision of Rs.

651.17 crore due to the above in addition to the provisions to be made as per the existing Reserve Bank of India guidelines. The Bank, on prudent basis, has made this entire additional provision during the three months ended September 30, 2017.

Further, during the three months ended September 30, 2017, the Reserve Bank of India advised the Bank to make effort to complete the resolution process as agreed in Joint lender’s Forum/consortium and implement a viable resolution plan in respect of 18 additional accounts by a specified date, failing which, the Joint lender’s Forum/consortium must initiate insolvency proceedings for these accounts under the provisions of the Insolvency and Bankruptcy Code, 2016 and banks will be required to make higher provision. At September 30, 2017, the Bank had outstanding loans to these borrowers amounting to Rs. 10,475.88 crore (excluding non-fund outstanding amount of Rs. 1,384.14 crore). Out of these loans, 98.7% of the loans amounting to Rs. 10,337.22 crore are to borrowers classified as non-performing at September 30, 2017. At September 30, 2017, the Bank holds provision of Rs. 3,298.74 crore against these outstanding loans, which amounts to 31.5% provision coverage in respect of outstanding loans to these borrowers.

8. During the three months ended June 30, 2017, with the approval of Board of Directors, the Bank has transferred securities amounting to Rs. 24,362.06 crore from held-to-maturity category to available-for-sale category, being transfer of securities at the beginning of the accounting year as permitted by the Reserve Bank of India. Further, the Bank had not sold any securities under held-to-maturity category during the six months ended September 30, 2017. During fiscal 2017, the Bank undertook 1,547 transactions for sale of securities with a net book value of Rs. 70,002.45 crore, amounting to 70.60% of the held-to-maturity portfolio at the beginning of fiscal 2017 (200 transactions for Rs. 13,840.48 crore, amounting to 13.96% of held-to-maturity portfolio during the three months ended September 30, 2016 and 630 transactions for Rs. 32,805.84 crore, amounting to 33.09% of held-to-maturity portfolio during the six months ended September 30, 2016). The above sale is excluding sale to the Reserve Bank of India under pre-announced Open Market Operation auctions and repurchase of government securities by Government of India, as permitted by the Reserve Bank of India guidelines.

9. During the three months ended September 30, 2016, the Bank had made additional provisions/loss of Rs. 3,588.04 crore comprising additional provision of Rs. 1,677.63 crore for standard loans, recognition of entire deferred loss of previous period on sale of non-performing assets to asset reconstruction companies amounting to Rs. 395.41 crore and floating provision of Rs. 1,515.00 crore. The Bank had subsequently utilised the floating provision amounting to Rs. 1,515.00 crore during the three months ended March 31, 2017 by allocating it to specific non-performing assets.

10. Other income for the six months ended September 30, 2016 includes net foreign exchange gain relating to overseas operations amounting to Rs. 206.06 crore. The net foreign exchange gain amounting to Rs. 288.41 crore recognised upto December 31, 2016 was subsequently reversed in the three months ended March 31, 2017 as per the Reserve Bank of India circular on ‘Guidelines on compliance with Accounting Standard (AS) 11 [The Effects of Changes in Foreign Exchange Rates] by banks - clarification' dated April 18, 2017, on repatriation of accumulated profits or retained earnings from overseas operations.

11.

During the three months ended September 30, 2017, the Bank has allotted 4,014,193 equity shares of Rs. 2 each pursuant to exercise of employee stock options.

12. Previous period/year figures have been re-grouped/re-classified where necessary to conform to current period classification.

13. The above unconsolidated financial results are audited by the statutory auditors, B S R & Co. LLP, Chartered Accountants.

14. Rs. 1 crore = Rs. 10.0 million.

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2. Nature of Business

There has been no material change since the last ASR filed on September 29, 2017 for fiscal 2017.

3. State of Affiliated Companies

There has been no material change since the last ASR filed on September 29, 2017 for fiscal 2017.

4. State of Employees

At September 30, 2017, the Bank had 83,058 employees, including interns, sales executives and employees on fixed-term contracts.

III. STATEMENT OF BUSINESS

1. Outline of Results of Operations, etc.

Please refer to " - 7. Analysis of Financial Condition, Operating Results and Statement of Cash Flows".

2. State of Production, Orders Accepted and Sales

Please refer to " - 7. Analysis of Financial Condition, Operating Results and Statement of Cash Flows".

3. Management Policy, Business Environment and Problems to be Coped with, etc.

There has been no material change since the last ASR filed on September 29, 2017 for fiscal 2017.

4. Risks in Business, etc.

There has been no material change since the last ASR filed on September 29, 2017 for fiscal 2017.

5. Material Contracts Relating to Management, etc.

There has been no material change since the last ASR filed on September 29, 2017 for fiscal 2017.

6. Research and Development Activities

Please refer to " - II. - 2. Nature of Business".

7. Analysis of Financial Condition, Operating Results and Statement of Cash Flows

The following discussion is based on the audited unconsolidated financial results of the Bank for the six months ended on September 30, 2017.

The Bank's profit after tax decreased by 23.0% from Rs. 53.35 billion in the six months ended September 30, 2016 to Rs. 41.07 billion in the six months ended September 30, 2017 primarily due to lower income from treasury-related activities and an increase in non-interest expenses, offset, in part, by a decrease in provisions and contingencies (excluding provisions for tax) and an increase in net interest income.

Net interest income increased by 8.5% from Rs. 104.12 billion in the six months ended September 30, 2016 to Rs. 112.99 billion in the six months ended September 30, 2017, reflecting an increase of 12 basis points in net interest margin and an increase of 4.4% in the average volume of interest-earning assets.

Income from treasury-related activities decreased by 52.6% from Rs. 80.57 billion in the six months ended September 30, 2016 to Rs. 38.19 billion in the six months ended

September 30, 2017. In the six months ended September 30, 2016, we made a gain of Rs. 56.82 billion on sale of equity shares of ICICI Prudential Life Insurance Company Limited through an initial public offer. In the six months ended September 30, 2017, we made a gain of Rs. 20.12 billion on sale of equity shares of ICICI Lombard General Insurance Company Limited through an initial public offer. Commission, exchange and brokerage income increased by 8.8% from Rs. 38.32 billion in the six months ended September 30, 2016 to Rs. 41.68 billion in the six months ended September 30, 2017.

Non-interest expense increased by 8.3% from Rs. 71.10 billion in the six months ended September 30, 2016 to Rs. 77.03 billion in the six months ended September 30, 2017.

Provisions and contingencies (excluding provisions for tax) decreased by 25.9% from Rs. 95.97 billion in the six months ended September 30, 2016 to Rs. 71.12 billion in the six months ended September 30, 2017. The net non-performing asset ratio increased from 3.2% at September 30, 2016 to 4.4% at September 30, 2017. The provisions for non-performing assets are expected to remain elevated in the near term due to high corporate sector leverage, slow improvement in corporate cash flows, the time required for resolution of stressed assets and the evolving regulatory approach.

Total assets increased by 4.8% from Rs. 7,519.40 billion at September 30, 2016 to Rs. 7,878.02 billion at September 30, 2017. Total deposits increased by 11.0% from Rs. 4,490.71 billion at September 30, 2016 to Rs. 4,986.43 billion at September 30, 2017. Savings account deposits increased by 21.5% from Rs. 1,468.99 billion at September 30, 2016 to Rs. 1,784.80 billion at September 30, 2017. The current and savings account ratio (current and savings account deposits to total deposits) was at 49.5% at September 30, 2017 compared to 45.7% at September 30, 2016. Term deposits increased by 3.3% from Rs. 2,438.15 billion at September 30, 2016 to Rs. 2,517.67 billion at September 30, 2017. Total advances increased by 6.3% from Rs. 4,542.56 billion at September 30, 2016 to Rs. 4,827.80 billion at September 30, 2017.

At September 30, 2017, we had 4,856 branches and extension counters and 13,792 ATMs compared to 4,468 branches and extension counters and 14,295 ATMs at September 30, 2016.

In accordance with the Reserve Bank of India guidelines on Basel III, the total capital adequacy ratio on a standalone basis at September 30, 2017 was 17.56% with Tier-1 capital adequacy ratio of 14.50% (without including retained earnings for the six months ended September 30, 2017) as compared to 16.14% at September 30, 2016, with Tier-1 capital adequacy ratio of 12.72% (without including retained earnings for the six months ended September 30, 2016).

Net Interest Income

The following table sets forth, for the periods indicated, the principal components of net interest income.

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Particulars	Six months ended September 30, 2016	2017	2017	2017/2016 % change
	(in million, except percentages)			
Interest income	Rs.J69,696.5	Rs.J70,361.8	JPYM16,391.0	0.2 %
Interest expense	Rs. (165,578.4)	Rs. (157,372.7)	JPY (300,581.9)	(5.0)%
Net interest income	Rs.**I04,118.1**	Rs.**I12,989.1**	JPY **215,809.2**	8.5 %

Net interest income increased by 8.5% from Rs. 104.12 billion in the six months ended September 30, 2016 to Rs. 112.99 billion in the six months ended September 30, 2017 reflecting an increase in net interest margin by 12 basis points and an increase of 4.4% in the average volume of interest-earning assets.

Net Interest Margin

Net interest margin increased by 12 basis points from 3.15% in the six months ended September 30, 2016 to 3.27% in the six months ended September 30, 2017. The yield on average interest-earning assets decreased by 32 basis points from 8.15% in the six months ended September 30, 2016 to 7.83% in the six months ended September 30, 2017. The cost of funds decreased by 54 basis points from 5.64% in the six months ended September 30, 2016 to 5.10% in the six months ended September 30, 2017. The interest spread increased by 22 basis points from 2.51% in the six months ended September 30, 2016 to 2.73% in the six months ended September 30, 2017.

The net interest margin on domestic operations increased by 17 basis points from 3.43% in the six months ended September 30, 2016 to 3.60% in the six months ended September 30, 2017 primarily due to a decrease in cost of funds, offset, in part, by a decrease in the yield on interest-earning assets. The yield on interest-earning assets was adversely impacted by non-accrual of interest income on non-performing assets and loans where strategic debt restructuring or change in management outside strategic debt restructuring on loans was invoked. Yield on interest-earning assets was also impacted by incremental lending at lower rate due to reduction in our marginal cost of funds based lending rate during fiscal 2017. Following the Government of India’s decision to demonetize high-denomination currency notes, there was a significant increase in overall liquidity in the banking system in the second half of fiscal 2017. Our 1-year marginal cost of funds based lending rate decreased by 70 basis points during the three months ended March 31, 2017. Further, existing customers with floating rate loans also re-priced their loans to a lower rate during the three months ended March 31, 2017 and the six months ended September 30, 2017. Net interest margin was positively impacted by reduction in interest rate on savings account deposits below Rs. 5.0 million by 50 basis points effective from August 19, 2017.

The net interest margin of overseas branches decreased from 1.65% in the six months ended September 30, 2016 to 0.84% in the six months ended September 30, 2017 primarily due to a decrease in yield on interest-earning assets. The yield on interest-earning assets decreased primarily due to a decrease in yield on advances due to

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higher additions to non-performing assets and change in management outside strategic debt restructuring and a decrease in interest income on non-trading interest rate swaps.

The yield on average interest-earning assets decreased by 32 basis points from 8.15% in the six months ended September 30, 2016 to 7.83% in the six months ended September 30, 2017 primarily due to the following factors:

- The yield on domestic advances decreased by 59 basis points from 10.17% in the six months ended September 30, 2016 to 9.58% in the six months ended September 30, 2017 and the yield on overseas advances decreased by 51 basis points from 4.40% in the six months ended September 30, 2016 to 3.89% in the six months ended September 30, 2017 primarily due to the following reasons:

- The high level of additions to non-performing assets and loans under strategic debt restructuring and change in management outside strategic debt restructuring during September 30, 2016 to September 30, 2017. We account for interest income on cash basis on non-performing assets and cases where strategic debt restructuring or change in management outside strategic debt restructuring has been invoked.

- Following the Government of India’s decision to demonetize high-denomination currency notes, there was a significant increase in overall liquidity in the banking system in the second half of fiscal 2017. This resulted in lower interest rates in the banking system. Our 1-year marginal cost of funds based lending rate reduced by 70 basis points during the three months ended March 31, 2017. The incremental loans were made at lower rates due to reduction in our marginal cost of fund based lending rate during fiscal 2017, in line with market trends. Further, existing customers with floating rate loans linked to marginal cost of funds based lending rate and ICICI Bank base rate linked floating rate loans gradually re-priced their loans to a lower rate linked to marginal cost of fund based lending rate during the three months ended March 31, 2017 and the six months ended September 30, 2017.

However due to an increase in proportion of domestic advances in total advances, overall yield on average advances decreased by 26 basis points from 8.94% in the six months ended September 30, 2016 to 8.68% in the six months ended September 30, 2017.

- The yield on average interest-earning investments decreased by 53 basis points from 7.39% in the six months ended September 30, 2016 to 6.86% in the six months ended September 30, 2017. Yield on statutory liquidity ratio investments decreased by 49 basis points from 7.57% in the six months ended September 30, 2016 to 7.08% in the six months ended September 30, 2017 primarily due to a reduction in the yield on government securities, realization of capital gains in the statutory liquidity ratio portfolio and reset of floating rate bonds at lower levels. Yield on other than statutory liquidity ratio investments decreased by 67 basis points from 6.88% in the six months ended September 30, 2016 to 6.21% in the six months ended September 30, 2017 primarily due to a decrease in yield on corporate bonds and debentures, mutual funds and commercial paper, offset, in part, by an increase in higher yielding pass through certificates.

- The yield on other interest-earning assets decreased by 26 basis points from 4.53% in the six months ended September 30, 2016 to 4.27% in the six months ended September 30, 2017 primarily due to a decrease in income from non-trading interest rate swaps and a decrease in investment in Rural Infrastructure and Development Fund and other related deposits which are higher yielding, offset, in part, by an increase in interest on income tax refund and an increase in average lendings under liquidity adjustment facility which are relatively higher yielding. Interest income on non-trading interest rate swaps, which were undertaken by us to manage the market risk arising from the assets and liabilities, decreased from Rs. 4.21 billion in the six months ended September 30, 2016 to Rs. 1.41 billion in the six months ended September 30, 2017.

Interest on income tax refund increased from Rs. 1.12 billion in the six months ended September 30, 2016 to Rs. 2.56 billion in the six months ended September 30, 2017. The receipt, amount and timing of such income depend on the nature and timing of determinations by tax authorities and are neither consistent nor predictable.

The cost of funds decreased by 54 basis points from 5.64% in the six months ended September 30, 2016 to 5.10% in the six months ended September 30, 2017 primarily due to the following factors:

- The cost of average deposits decreased by 60 basis points from 5.58% in the six months ended September 30, 2016 to 4.98% in the six months ended September 30, 2017 primarily due to a decrease in cost of term deposits and an increase in proportion of average current account and savings account deposits. The cost of term deposits decreased by 72 basis points from 7.41% in the six months ended September 30, 2016 to 6.69% in the six months ended September 30, 2017 primarily due to a decrease in the cost of domestic term deposits by 83 basis points from 7.59% in the six months ended September 30, 2016 to 6.76% in the six months ended September 30, 2017, offset, in part, by a decrease in proportion of overseas term deposits in total term deposits. The proportion of average current account and savings account deposits in the average total deposits increased from 41.6% in the six months ended September 30, 2016 to 45.3% in the six months ended September 30, 2017 which includes the impact of significantly higher current account and savings account deposits inflows in the second half of fiscal 2017 following the withdrawal of legal tender status of high-denomination currency notes by the Government of India.

Cost of deposits was also impacted by a decrease in cost of savings deposits during the three months ended September 30, 2017. Effective August 19, 2017, we reduced interest rate on savings account deposits by 50 basis points on deposits below Rs. 5.0 million. Full impact of this reduction on the cost of saving deposits will be reflected from the quarter ended December 31, 2017.

The Bank reduced retail term deposits rates on select maturities in phases during fiscal 2017 and the six months ended September 30, 2017. For example, rate of retail term deposits with maturities between 390 days up to 2 years was 7.50% at April 1, 2016 which reduced to 7.00% at April 1, 2017. The rate was reduced to 6.90% on May 17, 2017 and further reduced to 6.75% at July 19, 2017.

- The cost of borrowings decreased by 30 basis points from 5.77% in the six months ended September 30, 2016 to 5.47% in the six months ended September 30, 2017. The cost of borrowings decreased primarily due to a decrease in interest expense on funding swaps, offset, in part, by an increase in bond borrowings which are relatively higher cost and an increase in cost of foreign currency term borrowings.

The interest income, yield on advances, net interest income and net interest margin are likely to continue to be impacted going forward, due to the non-accrual of income on non-performing assets and loans under strategic debt restructuring/change in management outside strategic debt restructuring/scheme for sustainable structuring of stressed assets, the increased proportion of secured retail advances in total advances, focus on lending to higher rated corporates, changes in benchmark lending rates and competitive market conditions. Further, re-pricing of floating rate loans of existing customers to a lower rate and migration of ICICI Bank base rate linked floating rate loans to marginal cost of fund based lending rate will likely impact interest income, yield on advances, net interest income and net interest margin of the Bank in coming quarters. Further interest income and net interest margin of the Bank will be impacted by the reduction in interest rate on savings account deposits.

In October 2017, the report of the Reserve Bank of India's internal study group to review the working of the marginal cost of funds based lending rate system has proposed that all floating rate loans extended from April 1, 2018 be referenced to an external benchmark. The group has also suggested that the periodicity of resetting the interest rates be once a quarter and banks should migrate all existing lending rates to the external benchmark within a year without any additional charges for switchover. Any change in the methodology to reference the marginal cost of fund based lending rate may impact interest income, yield on advances, net interest income and net interest margin of the Bank.

Interest-Earning Assets

The average volume of interest-earning assets increased by 4.4% from Rs. 6,598.19 billion in the six months ended September 30, 2016 to Rs. 6,890.17 billion in the six months ended September 30, 2017. The increase in average interest-earning assets was primarily on account of an increase in average advances by Rs. 473.35 billion and average interest-earning investments by Rs. 197.41 billion.

Average advances increased by 4.0% from Rs. 4,406.27 billion in the six months ended September 30, 2016 to Rs. 4,581.10 billion in the six months ended September 30, 2017 primarily due to an increase in domestic advances, offset, in part, by a decrease in overseas advances.

Average interest-earning investments increased by 5.9% from Rs. 1,566.51 billion in the six months ended September 30, 2016 to Rs. 1,659.20 billion in the six months ended September 30, 2017 primarily due to an increase in statutory liquidity ratio investments by 6.0% from Rs. 1,168.95 billion in the six months ended September 30, 2016 to Rs. 1,239.59 billion in the six months ended September 30, 2017 and an increase in other than statutory liquidity ratio investments by 5.5% from Rs. 397.56 billion in the six months ended September 30, 2016 to Rs. 419.61 billion in the six months ended September 30, 2017. Average other than statutory liquidity ratio investments increased primarily due to an increase in investments in pass through certificates, mutual funds, equity shares and commercial papers, offset, in part, by a decrease in investments in bonds and debentures and certificate of deposits.

There was an increase in average other interest-earning assets by 3.9% from Rs. 625.41 billion in the six months ended September 30, 2016 to Rs. 649.87 billion in the six months ended September 30, 2017 primarily due to an increase in call money lent and balance with the Reserve Bank of India, offset, in part, by a decrease in Rural Infrastructure and Development Fund and other related deposits and balances with banks outside India.

Interest-Bearing Liabilities

Average interest-bearing liabilities increased by 5.1% from Rs. 5,856.64 billion in the six months ended September 30, 2016 to Rs. 6,153.16 billion in the six months ended September 30, 2017 primarily due to an increase of Rs. 587.87 billion in average deposits, offset, in part, by a decrease of Rs. 291.35 billion in average borrowings.

Average deposits increased by 14.4% from Rs. 4,071.97 billion in the six months ended September 30, 2016 to Rs. 4,659.84 billion in the six months ended September 30, 2017 due to an increase of Rs. 419.54 billion in average current account and savings account deposits and an increase of Rs. 168.33 billion in average term deposits.

Average borrowings decreased by 16.3% from Rs. 1,784.67 billion in the six months ended September 30, 2016 to Rs. 1,493.32 billion in the six months ended September 30, 2017 primarily due to a decrease in foreign currency term borrowings, call money borrowings, refinance borrowings, subordinated bond borrowings and borrowings under liquidity adjustment facility with the Reserve Bank of India.

Non-Interest Income

The following table sets forth, for the periods indicated, the principal components of non-interest income.

	Six months ended September 30,			
Particulars	**2016**	**2017**	**2017**	2017/2016 **% change**
	(in million, except percentages)			
Fee income[1]	Rs.L5,114.7	Rs.L9,472.4	JPY 94,492.3	9.7 %
Income from treasury-related activities[2]	71,787.3	30,509.9	58,273.9	(57.5)%

Dividend from subsidiaries	6,184.0	5,453.5	10,416.2	(11.8)%
Other income [3]	2,403.4	305.7	583.9	(87.3)%
Total non-interest income	Rs.I25,489.4	Rs. **85,741.5**	JPY **163,766.3**	(31.7)%

(1) Includes merchant foreign exchange income and margin on customer derivative transactions.

(2) Includes profit/loss on sale and revaluation of investments and foreign exchange gain/loss.

(3) Includes exchange gain on repatriation of retained earnings from overseas branches.

Non-interest income primarily includes fee and commission income, income from treasury-related activities, dividend from subsidiaries and other income. The non-interest income decreased by 31.7% from Rs. 125.49 billion in the six months ended September 30, 2016 to Rs. 85.74 billion in the six months ended September 30, 2017 primarily due to a decrease in income from treasury-related activities.

Fee Income

Fee income primarily includes fees from corporate clients such as loan processing fees, commercial banking fees and structuring fees, fees from retail customers such as loan processing fees, transaction banking fees (which includes credit card fees and service charges on retail deposit accounts) and third-party referral fees.

Fee income increased by 9.7% from Rs. 45.11 billion in the six months ended September 30, 2016 to Rs. 49.47 billion in the six months ended September 30, 2017 primarily due to an increase in income from transaction banking fees, offset, in part, by a decrease in commercial banking fees.

Profit/(loss) on Treasury-related Activities (net)

Income from treasury-related activities includes income from sale of investments and the revaluation of investments on account of changes in unrealized profit/(loss) in the fixed income, equity and preference share portfolio, units of venture funds and security receipts issued by asset reconstruction companies.

Income from treasury-related activities decreased from Rs. 71.79 billion in the six months ended September 30, 2016 to Rs. 30.51 billion in the six months ended September 30, 2017. In the six months ended September 30, 2016, the Bank made a gain of Rs. 56.82 billion on sale of 12.63% shareholdings in ICICI Prudential Life Insurance Company Limited through an initial public offer. In the six months ended September 30, 2017, the Bank made a gain of Rs. 20.12 billion on sale of 7.0% shareholdings in ICICI Lombard General Insurance Company Limited through an initial public offer.

Income from our government securities portfolio and other fixed income positions decreased from Rs. 13.88 billion in six months ended September 30, 2016 to Rs. 9.38 billion in six months ended September 30, 2017. While, the yield on the benchmark 10-year government securities decreased from 7.47% at March 31, 2016 to 6.82% at September 30, 2016, the yield on the benchmark 10-year government securities decreased from 6.69% at March 31, 2017 to 6.66% at September 30, 2017.

Dividend from Subsidiaries

Dividend from subsidiaries decreased by 11.8% from Rs. 6.18 billion in the six months ended September 30, 2016 to Rs. 5.45 billion in the six months ended September 30, 2017. The following table sets forth, for the periods indicated, the details of dividend received from subsidiaries:

Particulars	Six months ended September 30, 2016	2017	2017
	(in million, except percentages)		
ICICI Prudential Life Insurance Company Limited	Rs. 4,070.5	Rs. 2,757.4	JPY 5,266.6
ICICI Securities Limited	800.2	1,180.2	2,254.2
ICICI Prudential Asset Management Company Limited	315.1	855.2	1,633.4
ICICI Securities Primary Dealership Limited	484.7	297.0	567.3
ICICI Lombard General Insurance Company Limited	428.4	214.2	409.1
ICICI Home Finance Company Limited	-	149.4	285.4
ICICI Bank Canada	85.1	-	-
Total dividend	Rs. 6,184.0	Rs. **M,453.4**	JPY **10,416.0**

Other Income

Other income decreased from Rs. 2.40 billion in the six months ended September 30, 2016 to Rs. 0.31 billion in the six months ended September 30, 2017. In the six months ended September 30, 2016 other income included exchange gain on repatriation of retained earnings from overseas branches of Rs. 2.06 billion. From fiscal 2017, the Bank do not recognize the cumulative/proportionate amount of such exchange differences as income or expenses, which relate to repatriation of accumulated retained earnings from overseas operations, based on guidelines issued by the Reserve Bank of India. Accordingly, in the three months ended March 31, 2017, the Bank reversed the exchange gain of Rs. 2.06 billion recognized in the six months ended September 30, 2017 on repatriation of retained earnings from its overseas operation.

Non-Interest Expense

The following table sets forth, for the periods indicated, the principal components of non-interest expense.

Particulars	**Six months ended September 30, 2016**	**2017**	**2017**	**2017/2016 % change**
	(in millions, except percentages)			
Employee expenses	Rs. J8,473.1	Rs. 30,252.2	JPY M7,781.7	6.2 %
Depreciation on assets	3,791.9	3,941.6	7,528.5	3.9
Other administrative expenses	38,834.5	42,838.7	81,821.9	10.3
Total non-interest expenses	Rs. **71,099.5**	Rs. **O7,032.5**	JPY **147,132.1**	8.3 %

Non-interest expenses primarily include employee expenses, depreciation on assets and other administrative expenses. Non-interest expenses increased by 8.3% from Rs. 71.10 billion in the six months ended September 30, 2016 to Rs. 77.03 billion in the six months ended September 30, 2017.

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Employee Expenses

Employee expenses increased by 6.2% from Rs. 28.47 billion in the six months ended September 30, 2016 to Rs. 30.25 billion in the six months ended September 30, 2017 primarily on account of higher salary due to annual increments and promotions, an increase in monthly average of staff counts and an increase in the provision for performance bonus and performance-linked retention incentive, offset, in part, by lower provision for retirement benefit obligations due to movement in discount rate linked to yield on government securities. The number of employees increased from 80,475 at September 30, 2016 to 83,058 at September 30, 2017 (monthly average of staff counts was 77,737 for the six months ended September 30, 2016 and 83,944 for the six months ended September 30, 2017). The employee base includes sales executives, employees on fixed term contracts and interns.

Depreciation

Depreciation on fixed assets increased by 3.9% from Rs. 3.79 billion in the six months ended September 30, 2016 to Rs. 3.94 billion in the six months ended September 30, 2017.

Other Administrative Expenses

Other administrative expenses primarily include rent, taxes and lighting, advertisement, sales promotion, repairs and maintenance, direct marketing expenses and other expenditure. Other administrative expenses increased by 10.3% from Rs. 38.83 billion in the six months ended September 30, 2016 to Rs. 42.84 billion in the six months ended September 30, 2017. The increase in other administrative expenses was primarily due to an increase in our branch network and retail business volume. The number of branches in India increased from 4,468 at September 30, 2016 to 4,856 at September 30, 2017. Our ATM network decreased from 14,295 ATMs at September 30, 2016 to 13,792 ATMs at September 30, 2017.

The Bank uses marketing agents, called direct marketing agents or associates, for sourcing retail loan customers, in addition to the Bank's branch network and in-house sales teams. The Bank includes commissions paid to these marketing agents in non-interest expense. In line with the Reserve Bank of India guidelines, these commissions are expensed upfront and not amortized over the life of the loan. Direct marketing agency expenses increased from Rs. 5.22 billion in the six months ended September 30, 2016 to Rs. 5.95 billion in the six months ended September 30, 2017 primarily due to an increase in retail business volume.

Provisions and Contingencies (Excluding Provisions for Tax)

The following table sets forth, for the periods indicated, the composition of provisions and contingencies, excluding provisions for tax.

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Particulars	Six months ended September 30, 2016	2017	2017	2017/2016 % change
	(in millions, except percentages)			
Provision for investments (including credit substitutes) (net)	Rs. L,818.7	Rs. M,562.5	JPY I0,624.4	15.4 %
Provision for non-performing and other assets	75,391.0	62,923.2	120,183.3	(16.5)
Provision for standard assets	(968.3)	2,475.1	4,727.4	(355.6)
Floating provision	15,150.0	-	-	-
Others	1,580.7	155.9	297.8	(90.1)
Total provisions and contingencies	Rs. **95,972.1**	Rs. **71,116.7**	JPY **I35,832.9**	(25.9)%

Provisions are made by the Bank on standard, sub-standard and doubtful assets at rates prescribed by the Reserve Bank of India. Loss assets and unsecured portions of doubtful assets are provided for/written off as required by the Reserve Bank of India guidelines. For loans and advances of overseas branches, provisions are made as per the Reserve Bank of India regulations or host country regulations, whichever is higher. Provisions on retail non-performing loans are made at the borrower level in accordance with the retail assets provisioning policy of the Bank, subject to the minimum provisioning levels prescribed by the Reserve Bank of India. The specific provisions on retail loans and advances held by the Bank are higher than the minimum regulatory requirement. Provision on loans and advances restructured/rescheduled is made in accordance with the applicable Reserve Bank of India guidelines on restructuring of loans and advances by banks. In addition to the specific provision on non-performing assets, the Bank maintains a general provision on standard loans and advances at rates prescribed by the Reserve Bank of India. For standard loans and advances in overseas branches, the general provision is made at the higher of host country regulatory requirements and the Reserve Bank of India requirements. The Bank makes floating provision as per a Board approved policy, which is in excess of the specific and general provisions made by the Bank. The floating provision would be utilized with the approval of Board and the Reserve Bank of India. The Bank also holds provisions on loans under strategic debt restructuring, scheme for sustainable & stress assets and change in management outside strategic debt restructuring scheme of the Reserve Bank of India.

Provisions and contingencies (excluding provisions for tax) was Rs. 71.12 billion in the six months ended September 30, 2017 as compared to Rs. 95.97 billion in the six months ended September 30, 2016. Provision for non-performing and other assets was Rs. 62.92 billion in the six months ended September 30, 2017 as compared to Rs. 90.54 billion in the six months ended September 30, 2016. Provision for non-performing and other assets in the six months ended September 30, 2016 included additional provision of Rs. 35.88 billion, comprising a floating provision of Rs. 15.15 billion, an additional provision of Rs. 16.78 billion for standard loans primarily comprising a provision for loans where strategic debt restructuring was implemented and other restructured loans and incremental loss of Rs. 3.95 billion by recognizing the entire loss on the sale of non-performing loans to asset reconstruction companies. Excluding the additional provision of Rs. 35.88 billion, the provision on non-preforming and other assets increased from Rs. 54.66 billion in the six months ended September 30, 2016 to Rs. 62.92 billion in the six months ended September 30, 2017. While gross additions to non-performing assets decreased from Rs. 160.14 billion in the six months ended September 30, 2016 to Rs. 95.14 billion in the six months ended September 30, 2017, non-performing loans in the doubtful category increased from Rs. 166.11 billion at September 30, 2016 to Rs. 331.60 billion at September 30, 2017. This resulted in higher ageing-based provisions on existing non-performing assets in the six months ended September 30, 2017 as compared to six months ended September 30, 2016. As a result, provision for non-performing and other assets continued to remain at elevated levels during the six months ended September 30, 2017. The Bank's provision coverage ratio at September 30, 2017 computed as per the extant Reserve Bank of India guidelines was 45.7%.

In the three months ended June 30, 2017, the Reserve Bank of India directed banks to initiate an insolvency resolution process in respect of 12 accounts under the provisions of Insolvency and Bankruptcy Code and also required banks to make a provision to the extent of 50.0% of the secured portion and 100% of the unsecured portion of the outstanding loans to these accounts or the provision required as per the existing guidelines of the Reserve Bank of India, whichever is higher. The Reserve Bank of India allowed the additional provision, the provision higher than required as per the existing guidelines, to be spread over three quarters starting from the three months ended September 30, 2017. The Bank had outstanding loans to these borrowers amounting to Rs. 62.69 billion (excluding a non-fund outstanding amount of Rs. 3.54 billion) at September 30, 2017. During fiscal 2018, the Bank were required to make additional provision of Rs. 6.51 billion in addition to the provisions to be made as per the existing Reserve Bank of India's guidelines. The Bank made the entire additional provision during the three months ended September 30, 2017. At September 30, 2017, the Bank held provision of Rs. 35.42 billion on these loans, which amounted to 56.5% provision coverage in respect of outstanding loans to these borrowers.

Further, in the three months ended September 30, 2017, the Reserve Bank of India directed banks to initiate an insolvency resolution process for additional accounts under the Insolvency and Bankruptcy Code by December 31, 2017, if a resolution plan, where the residual debt is not rated investment grade by two external credit rating agencies, is not implemented by December 13, 2017. The Bank had outstanding loans to these borrowers amounting to Rs. 104.76 billion (excluding a non-fund outstanding amount of Rs. 13.84 billion) at September 30, 2017. The provision held for these loans at September 30, 2017 was Rs. 32.99 billion, which amounts to 31.49% provision coverage in respect of outstanding loans to these borrowers.

Provision for standard assets increased from a write-back of Rs. 0.97 billion in the six months ended September 30, 2016 to a provision of Rs. 2.48 billion in the six months ended September 30, 2017. On April 28, 2017, the Reserve Bank of India through its circular advised that the provisioning rates prescribed as per the prudential norms circular are the regulatory minimum and banks are encouraged to make provisions at higher rates in respect of advances to stressed sectors of the economy and had specifically highlighted the telecom sector. Accordingly during the six months ended September 30, 2017, the Bank as per the board approved policy made an additional general provision amounting to Rs. 2.08 billion on standard loans to borrowers. The cumulative general provision held at September 30, 2017 was Rs. 25.63 billion as compared to Rs. 25.65 billion at September 30, 2016.

Provision for investments increased from Rs. 4.82 billion in the six months ended September 30, 2016 to Rs. 5.56 billion in the six months ended September 30, 2017 primarily due to an increase in provision on equity shares and debentures.

Restructured Loans and Non-performing Assets

The Bank classifies its assets as performing and non-performing in accordance with the Reserve Bank of India guidelines. Under the Reserve Bank of India guidelines, an asset is generally classified as non-performing if any amount of interest or principal remains overdue for more than 90 days, in respect of term loans. In respect of overdraft or cash credit, an asset is classified as non-performing if the account remains out of order for a period of 90 days and in respect of bills, if the account remains overdue for more than 90 days. The Reserve Bank of India guidelines also require an asset to be classified as non-performing based on certain other criteria like restructuring of a loan, inability of a borrower to complete a project funded by the bank within stipulated timelines and certain other non-financial parameters. In respect of borrowers where loans and advances made by overseas branches are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the Reserve Bank of India guidelines, the amount outstanding in the host country is classified as non-performing.

The Reserve Bank of India has separate guidelines for classification of loans for projects under implementation which are based on the date of commencement of commercial production and date of completion of the project as originally envisaged at the time of financial closure. For infrastructure projects, a loan is classified as non-performing if it fails to commence commercial operations within two years from the documented date of commencement and for non-infrastructure projects, the loan is classified as non-performing if it fails to commence operations within 12 months from the documented date of such commencement.

The Reserve Bank of India also has separate guidelines for restructured loans. Up to March 31, 2015, a fully secured standard asset could be restructured by re-scheduling of principal repayments and/or the interest element, but had to be separately disclosed as a restructured asset. The diminution in the fair value of the restructured loan, if any, measured in present value terms, was either written off or a provision was made to the extent of the diminution involved. Similar guidelines applied for restructuring of sub-standard loans. Loans restructured after April 1, 2015 (excluding loans given for implementation of projects in the infrastructure sector and non-infrastructure sector and which are delayed up to a specified period) by re-scheduling of principal repayments and/or the interest element are classified as non-performing. For such loans, the diminution in the fair value of the loan, if any, measured in present value terms, has to be provided for in addition to the provisions applicable to non-performing loans.

The following table sets forth, at the dates indicated, certain information regarding non-performing assets.

	At			
	September 30, 2016	March 31, 2017	September 30, 2017	**2017/2016** **% change**
	(in millions, except percentages)			
Gross non-performing assets	Rs. **325,475.0**	Rs. **425,515.4**	Rs. **L44,885.3**	36.69 %
Provisions for non-performing assets	(160,649.8)	(171,005.1)	(203,587.5)	26.73
Net non-performing assets	Rs. **I64,825.2**	Rs. **J54,510.3**	Rs. **J41,297.8**	46.40 %
Gross customer assets	5,315,235.6	5,394,634.8	5,653,881.9	36.69
Net customer assets	5,140,300.9	5,209,522.6	5,447,082.8	26.73
Gross non-performing assets as a percentage of gross customer assets	6.1 %	7.9 %	7.9 %	
Net non-performing assets as a percentage of net customer assets	3.2 %	4.9 %	4.4 %	

Gross additions to non-performing assets decreased from Rs. 160.14 billion in the six months ended September 30, 2016 to Rs. 95.14 billion in the six months ended September 30, 2017. Gross non-performing assets amounting to Rs. 39.07 billion were written-off in six months ended September 30, 2017. Gross non-performing assets increased from Rs. 325.48 billion at September 30, 2016 to Rs. 444.89 billion at September 30, 2017. Net non-performing assets increased from Rs. 164.83 billion at September 30, 2016 to Rs. 241.30 billion at September 30, 2017. The ratio of net non-performing assets to net customer assets increased from 3.21% at September 30, 2016 to 4.43% at September 30, 2017.