ICICI BANK UK PLC

Strategic report, Directors' report and financial statements

March 31, 2025

Registered number 4663024

Contents

Strategic Report

The Directors present their strategic report for the year ended March 31, 2025 (FY2025) for ICICI Bank UK PLC ("the Bank").

Introduction

The Bank is authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and the Financial Conduct Authority (FCA). The Bank is a wholly owned subsidiary of ICICI Bank Limited ("the Parent Bank") which is one of the leading private sector banks in India. The Bank was incorporated in England and Wales as a private company with limited liability on February 11, 2003, and was converted to a public limited company, assuming the name ICICI Bank UK PLC, on October 30, 2006. As a public limited company, the Bank can access the capital markets.

Business Review

ICICI Bank UK PLC offers retail, business banking, corporate banking and treasury services. The Bank delivers its products and services through seven branches and three service centres located in the UK and one branch in mainland Europe, located in Eschborn (Germany). The branch in Germany started operating as a third country branch post Brexit with effect from December 1, 2020, in compliance with the rules and regulations of a third country branch applicable in Germany.

The Bank is primarily focused on India linked business and towards meeting the banking needs of the Indian community in line with its core competency and inherent strength. The core services offered by the Bank include meeting local banking requirements, remittance services to India and facilitating banking requirements in India. The Bank offers corporate banking services which include serving UK/Europe-India trade and investment corridors involving Indian companies operating in UK/Europe, Multinational Corporations (MNC) operating in India, trade counterparties with India and funds investing in the Indian equity and debt market.

With regards to local banking services in the UK, the Bank caters to Small and Medium Enterprises (SME) and business banking customers for their trade and foreign exchange requirements. It also has a well-established business for commercial real estate lending against income producing assets based on a conservative risk appetite.

The Bank is managed as a single business. For the purposes of the business review, however, management has described activity by individual business areas. The financial information in the following sections have been presented in US dollars with additional disclosure in Indian Rupee (INR) currency for convenience using the exchange rate as at March 31, 2025, of USD/INR 85.48 which has been applied across FY2025 and FY2024.

Key strategic highlights: FY2025

Fiscal year 2025 witnessed continued decline in inflation with divergent growth outcomes in major economies. Acknowledging the decline in inflation in earlier part of the year, central banks in advanced economies began easing monetary policy by reducing the key benchmark rates. Nominal wage growth has moderated, and labour market conditions have normalised. Although goods price inflation has remained low, service inflation is still running above pre-Covid-19 averages in many economies, particularly in the US and EU area. This has led to halting of further progress on the inflation front. As a result, central banks are likely to maintain a gradual and careful approach towards further monetary easing.

During the year, the Bank maintained focus on delivering against its strategic pillars including Non-Resident Indian connect, customer service and digitisation and diversification of assets and liabilities. The Bank remained focused on proactive risk management, effective liquidity, capital management and meeting the requirements of the changing market and regulatory environment. During the year, the Bank continued to deepen its product proposition and services to meet the banking needs of the Indian community in the UK through various digitisation and customer service initiatives. The Bank continued to remain selective and cautious towards new lending business.

Moody's Investors Service Limited (Moody's) has assigned the long-term counterparty risk ratings of the Bank at A3. Moody's has also assigned the long-term deposits rating of the Bank at Baa1.

The Bank places paramount importance on customer support and service. The Bank provides services to its customers through a 24/7 call centre and robust digital channels in terms of online and mobile banking to help customers transact at ease. Digital channels are complemented by seamless service delivery to the customers through Branch Managers and Relationship Managers in various business segments.

The Bank remains focused on maintaining a sustainable business model with strong corporate governance, risk management and a robust control environment. It has a well-established risk appetite for all critical risks, including credit, market, operational, conduct and cyber risks. The business continued to operate based on defined risk appetite, with close monitoring by management and the Board Committees. The Bank reviews its risk appetite framework regularly to consider, inter alia, changes to the operating environment, portfolio composition, experience with stressed assets and regulatory changes. The Bank's risk management group monitors adherence to the risk appetite and reports to the Board Risk Committee (BRC) on a quarterly basis.

The Bank continued to place considerable attention to the management of conduct risk, with conduct risk related matters reported regularly to the Compliance, Conduct and Operational Risk Management Committee ("CORMAC") and the Board Conduct Risk Committee ("BCRC"). The Bank maintained its focus on sustaining its customer-centric culture and invested in various technology initiatives to enhance customer experience.

The Bank's approach to managing capital and liquidity is designed to ensure compliance with the applicable regulations, including the Capital Requirements Directive (CRDIV) and maintains High Quality Liquid Assets (HQLA) in line with the Bank's liquidity risk management framework. The Bank's policy is to maintain an adequate capital base to maintain investor, creditor, and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Bank has complied with all regulatory capital requirements throughout the year.

The loans and advances portfolio to customers at USD 964 million (INR 82,438 million) increased versus the previous year at USD 889 million (INR 75,975 million). The Bank continued to maintain the quality of its portfolio through selective new credits. As at March 31, 2025, the Bank had total assets of USD 2,422 million (INR 206,985 million) compared with USD 2,203 million (INR 188,324 million) as at March 31, 2024. The balance sheet increased due to an increase in loans and advances and Balances with central bank, partially offset by reduction in Investments.

The Bank made a Profit before Tax in FY2025 of USD 32.0 million (INR 2,738 million) compared with USD 31.1 million (INR 2,652 million) in the previous year. The profits increased versus the previous year primarily due to increase in Fee income, Foreign revaluation gains and Income on financial instruments. Profit after Tax of USD 26.8 million (INR 2,293 million) compared with USD 28.8 million (INR 2,457 million) in the previous year. Reduction in PAT due to lower deferred tax assets in FY2025 as compared to previous year. The Board has recommended final dividend of USD 16.0 million; INR 1,368 million (FY2024: USD 13 million; INR 1,111 million) for the year on the ordinary equity shares of the Bank, subject to necessary approval. The financial statements for the year ended March 31, 2025, do not reflect this dividend, as it is subject to approval by shareholders at the Annual General Meeting (AGM).

Corporate Banking

The Corporate Banking division focuses on the UK/Europe-India corridor. This includes UK & European companies having a business presence and interest in India, Indian companies having a presence in UK & Europe, trade of goods and services taking place between the geographies and Funds investing in the Indian market.

Corporate Banking division continued to focus on 360-degree coverage of the clients including cash management, forex and derivative requirements, credit facilities, trade related needs, personal banking services for their staff and banking services for promoters and key management personnel. Corporate Banking division is also focusing on leveraging relationships with corporates at the parent bank in India and extending services to their Europe/ UK based operations.

Corporate Banking division continues to take credit exposures with a risk calibrated approach and with focus on overall relationship value generated through 360-degree customer coverage.

A key focus area has also been Global In-house Centres or Global Capability Centres (GIC/GCC) established by global multinational corporates (MNCs) in India. India is emerging as a hub for setting up such GICs/GCCs given the abundant availability of suitably skilled human resources, infrastructure, and cost advantages for outsourcing business processes like research and development (R&D), accounting and back-office operations for MNCs. The Bank's focus is to establish relationships at head-offices present in the UK/Europe region of such MNCs to facilitate banking relationships with GICs/GCCs in India.

During the year, the Bank witnessed an increase in loan disbursements as compared to FY2024 as business volumes grew, partially offset by repayments / pre-payments of existing loans. Significant progress has been made by the corporate banking team in reaching resolutions and making recoveries from some of the loans included in the impaired asset portfolio. The net impaired ratio as at March 31, 2025, at 0.2% reduced as compared with 1.1% as at March 31, 2024, mainly on account of recovery in existing cases and additional provisions created on new impaired case. Net impaired ratio is a ratio of impaired loans and advances (net of specific provision) to total loans and advances (net of provisions) to customers and trade loans and advances to banks.

Retail Banking

The Bank provides retail banking services to its customers in the UK, primarily aimed at the Indian community. The key focus for the Bank is serving the Indian community in the UK, for their local banking requirements as well as facilitating their India banking requirements. In line with this objective, the Bank has worked towards strengthening its product and service proposition to meet the banking needs of the Indian diaspora in the UK through various digitisation and customer centric service initiatives.

The Bank provides a local personal banking product suite for customers including personal current accounts, savings accounts, term deposits, bonds, money transfers to India and affluent banking services for high networth customers on 'an execution basis' methodology. The Bank also provides business current accounts, savings accounts, and other business deposit products to small businesses as well as lending to portfolio owners of commercial real estate with an increasing focus on clients in the India-UK corridor.

The Bank has multi-channel architecture with delivery of its products and services via its branch banking, mobile banking, internet banking, and phone banking channels and has a team of Relationship Managers to support high-value customers in their banking needs.

During the year, the Bank has focused on harnessing 360-degree needs of the customer by coordinating delivery of all product and services. This has been supported by simplification of processes backed by technology to build robust customer journeys from onboarding to customer lifecycle management. The Bank introduced InstaBiz app, a mobile banking platform for Business Banking customers. The Bank also launched revamped Money to India app to help non account holder individual customers to remit money to India.

The Bank provides certain retail banking services to its customers through its branch in Germany. These services are mainly focused on remittance to India through the Money to India platform.

Treasury

The Treasury Group manages the structure of the balance sheet of the Bank, supports the capital needs and manages the market and liquidity risk of the Bank. The Bank prioritises maintaining High Quality Liquid Assets (HQLA) in line with the guidelines for the Liquidity Coverage Ratio (LCR) requirements. The Bank reviews the asset/liability maturity mismatches and interest rate positions and maintains liquidity gaps and interest rate positions within prescribed limits, which are monitored by the Asset and Liability Management Committee (ALCO) of the Bank. The Treasury Group also manages the Bank's investment portfolio.

Treasury activities are conducted through the Balance Sheet Management Group, Investment Management Group, Global Markets Group and Market Making Group. Global Markets Group, in co-ordination with retail and corporate banking teams, offers foreign exchange, derivatives and fixed income products to the Bank's customers. Market Making Group provides interbank cover for various products offered to Bank's customers.

The Bank remained active in raising funding to repay maturing liabilities through funding from customer deposits complemented with a marginal proportion of funding from wholesale borrowings. The Bank ensured availability of an adequate liquidity surplus over and above the regulatory requirements. During the year, the Treasury Group managed the portfolio within the established risk appetite of the Bank.

Financial Highlights

The financial Key Performance Indicators for the financial year 2025 are summarised in the following table:

Profit and loss account	**Financial 2025**	Financial 2024	% Change	**Financial 2025**	Financial 2024
	USD 000s	USD 000s		**INR million**	INR million
Net interest income	**65,881**	66,659	(1%)	**5,631**	5,698
Non interest income	**18,840**	15,811	19%	**1,610**	1,351
Profit on sale of financial assets	**2,601**	3,221	(19%)	**222**	275
Total revenue	**87,322**	85,691	2%	**7,463**	7,324
Operating expenses	**(52,052)**	(47,467)	10%	**(4,449)**	(4,057)
Profit before provisions, charges and taxes	**35,270**	38,224	(8%)	**3,014**	3,267
Impairment provision and charges	**(3,234)**	(7,168)	(55%)	**(276)**	(612)
Profit before tax	**32,036**	31,056	3%	**2,738**	2,655
Tax	**(5,208)**	(2,279)	129%	**(445)**	(195)
Profit after tax	**26,828**	28,777	(7%)	**2,293**	2,460

Balance sheet	**Financial 2025**	Financial 2024	% Change	**Financial 2025**	Financial 2024
	USD 000s	USD 000s		**INR million**	INR million
Cash and Balances at Central Banks	**403,868**	219,629	84%	**34,521**	18,773
Loans and advances to banks	**339,561**	355,557	(4%)	**29,024**	30,391
Loans and advances to customers	**964,471**	888,857	9%	**82,438**	75,975
Investments	**670,161**	692,209	(3%)	**57,282**	59,167
Total assets	**2,421,613**	2,203,260	10%	**206,987**	188,324
Customer accounts	**1,901,625**	1,668,596	14%	**162,541**	142,623
Wholesale liabilities	**111,162**	142,763	(22%)	**9,501**	12,203
Shareholders' funds	**351,941**	337,469	4%	**30,082**	28,845
Total Equity and liabilities	**2,421,613**	2,203,260	10%	**206,987**	188,324

Capital[3]

Capital Ratios	**March 31, 2025**	**March 31, 2024**	**Movement**
Core Tier 1 ratio	**19.6%**	20.1%	(0.5%)
Tier 1 ratio	**19.6%**	20.1%	(0.5%)
Total ratio	**22.6%**	23.4%	(0.8%)

Risk weighted assets	**Financial 2025**	Financial 2024	% Change	**Financial 2025**	Financial 2024
	USD 000s	USD 000s		**INR million**	INR million
Risk weighted	**1,649,727**	1,546,202	7%	**141,010**	132,162

Key Financial highlights: FY2025

The Bank is focused on growing core operating profit within the guardrails of risk and compliance. The Bank is focused on enhancing the asset quality which fundamentally reduces the impact of provisions due to loan loss in the profit and loss account. The key performance indicator for the Bank is profit before tax.

The Bank made a Profit before tax in FY2025 of USD 32.0 million (INR 2,738 million) compared with USD 31.1 million (INR 2,652 million) in the previous year. The profits increased versus the previous year primarily due to increase in Fee income, Foreign revaluation gains and Income on financial instruments. Profit after tax of USD 26.8 million (INR 2,293 million) compared with USD 28.8 million (INR 2,457 million) in the previous year. Reduction in PAT in FY2025 was due to lower deferred tax assets in FY2025 as compared to FY2024.

The loans and advances portfolio to customers at USD 964 million (INR 82,438 million) increased versus the previous year at USD 888 million (INR 75,975 million). The Bank continued to maintain the quality of its portfolio through selective new credits. The investment portfolio of the Bank at USD 676 million (INR 57,751 million) decreased by 3% versus the previous year at USD 698 million (INR 59,687 million). The Bank continued to monitor adherence to the portfolio limits as prescribed in the risk appetite on a periodic basis. The loans and advances portfolio to banks at USD 339 million (INR 29,024 million) decreased by 4% versus the previous year at USD 356 million (INR 30,391 million) primarily due to lower trade related credits on counterparty banks and lower inter-bank lendings.

With regards to the liabilities, the Bank registered an increase of 14% in customer accounts at USD 1,902 million (INR 162,541 million) versus the previous year at USD 1,669 million (INR 142,623 million). The wholesale liabilities at USD 111 million (INR 9,501 million) decreased by 22% versus the previous year at 143 million (INR 12,203 million) due to maturity of repo borrowings. The increase in the liability book was aligned to the increase in the asset book.

The Net Interest Income (NII) at USD 65.9 million (INR 5,631 million) decreased by 1% compared with the previous year at USD 66.7 million (INR 5,697 million). The decrease in NII is due to reduction in the Net Interest Margin (NIM) caused by cut in the benchmark interest rate by major global central banks. Net Interest Margin (NIM) at 3.05% in FY2025 decreased by 12 bps as compared to the previous year. Though the interest earning assets increased during FY2025 as compared to FY2024, the resultant increase in the NII due to increase in interest earning assets got offset by reduction in the NIM in FY2025. As the global central banks are expected to cut benchmark interest rates further during next year, the NIM of the Bank is expected reduce going forward. The Bank is planning growth in interest earning assets going forward, it shall help in mitigating the impact on NII due to reduction in the NIM going forward.

[3] Pillar 3 disclosures are available online on the Bank's website: http://icicibank.co.uk/personal/basel-disclosures.html

As at March 31, 2025, the Bank had total assets of USD 2,422 million (INR 206,985 million) compared with USD 2,203 million (INR 188,324 million) as at March 31, 2024. The balance sheet increased due to an increase in loans and advances to customers and balance with central bank partially offset by reduction in investment.

The corporate banking fees, business banking and retail remittance income streams along-with foreign exchange income from customer remittance transactions continued to be the key sources of non-interest income, which increased by 19% during the year to USD 18.8 million (INR 1,610 million) as compared to USD 15.8 million (INR 1,351 million) during the previous year. The Bank continue to enhance relationship with existing customers and acquire more customers in the identified business segments basis the customer 360 degree approach, this helped in increasing the volume of customer transactions flowing through the Bank and resulted in increase in the fee income. As the Bank continue to enhance its market share in the identified business segments, the fee income is expected to continue to grow going forward.

The Bank earned a profit of USD 2.6 million (INR 222 million) on sale of loans and investments as compared to USD 3.2 million (INR 275 million) in the previous year.

The Bank remained focused on enhancing operating efficiencies without compromising the control environment. The Bank remained committed to maintaining a strong control framework to meet increasing regulatory and reporting obligations and continued to invest in people and technology to further strengthen the control framework. The Bank continued to make selective investments in advertising and marketing through radio and television advertisements and marketing expenses to build brand presence. Total expenses at USD 52.1 million (INR 4,449 million) increased by 10% versus the previous year driven by higher staff cost, professional fees and legal fees and appreciation of average GBP exchange rate against USD currency.

The specific provision and collective provisions made during the year were USD 3.2 million (INR 276 million) compared with USD 7.2 million (INR 613 million) in the previous year. The specific provision booked during the year was on account of an asset impaired during the year. As at March 31, 2025, the gross impairment ratio was at 0.7% and the net impairment ratio was at 0.2% versus 1.3% and 1.1% respectively as at March 31, 2024. During the year, the gross impairment ratio has improved mainly on account of recovery in a few impaired cases.

The Bank's policy is to maintain an adequate capital base to maintain investor, creditor, and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Bank acknowledges the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Bank has complied with all regulatory capital requirements throughout the year.

The Board has recommended a final dividend payment of USD 16.0 million; INR 1,368 million (FY2024: USD 13.0 million; INR 1,111 million) for the year on the ordinary shares of the Bank, subject to necessary approval. The financial statements for the year ended March 31, 2025, do not reflect this dividend, as it is subject to approval by shareholders at the AGM. In line with the CRD IV requirements, as at March 31, 2025, the total capital ratio was 22.6% with a Tier 1 ratio of 19.6% (FY2024: 23.4% and 20.1%).

The Bank is currently not subject to the minimum UK leverage ratio requirement of 3.25%. The PRA expects that firms not in scope of the leverage ratio minimum capital requirement and buffers should manage their leverage risk so that their leverage ratio does not ordinarily fall below 3.25%. The Bank has complied with PRA's expectation and has maintained its leverage ratio adequately above the expected level of 3.25%.

PRA guidelines required banks to maintain the Liquidity Coverage Ratio (LCR) above the regulatory requirements. The LCR is intended to ensure that a bank maintains an adequate level of unencumbered HQLA, which can be used to offset the net stressed outflows that the bank could encounter under a combined stress scenario lasting 30 days. The minimum regulatory requirement is 100%. The LCR of the Bank at March 31, 2025, was 220% (March 2024: 227%). In line with the risk appetite, the Bank is focused to maintaining an adequate level of liquidity in excess of regulatory requirements and as defined in the ILAAP.

The PRA guidelines also required banks to maintain the Net Stable Funding Ratio (NSFR) above the regulatory requirements of 100%. The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. The NSFR promotes a sustainable and stable structure of assets and liabilities. The Bank maintained the Net Stable Funding Ratio (NSFR) adequately above the minimum regulatory requirements.

The Bank also monitors the level of asset encumbrance in the balance sheet and have put appropriate risk management processes in place to maintain the level of encumbrance at acceptable levels.

Details of the Bank's governance arrangements, financial risk management objectives and policies, including those in respect of financial instruments, and details of the Bank's indicative exposure to risks are given in Note 37.

Key economic and business outlook

The Bank primarily monitors the economic outlook in the UK, Europe, US and India markets to assess the impact on its portfolio and business model. Fiscal year 2025 witnessed continued decline in inflation with divergent growth outcomes in major economies. Acknowledging the decline in inflation in earlier part of the year, central banks in advanced economies began easing monetary policy by reducing the key benchmark rates. Nominal wage growth has moderated, and labour market conditions have normalised. Although goods price inflation has remained low, service inflation is still running above pre-Covid-19 averages in many economies, particularly in the US and EU area. Moderation in global trade due to tariff measures of the US administration may adversely impact progress made on inflation. As a result, central banks are likely to maintain a gradual and careful approach towards further monetary easing. The Bank takes account of this changing economic landscape and its impact on the future strategy.

As per the World economic outlook update published by the International Monetary Fund (IMF) in January 2025, the current year will be marked by steady global growth, continued reduction in inflation amidst heightened uncertainty around global trade policy. Energy commodity prices are expected to decline more than earlier predicted driven by weak Chinese demand and strong supply from countries outside of OPEC+. Global growth is holding steady overall, however, risks are likely tilted towards downside due to escalating trade tensions. US growth is likely to moderate due to headwinds from trade tariffs, persistent inflation and increased market volatility. Euro area growth is expected to remain muted, with increased political and policy uncertainty and geopolitical tensions materially affecting the outlook.

After an expansion of 3.2 percent in CY2024, the global economy is projected to grow at 3.3% in CY2025 as per the Jan 2025 IMF World economic outlook, with pace expected to remain stable in CY2026 primarily on upward revision in growth projections of the US offsetting the downward revisions in other major economies. The US is projected to grow at 2.7% in 2025, the UK economy is expected to grow at 1.6% in 2025 after expanding at 0.9% in 2024. Euro area growth is likely to increase to 1.0% in 2025 from a low growth of 0.8% in 2024. Global inflation is forecast to continue its steady decline from 5.7 percent in CY2024 to 4.2% in CY25 and further fall to 3.5% in CY 26. In the United States, potential policy shifts under the new administration could affect consumer demand and also pose inflationary risks. Other economies may experience subdued growth amid elevated policy uncertainty. Protectionist measures, such as tariffs could exacerbate trade tensions, reduce investment, and disrupt supply chains, ultimately hindering global economic performance.

The Bank is monitoring the evolving macro-economic outlook and other emerging risks. As the Bank's strategy is focused on India linked business, these developments are not expected to have a material impact on the Bank's portfolio. The Bank continues to maintain adequate surplus liquidity and capital buffers to enable it to withstand the current uncertain macro-economic environment.

Principal risks

The Bank is primarily exposed to credit risk (including concentration and recovery risk), liquidity risk, market risk (interest and exchange rate risk, including IRRBB), operational risk (including compliance and outsourcing risk), information security risk, conduct and reputational risks. The Bank's largest regulatory capital requirements arise from credit risk in its lending operations as this risk is influenced not only from a borrower's credit quality but also due to external factors like the economic conditions in countries in which the Bank's borrowers are incorporated or where businesses are undertaken by the borrowers, and regulatory changes. The Bank's funding is composed of customer term deposits, term borrowings, non-maturity savings balances and transactional current accounts. The security of the Bank's information and technology infrastructure is one of the critical focus areas, as cyber-attacks can disrupt the availability of customer facing websites and could compromise the Bank's customer data and information.

The Bank monitors the regulatory landscape and steps being taken by the industry on 'Climate Change' and 'Environmental Social & Governance (ESG)' aspects. The Bank is also aware of its constructive obligation towards the UK government's objective of achieving net-zero by 2050. Various initiatives taken by the Bank in this area are provided in the section on Environment, Social and Governance Initiatives.

Further details on the Bank's risks and how these are managed are given in Note 37.

Risk Management

The Bank has a centralised Risk Management Group (RMG) with a mandate to assess and monitor all its principal risks in accordance with defined policies and procedures. RMG is independent of the business units and the Chief Risk Officer (CRO) reports directly to the Managing Director and Chief Executive Officer and has reporting lines to the Chairperson of the Board Risk Committee (BRC)/ Board Credit Committee (BCC) and the CRO of the Parent Bank.

Risk management framework

The Bank operates within a comprehensive risk management framework to ensure that the key risks are clearly identified, understood, measured, and monitored and that the policies and procedures established to address and control these risks are strictly adhered to. The outcomes of each of these risk management processes are used to identify the material risks that the Bank is exposed to. The Bank has developed a Board approved risk appetite framework articulated within the broader context of the nature, scope, scale, and complexity of the Bank's activities. The framework is based on both quantitative parameters such as capital, liquidity and earnings volatility and qualitative parameters such as conduct and reputational risks. The risk appetite has been further broken down into portfolio-level limits, which include limits on country of risk and credit ratings of loans. RMG monitors adherence to the risk appetite framework and provides relevant reports to the BRC on a quarterly basis. Additionally, Risk Management Group also tracks the material adverse market events and reviews the impact of the same on Bank's portfolio.

Credit risk

To ensure an acceptable level of credit risk and in line with the Bank's continued focus on maintaining asset quality, the Bank's Executive Credit and Risk Committee (ECRC), on a periodic basis, tracks developments in its credit portfolio and industry trends with the objective of identifying vulnerabilities and early warning indicators. Additionally, review of the Bank's portfolio and emerging risks and challenges is conducted by the BRC/BCC.

Regulatory guidance under Basel 3.1 standards

In January 2025, the PRA extended the implementation of the Basel 3.1 standards in UK to January 1, 2027, with a transitional period to ensure full implementation by January 1, 2030. This decision aims to provide additional time for clarity regarding the US' plans for Basel 3.1 adoption.

Earlier, in September 2024, the PRA released its second near-final policy statement, outlining the implementation of Basel 3.1 standards concerning credit risk, the output floor, and reporting and disclosure requirements. The Bank is actively working to ensure compliance with CRR III while aligning with the updated PRA timelines by taking proactive steps to ensure full compliance across its jurisdictions.

Liquidity risk

The Bank maintains detailed Internal Liquidity Adequacy Assessment Process (ILAAP) and Liquidity Contingency, Recovery and Resolution Plan (LC-RRP) documents. The ILAAP document outlines the liquidity risk management framework of the Bank and its approach for compliance with regulatory rules. The LC-RRP document includes a range of recovery and liquidity indicators, which allows the Bank to take preventative measures to forestall a severe stress. It also includes a communication plan, which would be followed in the event of a crisis and a contingency funding scenario. It sets out the corrective measures to be undertaken when there is a potential or actual risk to the Bank's liquidity position.

Market risk

Market risk is the possibility of loss arising from changes in the value of a financial instrument because of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices. The details pertaining to market risk management policies and tools adopted to monitor market risk are set out in the note 37 (Risk Management Framework-Market Risk).

Operational risk

The management of operational risk within the Bank is governed by the Operational Risk Management Policy (ORMP) which is reviewed and approved by the BRC on an annual basis. Operational risk elements monitored regularly by RMG include operational risk incidents, techniques for risk identification, key risk indicators and risk mitigation processes. The Bank has also implemented a policy for outsourcing and third-party risk management to mitigate risks from services availed from outsourced as well as third party Service Providers (SPs). The policy ensures the application of a standardised approach for assessing all third-party arrangements (outsourced as well as non-outsourced) entered by the Bank and stipulates the monitoring and reporting mechanisms to be adopted by various departments within the Bank. The performance of all outsourced SPs and material third party SPs is periodically reviewed against parameters such as financial strength, organisational structure & change management, performance against key parameters agreed within service level agreements (SLAs), compliance undertakings, business continuity and information security. An assessment report for material SPs is presented to the BRC on a periodic basis.

The Bank has developed and implemented a Business Continuity and Crisis Management Plan (BCP) for all business and corporate functions to ensure continued availability of critical business processes in the event of an outage. The BCP also addresses disaster situations and provides necessary guidance to recover and restore critical and important business processes in the event of an external business disruption. Periodic testing of the BCP is conducted and the results and the updates are shared with CORMAC. Further, in line with the regulatory expectations, the Bank has implemented a comprehensive operational resilience framework to actively assess the vulnerabilities and recoverability of the Bank's critical services.

Information security risk

The Bank has implemented an integrated approach to IT and information security. The governance around these areas is monitored at the Information Technology and Security Committee. Additionally, BRC periodically reviews the cyber threat landscape and the measures taken by the Bank to mitigate cyber security risks and threats. These include periodic vulnerability and penetration testing, application security life cycle assessment, information security awareness programs and cyber incident management. In April 2024, the Bank renewed its "Cyber Essentials " certificate and badge which demonstrates that the Bank's information security processes and procedures meet recognised UK baseline standards.

The Bank has a Data Protection Policy (DPP) to ensure that personal and sensitive information about its clients, employees, vendors, and others with whom it communicates is dealt with in accordance with the relevant national laws.

Operational Resilience

A key priority for the supervisory authorities in UK is to put in place a stronger regulatory framework to promote the operational resilience of firms and financial market infrastructures. In CP29/19 the PRA set out its proposals for operational resilience policy, building on the principles in the 2018 DP, 'Building the UK financial sector's operational resilience'. The proposals were designed to improve the operational resilience of firms and protect the wider financial sector and UK economy from the impact of operational disruptions. The Operational Resilience Parts and SS1/21 became effective from March 31, 2022, and set the requirements and expectations for firms to:

- identify their important business services by considering how disruption to the business services they provide can have an impact on PRA objectives and set an impact tolerance for disruption for each important business service by March 31, 2022.

[1] Cyber essentials is a UK government backed certification, awarded to companies which follow the core principles of cyber security outlined by the cyber essentials scheme.

- ensure they can continue to deliver their important business services and are able to remain within their impact tolerances during severe but plausible scenarios by March 31, 2025.

The Bank had set up a Working group (WG) on Operational resilience that comprises representatives from various teams of the Bank under the supervision of the Head of Operations. The WG reported its activities to the MC, which had an oversight of the WG's activities, and the BRC. The WG also engaged with an external consultant to seek feedback on the best market practices in this area. Pursuant to detailed work done by the WG and engagement with an external consultant, the BRC approved the Operational Resilience Policy and framework in March 2022 which is now reviewed every year. With the adoption of the policy and framework, the Bank has met the regulatory expectations around identification of important business services and set an impact tolerance for disruption for each important business service.

Post March 2022, the Bank with the help of the external consultant has completed enhanced scenario testing, training, embedding a culture of Operational resilience, Management Information, and reporting. The Bank has taken appropriate actions to fix all the vulnerabilities identified through enhanced scenario analysis. Therefore, the Bank has implemented a comprehensive operational resilience framework to actively assess the vulnerabilities and recoverability of the Bank's critical services. Accordingly, the Bank has met the regulatory expectations to ensure that it can continue to deliver its important business services and is able to remain within their impact tolerances during severe but plausible scenarios.

Conduct and reputational risks

The Bank's conduct risk philosophy is to develop and maintain long-term relationships with its customers, based on openness, trust and fairness. It expects that the behavior and motivation of every employee must be about good conduct and adherence to established controls to deliver fair and appropriate outcomes to our customers.

The Bank evaluates the impact of the changing regulatory requirements on an ongoing basis and is fully committed to establishing controls to deliver fair and appropriate outcomes for its customers. The Compliance Group is responsible for the monitoring and framing policies and procedures to mitigate conduct risk including fraud within the conduct risk appetite of the Bank.

Performance against conduct risk related matters are reviewed and monitored by the BCRC and at the executive level by the CORMAC. Both Committees meet on a periodic basis and receive regular updates from Business, Operations and Compliance teams.

In July 2022, the FCA issued the Policy Statement and guidance document pertaining to new Consumer Duty, covering areas such as products and services, fair value, and higher standard of care for vulnerable customers. The new requirements came into force on July 31, 2023. The Bank has successfully implemented consumer duty requirements for new, existing, and closed products and services. It has established appropriate processes and governance arrangements for ongoing monitoring. Additionally, the Bank has implemented an MI suite, including a Conduct and Consumer Duty dashboard, which is fully embedded and regularly reported to BCRC. This enables senior management to maintain oversight of compliance with the principles of consumer duty within the organization, ensuring good outcomes for customers.

The Bank has embedded its whistleblowing policy through regular training of staff and communications to staff to raise awareness of the policy. The policy provides for staff to raise concerns, on a confidential basis. An annual report on whistleblowing is presented to the Board Audit Committee, within the statutory requirements for such disclosure.

The Bank has a Code of Personal Conduct ("the Code") designed to provide guidance and support to staff members and to foster and strengthen its corporate culture. One of the key four pillars of the Code, which defines the Bank's cultural values, is its responsibilities and commitment towards its people, customers and suppliers.

Environment, Social and Governance Initiatives

The Bank is committed to taking suitable steps to align to the UK Government's mission to minimise impact on climate change. Various initiatives taken by the Bank for climate change is provided below:

Climate change

The Bank monitors the regulatory landscape and steps being taken by the industry on 'Climate Change' and 'Environmental Social & Governance (ESG)' aspects. The Bank acknowledges that climate change can lead to physical risks, such as severe weather events (e.g. sea level rise, flooding) and transition risks, such as the possibility of deterioration in the customer's ability to meet its financial obligations due to the global movement from a high-carbon economy to a low-carbon economy.

The Bank's CRO has the additional responsibility as Senior Management Function (SMF) to ensure that the regulatory expectations are adequately addressed, and the Board Risk Committee has oversight of the climate change related action plan of the Bank. The CRO chairs the internal Working Group (WG) on Climate Change which has members from various departments of the Bank. The WG tracks the latest regulatory guidance, expectations, and developments in the industry about climate change and ESG considerations. The WG meets regularly to share the knowledge gained by participating in webinars and discussions organised by forums and associations in the UK and Europe as well as by international rating agencies. It provides quarterly updates to the Management Committee (MC) and the BRC on the Banks' activities, key regulatory developments, and actions being taken in the industry to manage and meet requirements for managing risks related to climate change. The members of the WG are also in regular touch with the team of Parent bank which is driving its Sustainability and Corporate Social Responsibility objectives.

For FY2025, the BRC approved an action plan for the Bank covering the key areas of Governance, Risk Management, Scenario analysis and Disclosure to meet the requirements of the PRA's Supervisory Statement on 'Enhancing banks and insurers' approaches to managing the financial risks from climate change' (SS3/19). The Bank has taken an approach proportionate to its size and nature of operations within the UK. The key actions taken during FY2025 were as below:

- The Bank compiled information on energy efficiency ratings of its premises in the UK and it was noted that the Bank is in compliance with the current minimum standard of 'E'.

- The Bank is following applicable regulatory requirements including those related to Streamlined Energy and Carbon Reporting (SECR). SECR is a reporting framework requiring companies to make disclosures on energy and carbon and is intended to encourage the implementation of energy efficiency measures, with both economic and environmental benefits, supporting companies in cutting costs and improving productivity at the same time as reducing carbon emissions.

- The Bank is not engaged in any manufacturing activity and the overall energy consumption is not material given its size of current operations. However, the Bank has computed Scope 1, Scope 2, and Scope 3 (own travel) emissions for its UK offices through an independent consultant.

  Methodology

  The Bank's follows the GHG Reporting Protocol and uses the Government's greenhouse gas reporting conversion factors (2024) to quantify emissions in tonnes of Carbon Dioxide equivalent (tCO_2e). Total emissions are reported using the financial control boundary criteria.

	FY 2025	FY 2024	FY2023	FY2022
Total energy consumption (kWh)	455,073	459,384	393,433	555,643
- Scope 1	-	-	-	-
- Scope 2(Electricity)	398,817	437,358	345,203	499,131
- Scope 3(Transport fuel - Grey fleet)***	56,256	22,026	48,230	56,512
Intensity metrics				
- $kgCO_2e$/square foot	44	44	36	54
- $kgCO_2e$/Full Time Equivalent	457	507	446	678

Emissions Source	FY 2025	FY 2024	FY2023	FY2022
Scope 1	Nil	Nil	Nil	Nil
Scope 2 (Electricity) - tCO_2e	83	91	67	106
Scope 3 (Own travel)***	804	237	233	227
Total	887	328	300	333

****Based on assumptions for fuel consumption*

Energy efficiency actions taken during the year

The Bank has undertaken LED Replacement Project as part of a rolling process and more than 85% of lights have been replaced with LED lights. The Bank is continuing its post ESOS Phase 3 compliance actions, to further drive energy efficiency and improve performance in compliance reporting, awareness, and training.

Governance

- The mandates of the Board, Board Risk Committee and the MC suitably reflect their responsibility of oversight on the climate change related activities of the Bank. An awareness session for the Non-Executive Directors of the Bank on climate change was undertaken to keep them abreast of key climate change developments across the external landscape.

Risk Management

- The Bank's risk appetite statements were reviewed by the Board. It was decided that the statements appropriately reflected the Bank's position for FY2025.

- In accordance with one of the recommendations under the Climate Risk Financial Risk Forum (CFRF) guide on Risk Management, the Bank adopted the Notre Dame Global Adaptation Index (ND-Gain Index) score as a parameter for setting country limits. The score is an outcome of an online tool that uses forty-five indicators and over 20 years of data to summarise the vulnerability and readiness of 181 nations to the global challenges brought by climate disruption.

- For corporate borrowers constituting the credit portfolio, a process has been institutionalised to score parameters like sectoral, regulatory, physical, transition, litigation and reputation risks on account of climate change as part of appraisal and asset quality review (AQR) notes. The final weighted scores have been used to categorise the fiscal impact of climate change on the borrower's business into either 'High', 'Medium', 'Low' or 'Safe'. The Bank proposes to increase engagement with borrowers assessed as potential 'High' impact and seek more information on their action plan to transition to net zero.

- For the Loans against property (LAP) portfolio, the Bank's policy has a requirement for obtaining copies of Energy Performance Certificates (EPCs), issued by HM Government in accordance with Energy Performance Buildings Regulation, 2012 (as amended), for all properties provided as security to the Bank for such loans. The EPCs provide the energy efficiency ratings (EERs) for each property. The Bank's panel valuers are increasingly being required to verify and include relevant details in their valuation report submitted to the Bank. Appropriate information and commentary are being captured in the appraisal and the periodic asset quality review (AQR) notes. The Bank does not lend against properties that are in areas of extremely high flood risk and where previous flooding has been noted even though flood insurance might be available.

Scenario analysis

- The PRA expects firms to use climate scenarios to understand the impact of the financial risks from climate change on their key financial metrics. The PRA considers the ICAAP for banks to be useful frameworks to consider the financial risks from climate change. The PRA expects approaches to scenario analysis to evolve and mature over time.

- In line with regulatory expectations, the Bank undertook climate risk related scenario analysis and stress testing as part of the review of its ICAAP in July 2024. Considering the size and nature of business, the Bank will evolve its approach over time, in line with regulatory expectations.

Disclosure

- Climate change related disclosures are reviewed and suitably enhanced in the Bank's annual report and Pillar 3 disclosures document annually.
- Currently, two links are available on the Bank's website: "Climate Change" tab at the footer on the main page and "Environmental, Social and Governance Initiatives" tab on the "About Us" page. These provide more details on Climate Change related key regulations in the UK and the EU. A link has been provided to access the Parent Bank's latest Environmental, Social and Governance report. (ICICI Bank ESG Report 2024 - Driving Sustainable Growth)

Corporate Governance

The Bank's corporate governance framework is based on an effective independent Board, the separation of the Board's supervisory role from the executive management of the Bank and the constitution of Board Committees to oversee critical areas and functions of executive management. The Bank has a total number of five Non-Executive Directors and one Executive Director on the Board. Two of the Non-Executive Directors are representatives of the Bank's Parent Bank, ICICI Bank Limited, and three are independent.

The Bank operates a three lines of defense model including independent control groups such as Compliance and Risk forming second line of defense and Internal Audit forming third line of defense to facilitate independent evaluation, monitoring, and reporting of various risks across the organisation. These functions act independently of the business groups and are represented at the various Committees.

Effective corporate governance and compliance is a prerequisite to achieving the Bank's strategic objectives. The Bank has maintained a strong focus on controls, governance, compliance, and risk management to provide a sound foundation for the business. It ensures the embedding of a controls and compliance culture throughout the organisation. Information technology is used as a strategic tool for the Bank's business operations, to gain a competitive advantage and to improve its overall productivity and efficiency.

The Bank's Board is responsible for creating and delivering sustainable stakeholder value by providing oversight to the Bank's business. The Board is also the decision-making body for all matters having significant strategic, financial, or reputational implications or consequences.

The Board has delegated certain powers to five Board Committees which are the Board Risk Committee, Board Credit Committee, Board Audit Committee, Board Conduct Risk Committee and Board Governance Nomination and Remuneration Committee. The Bank has an established governance framework with clear terms, reference and mandates for these Committees. During the year, the Bank reconstituted the Board Credit Committee by carving out its mandate from the Board Risk Committee.

The Bank is not listed in the UK and hence UK corporate governance code is not applicable to the Bank.

Section 172 statement

As per section 172 of the UK Companies Act 2006, the Directors must act in good faith to promote the success of the company and the Board is required to have full regard to the likely consequences of any decisions in the longer term, interests of the company's employees, need to foster the company's business relationships with suppliers, customers, debt holders and others, impact of the company's operations on the community and the environment, desirability of the company maintaining a reputation for high standards of business conduct and need to act fairly between stakeholders of the company. In consideration of these factors, the Directors discharge their duties supported by the annual training programme developed by the Bank to enhance their professional knowledge and understanding of the Bank's business model and strategy; well-managed, structured and comprehensive Board and Committee meetings and adequate information to enable the Board to take informed decisions for the long-term success of the Bank. The Bank held its annual business strategy meeting with the Directors during March 2025, wherein detailed discussions about the business model and strategy was held. In addition, the Bank held Board and its Committee meetings on a quarterly basis during FY2025, wherein comprehensive deliberations on various matters were held. The directors also completed various trainings during FY2025 to enhance their professional knowledge.

Employee engagement: Ongoing employee engagement is embedded in the Bank's strategy and objectives. The management committee including the MD & CEO engages with the employees at all levels on a frequent basis through 'Town Hall' meetings, video conference and informal meetings to provide an update on the Bank's performance and strategy. The Directors receive updates on the employee engagement initiatives, key demographic details of the employees and feedback from Culture & Conduct surveys conducted by the Bank.

Stakeholder engagement: The Bank ensures regular engagement of the Board with key stakeholders including regulators, customers, debt holders and suppliers. The Board receives regular updates via its various Committees on key regulatory themes, current topics and priorities. The Senior Management of the Bank is regularly engaged with regulators to understand their views and expectations and to update them about the Bank's strategy and business model, including periodic meetings of regulators with the independent non-executive directors as and when sought by regulators. The BCRC is focused and committed to the Bank's conduct with its customers to ensure that they are treated fairly, they receive the right outcome and conduct risk is appropriately mitigated. The BCRC receives regular updates on the Bank's engagement with its customers including, but not limited to, new product and service launches, the management of conduct risk, various customer service initiatives, status of customer complaints and their root cause analysis. The Directors receives an annual update on the performance of outsourced service providers and payment practices and other initiatives involving suppliers. These engagements help the Board to obtain important feedback from various stakeholders and incorporate, wherever relevant, the same while approving business strategy for the Bank.

Policy on slavery and human trafficking

The Bank supports and acknowledges the requirements of the Modern Slavery Act 2015 ("the Act") and takes the necessary steps to ensure compliance within the organisation and its supply chain. The Bank has established a policy on slavery and human trafficking, which is reviewed annually at the Board Conduct Risk Committee. The policy states that the Bank will not support or deal with any businesses knowingly involved in slavery or human trafficking. Further, the Bank will take steps to ensure that the risk of slavery and human trafficking taking place within the employees of the Bank, its customers and suppliers is appropriately mitigated.

Given the regulated nature of the Bank's business, and the fact that the Bank does not have extended supply chains or obtain material services from suppliers in high-risk countries, overall, the Bank has a low risk of exposure to modern slavery and human trafficking within its business operations and supply chain. Notwithstanding this, the Bank actively seeks to improve its controls within this area and remains committed to doing everything it reasonably can to contribute toward helping eradicate modern slavery and human trafficking.

Bribery and Corruption Prevention Policy

The Bank is committed to carrying out business honestly and openly. It therefore expects each employee to act with the highest standards of integrity and honesty in carrying out his or her duties, thereby helping customers to have confidence when entrusting their business to the Bank. The Bank recognise that bribery and corruption can have an adverse effect on firms and the communities they serve. The Bank is therefore committed to enforcing high moral and ethical standards in all its business activities. The Bank believes that business success should depend on a fair and open assessment of the Bank 's products and services. The Bank has a comprehensive policy in place to meet these objectives and the policy is also designed to reflect the UK statutory requirements.

Senior Managers Regime

The Bank has fully implemented the requirements of the Senior Managers regime, which came into effect on March 7, 2016. Specifically, the regime requires firms to:

1. Allocate a range of responsibilities to Senior Managers (including Non-Executive Directors) and to regularly vet their fitness and propriety. This will focus accountability on a narrower number of senior individuals in banks than the previous Approved Persons Regime.

2. Assess the fitness and propriety of certain employees (certification employees) who could pose a risk of significant harm to the bank or any of its customers and issue them with certificates on an annual basis.

3. Adhere to the PRA and FCA conduct rules to a broad range of staff, including the Senior Managers and the certification staff.

The Bank presents regular updates on compliance with the regime to the BGNRC.

Internal Audit

Internal Audit is an integral part of the ongoing monitoring of the Bank's system of internal controls. The Internal Audit Group is an independent function with separate reporting lines to business units. The Bank has put in place a risk based internal audit plan to verify that operating policies and procedures are implemented as intended and are functioning effectively. Internal Audit also evaluates whether the framework including the associated governance processes meets the Bank's needs and regulatory expectations/requirements.

By order of the Board

Raghav Singhal
Managing Director & Chief Executive Officer

Dharam Singla
CFO, CS & Head of Treasury

April 29, 2025
Registered address:
One Thomas More Square
London E1W 1YN

Directors' report

The Directors have pleasure in presenting the 22nd annual report of ICICI Bank UK PLC, together with the audited financial statements for the year ended March 31, 2025. The Bank delivers its banking services through its branches in UK and Germany. The Bank's business strategy is included in the Strategic Report.

Financial Results

The financial statements for the reporting year ended March 31, 2025, are shown on pages 41 to 96.

Directors

Mr. Rajesh Rai	Non-Executive Director, Chairperson of the Board (with effect from September 23, 2024)[1]
Mr. Anupam Verma	Non-Executive Director (with effect from September 23, 2024)
Mr. Mike Jones	Independent Non-Executive Director (with effect from October 21, 2024)[2]
Mr. Stephen Krag	Independent Non-Executive Director
Ms. Serena Joseph	Independent Non-Executive Director
Mr. Raghav Singhal	Managing Director & CEO

Note:
1. Mr. Sriram Hariharan served as Chairperson of the Board from April 1, 2024, till September 23, 2024.
2. Mr. Robert Huw Morgan served as Independent Non-Executive Director from April 1, 2024, till August 31, 2024.

Directors' Indemnities

The Parent Bank has taken Directors and Officers (D&O) insurance policy which covers various group companies including the Bank. The D&O insurance covers Directors' personal losses (including defence costs) caused due to alleged wrongful acts/omissions committed by them in the course of employment and is renewed on an annual basis.

Company Secretary

The name of the Company Secretary of the Bank is Mr. Dharam Singla.

Going Concern

The Board has assessed the Bank's going concern and confirms that the Directors are satisfied that the Bank has the resources to continue its business for at least 12 months from the date of approval of these financial statements.

In making the assessment, the Directors have considered detailed information relating to present and potential future conditions, including profitability, cash flows and capital resources, and in particular:

- Considered existing and emerging risks which could impact the Bank's current business operations. Reviewed the Bank's plans and actions to identify, manage and control these risks.

- Conducted a strategic review of the business model including the impact of various emerging risks including continuing geopolitical risks in Eastern Europe & the Middle East and tariffs on international trade by the US administration. The details of the same is provided in the Strategic report. The Bank has a framework for stress testing which covers the key risks faced by the Bank i.e. credit risk, market risk, liquidity risk and operational risk. The Bank conducts annual stress testing as part of ICAAP and ILAAP. For further details, refer to note 37.

- Assessed Bank's financial projections and taking account of potential changes in its business model in subsequent years. Reviewed funding profile and assessed Bank's ability to maintain adequate liquidity levels through managing both retail and wholesale funding sources and meet the regulatory liquidity requirements through maintaining liquid assets.

- As of March 31, 2025, the Bank maintained liquidity and capital positions in surplus over the regulatory requirements.

The Directors considered the financial resilience of the Bank taking into account the Bank's decision to keep sufficient liquidity. The Bank has been maintaining sufficient liquidity and has ability to raise funding from diverse sources of funding including customer deposits and wholesale borrowings. As of March 31, 2025, the Bank maintained liquidity and capital positions in surplus over the regulatory requirements. In consideration of the steps taken, the Directors are satisfied with the operational and financial resilience of the Bank.

With regards to ICICI Bank Limited (the Parent Bank) support, the Directors considered that the Parent Bank has issued a letter of comfort to the Bank's regulators, the Financial Services Authority (FSA), now the PRA, stating that the Parent Bank intends to financially support the Bank in ensuring that it meets all of its financial obligations as they fall due. The Directors also considered the last available capital adequacy ratio of the Parent Bank at 16.6% and Tier 1 ratio at 15.9% on standalone basis as of December 31, 2024.

In consideration of the factors mentioned above, the assessment concluded that the Bank will be able to continue in operations and meet its liabilities as they fall due for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing the accounts.

Share Capital

As of March 31, 2025, the issued and fully paid share capital amounted to USD 220.1 million (INR 18,813 million).

Employees

During the current financial year, the Bank employed 158 employees (FY2024: 158). The Bank actively encourages the involvement of all employees in its overall performance and profitability.

The Bank offers a comprehensive pension scheme in UK for all employees. Additionally, all employees have life insurance cover to the extent of four times their annual base salary. The Bank also has a private medical insurance plan, which covers permanent employees and their eligible dependents in UK.

The Bank is committed to employment practices and policies that recognise the diversity of its workforce and ensure equality and inclusion for all employees, regardless of age, disability, gender reassignment, race, colour, nationality, ethnic or national origin, religion or belief, sex, sexual orientation, marriage and civil partnership status, or pregnancy and maternity. Employees are closely involved in significant changes affecting them through measures such as team meetings, briefings, and internal communications. The Bank has adopted a Code of Conduct, which establishes the core values and behaviours expected of senior management and other employees. The requirements of the Code are for all employees to act with integrity and maintain the right culture at all times. It also reinforces the Bank's commitment to maintaining high standards in management of our relationship with customers, employees and suppliers. Acknowledging its social and statutory duties, the Bank adheres to a policy of providing equal employment opportunities for people with disabilities, ensuring the same opportunities as for others.

The Bank follows a conservative and comprehensive approach towards remuneration. The Bank has adopted and implemented a Remuneration Policy which has been approved by the Board Governance Nomination and Remuneration Committee. The Bank ensures that it adheres to the Remuneration Code guidelines published by the PRA and FCA. The Bank's remuneration policy disclosures are made available on the Bank's website: https://www.icicibank.co.uk/en/personal/basel-disclosures as part of Pillar 3 disclosures.

The Bank believes in creating a culture of free and open conversation. Forums of engagement have been established where employees can engage with the senior leadership of the Bank and seek clarification on policy and strategy. Senior management regularly interacts with employees both physically and virtually to emphasise the Bank's cultural anchors, including ethical conduct and adherence to regulations and compliance. Employees are kept informed about the Bank's strategy, performance, and progress through quarterly engagement sessions on financial performance led by the MD and CEO and the leadership team. Additionally, through MD & CEO Communication Meetings, the Leadership Team engages with employees to align them with the Bank's ethos, serving as forums for two-way communication with business leaders. These sessions also act as listening posts for employees. New employees are introduced to the Bank's culture and systems through expert led Banker First sessions. To cultivate an adaptable environment, each new employee is assigned a work colleague under buddy programme. The Bank has institutionalised a robust succession planning and leadership development initiative to identify and prepare leaders for next-level roles.

In summary, ICICI Bank UK PLC remains dedicated to fostering an inclusive and supportive environment for all employees. By prioritising comprehensive benefits, consistent and transparent communication, and robust leadership development, the Bank ensures its workforce is well equipped to contribute to its continued success and sustainability.

Political contributions

The Bank made no political donations or incurred any political expenditure during the year (FY2024: NIL).

Environment, Social and Governance Initiatives

The Bank is committed towards minimising climate change impact. Various initiatives taken by the Bank for climate change is provided in the strategic report.

Dividends

The Board has recommended a final dividend of USD 16.0 million (INR 1,368 million) for FY2025 (FY2024: USD 13.0 million; INR 1,111 million) on ordinary shares of the Bank, subject to approval by shareholders at the Annual General Meeting (AGM).

Financial instruments

The Bank uses financial instruments to manage certain types of risk, including foreign exchange and interest rate risk. Details of the management of these risks are provided under Risk management section outlined in Note 37.

Post balance sheet events

There have been no material events after the balance sheet date identified up until the date of these financial statements which would require disclosure or adjustments to the March 31, 2025, financial statements.

Disclosure of information to the Auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Bank's auditor is unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Bank's auditor is aware of that information.

Auditor

BDO LLP was appointed as the auditor of the Bank at its Annual General Meeting on July 16, 2024, for a year.

By order of the Board

Raghav Singhal
Managing Director & Chief Executive Officer

Dharam Singla
CFO, CS & Head of Treasury

April 29, 2025
Registered number: 4663024
Registered address: One Thomas More Square
London E1W 1YN

Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Raghav Singhal
Managing Director & Chief Executive Officer

Dharam Singla
CFO, CS & Head of Treasury

April 29, 2025
Registered number: 4663024
Registered address:
One Thomas More Square
London E1W 1YN

Independent auditor's report to the members of ICICI Bank UK PLC

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Bank's affairs as at 31 March 2025 and of the Bank's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ICICI Bank UK PLC (the "Bank" or "the Company") for the year ended 31 March 2025 which comprise the Profit and loss account, the Statement of other comprehensive income, the Balance sheet, and the Statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 22 April 2021 to audit the financial statements for the period ended 31 March 2025 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 4 years, covering the years ended 31 March 2022 to 31 March 2025.

We remain independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Bank.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Bank's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the Bank's regulatory correspondence, and discussion with the Prudential Regulation Authority (PRA), to understand their views of the Bank and ascertain whether there were any other matters that may impact the Bank's ability to continue as a going concern;
- Reviewing the Internal Capital Adequacy Assessment Process (ICAAP), Internal liquidity adequacy assessment process (ILAAP) and regulatory capital and liquidity requirements;
- Evaluating forecasts, considering the implications of any events described in or on-going concern assumptions. We also assessed the Directors' ability to forecast accurately, comparing historic forecasts to actual results;

- Checking the arithmetical accuracy of forecast;
- testing the sensitivity of certain assumptions applied in the forecast through independent sensitivity analysis and also applying some stress scenarios around economic uncertainty;
- Evaluating the Directors' method including the relevance and reliability of underlying data used to make the assessment, whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other. We also evaluated the Board's plans for future actions in relation to the going concern assessment including whether such plans are feasible in the circumstances; and
- Reviewing the adequacy of the disclosures within the financial statements in relation to going concern in accordance with the requirements of the accounting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Bank's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

		2025	2024
Key audit matters	Revenue recognition	×	✓
	Impairment allowance on loans and advances	✓	✓
	Revenue recognition is no longer considered to be a Key Audit Matter because it does not meet the criteria for classification as a Key Audit Matter. The absence of complexity, material misstatements, control deficiencies, or significant audit challenges confirms that this area does not require enhanced disclosure in the auditor's report. In the current year, the presumed fraud risk on revenue recognition has been assessed and rebutted, further supporting its exclusion as a KAM.		
Materiality	$1,601,000 (2024: $1,552,000) based on 5% of Profit Before Tax (2024: 5% of Profit before tax)		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Bank and its environment, including the Bank's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Bank financial statements. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the Bank financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Our involvement with group auditors

The Bank obtains operational and infrastructure support from its parent, ICICI Bank Limited in India. Within our scoping process we identified audit work to be performed over selected processes and controls performed by the parent Bank.

We issued instructions to the non-BDO member firm auditors of parent Bank. These instructions included the required nature, timing and extent of procedures to be performed, materiality levels to be used, compliance with the UK ethical standard, UK auditing standards and independence regulations. We directed, supervised and reviewed the parent Bank auditors' work. Our engagement with the parent Bank auditor included regular meetings to discuss the audit approach and any issues arising in their work, reviews of the formal reporting documents and selected working papers, ensuring that the work performed was adequate for the purpose of our audit.

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Bank's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Bank operates and how climate change affects this particular sector;
- Review of the minutes of Board and Audit Committee meeting and other papers related to climate change and performed a risk assessment as to how the impact of the Bank's commitment as set out in the Strategic Report may affect the financial statements and our audit.

We also assessed the consistency of managements disclosures included as 'Statutory Other Information on pages 3 to 21 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Impairment losses on loans and advances See Note 3 and Note 4 (critical estimates and judgements) The Bank holds $9.1M of impairment provisions at year-end (2024: $6.8M).	The Bank accounts for the impairment of loans and advances to customers using an incurred loss model. In accordance with the requirements of the applicable accounting standards, management has calculated two types of provisions. (i) A specific provision is calculated for loans where there is an observable loss event. (ii) A collective provision for non-India linked portfolio is recognised for loans which are impaired as at the year end date and, whilst not specifically identified as such, are known from experience to be present in any portfolio of loans. Estimating an appropriate loan loss provision requires significant management judgement in determining the value and timing of future cash flows. In particular, the assumptions related to Credit risk ratings, Probability of Default (PDs) and Loss Given Default (LGDs). Assumptions surrounding the Non-India Linked PD's are the most significant and have been identified as a significant risk and key audit matter, together with the relevant disclosures required. Alongside this the accuracy and completeness of the specific provision is considered a significant risk due to the subjectivity and estimates involved in its determination.	We evaluated the design, implementation and tested the operating effectiveness of the controls in place around the loan loss provisions. We assessed the specific and collective provision methodology against the requirements of applicable accounting standard. For Testing on Specific provisions: • We assessed the Bank's impaired loans for impairment indicators in order to validate the classification as impaired as well as recalculating the provision based on BDO's own independently sourced data where applicable then comparing that to the provision computed by management. This also includes assessing the adequacy and accuracy of the loan provision by reference to relevant financial reporting standards (FRS 102 and IAS 39). • We challenged management assumptions over haircuts applied to the collateral valuations based on external industry information available. • We understood and tested the data and reports that fed into the Bank's specific impairment assessment to external sources. • We tested the appropriateness of credit risk ratings on a sample of loans by obtaining the underlying entities financial information and reviewing them against the Bank's assumptions, judgements and conclusions. • We reviewed and challenged the Bank's AQR ("Asset Quality Review") assessment and performed a thorough assessment of qualitative factors factored into the provision and to ensure that non-performing assets are timely and accurately identified. • We examined the Bank's assessment of the impaired and asset under watch facilities and assessed the Bank's calculations in arriving at the specific provision. We also performed sensitivity analysis over key variables. • We reviewed the minutes of Executive Credit and Risk Committee meetings where performance of facilities are discussed and highlighted to ensure the list of impaired cases is accurate and complete. • We performed an assessment of facilities classified as Assets Under Watch and determined that this classification was correct and that these facilities are not impaired.

.		For the collective provision, • We tested the appropriateness of the key assumptions within the model such as Credit risk ratings, Scalar data, Probability of Default (PDs) data, and Loss Given Default (LGDs) calculations. • We tested the completeness and accuracy of the data that feeds into the model by checking the reports used in the models. • We also agreed a sample of loan data from the model to the underlying loan contracts. • We performed sensitivity analysis on these key inputs and performed benchmarking on the loans against property portfolio. • We challenged management on the adequacy of segmentation of the portfolio by assessing the impact of segmenting the portfolio in a variety of ways and on a more granular basis on the collective provision amount. • We assessed the arithmetical accuracy of the collective provision model by performing a check of formulas in the collective provision model. • We challenged managements use of their chosen credit rating agency. As part of the challenging process, we assessed whether chosen rating agency has sufficient data coverage that adequately reflects the credit risk of the portfolio. This includes comparing the data used to other reputable credit rating agencies. • We assessed the minutes of Executive Credit and Risk Committee meetings where updates in PDs are discussed, and approved to ensure that PDs applied are complete and accurate. • We engaged our IT specialists and understood the mechanism of data and reports that feed into the Bank's Assessment and tested automated flagging for identification of loans which are in arrears such as irregularity report. • We understood management's rationale around the overlays and judgements applied, particularly around the stressed economic scalars included within the management overlay model. We assessed the adequacy and appropriateness of disclosures for compliance with the applicable accounting standards. Key observations: We have not identified any indicators that the provision for loans and advances to customers and the related disclosures unreasonably estimated in consideration of the key assumptions and judgements made.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	2025	2024
Materiality	$1,601,000	$1,552,000
Basis for determining materiality	5% of Profit before Tax	5% of Profit before Tax
Rationale for the benchmark applied	Selected as our benchmark as the entity focuses on profitability, seen as the main interest of investors.	Selected as our benchmark as the entity focuses on profitability, seen as the main interest of investors.
Performance materiality	$1,200,000	$1,008,000
Basis for determining performance materiality	75% of materiality, determined on the basis of our risk assessment together with our assessment of the overall control environment	65% of materiality, determined on the basis of our risk assessment together with our assessment of the overall control environment.
Rationale for the percentage applied for performance materiality	We determined performance materiality based on our risk assessment conclusions, assessment of prior period audit adjustments and our assessment of the overall control environment.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $80,000 (2024: $ 77,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report, Directors' Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic Report and Directors' Report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Bank and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given in note 36 for the financial year ended 31 March 2025 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Bank and the industry in which it operates;
- Discussion with management and those charged with governance, legal counsel, Audit Committee, Internal Audit and Compliance; and
- Obtaining and understanding of the Bank's policies and procedures regarding compliance with laws and regulations;

We considered the significant laws and regulations to be Companies Act 2006, United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA") regulations, Capital Requirements (Country-by-Country Reporting), and relevant tax legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory (FCA and PRA) and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, and Internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Bank's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team, including the involvement of the forensic specialist, as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be manual, and computer dependent journals and the significant estimates set out in the loan loss provisioning.

Our procedures in respect of the above included:

- Testing journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Utilising our digital tool, analysing the full listing of all ledger transactions focusing our review on key journal characteristics assessed as unusual or of heightened risk and manual journals;
- Assessing whether the judgements made in making accounting estimates were indicative of a potential bias such as loan provisioning as set out in the Key Audit Matters section; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Taylor (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

29 April 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Profit and loss account for the year ended March 31, 2025

Convenience translation (Refer to Note 2 (b))

	Note	**Year ended March 31, 2025 USD 000s**	Year ended March 31, 2024 USD 000s	**Year ended March 31, 2025 INR million**	Year ended March 31, 2024 INR million
Interest income and similar income	5	**124,272**	123,959	**10,622**	10,596
Interest expense	6	**(58,391)**	(57,300)	**(4,991)**	(4,898)
Net interest income		**65,881**	66,659	**5,631**	5,698
Fees and commissions receivable		**8,656**	7,399	**740**	632
Foreign exchange revaluation gains		**8,918**	8,389	**762**	717
Income/(Loss) on financial instruments at fair value through profit and loss	7	**1,238**	(17)	**106**	(1)
Profit on sale of financial assets	8	**2,601**	3,221	**222**	275
Other operating income		**28**	40	**2**	3
Net Income		**87,322**	85,691	**7,463**	7,324
Administrative expenses	9	**(51,266)**	(46,758)	**(4,382)**	(3,996)
Depreciation	22	**(786)**	(709)	**(67)**	(61)
Impairment on investment securities	21	**(27)**	(23)	**(2)**	(2)
Impairment on loans and advances	20	**(3,207)**	(7,145)	**(274)**	(611)
Profit on ordinary activities before tax		**32,036**	31,056	**2,738**	2,655
Tax on profit on ordinary activities	11	**(5,208)**	(2,279)	**(445)**	(195)
Profit on ordinary activities after tax		**26,828**	28,777	**2,293**	2,460

Statement of other comprehensive Income for the year ended March 31, 2025

Convenience translation (Refer to Note 2 (b))

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Profit on ordinary activities after tax	**26,828**	28,777	**2,293**	2,460
Other Comprehensive Income				
Movement in available for sale reserve				
Movement in fair value of available for sale debt securities during the year	**851**	2,164	**73**	185
Taxation relating to movement of available for sale debt securities	**(207)**	(547)	**(18)**	(47)
Net movement in other comprehensive income for the period, net of tax	**644**	1,617	**55**	138
Total comprehensive income for the year	**27,472**	30,394	**2,348**	2,598

The notes on pages 41 to 96 form part of these financial statements

Balance sheet at March 31, 2025

Convenience translation (Refer to Note 2 (b))

	Note	**March 31, 2025 USD 000s**	March 31, 2024 restated* USD 000s	**March 31, 2025 INR million**	March 31, 2024 restated* INR million
Assets					
Cash and Balances at Central Banks	16	**403,868**	219,629	**34,521**	18,773
Treasury Bill and other eligible bills	21	**140,589**	146,509	**12,017**	12,523
Loans and advances to banks	17	**339,561**	355,557	**29,024**	30,391
Loans and advances to customers	18	**964,471**	888,857	**82,438**	75,975
Debt Securities#	21	**529,572**	545,700	**45,265**	46,644
Equity shares#	21	**5,480**	6,084	**468**	520
Derivative Financial instruments	39	**22,995**	23,710	**1,965**	2,027
Tangible & intangible fixed assets	22	**2,447**	2,350	**209**	201
Other assets	23	**11,331**	13,339	**969**	1,140
Prepayments and accrued income		**1,299**	1,525	**111**	130
Total assets		**2,421,613**	2,203,260	**206,987**	188,324
Liabilities					
Deposits by banks	24	**27,169**	-	**2,322**	-
Customer accounts	25	**1,901,625**	1,668,596	**162,541**	142,623
Derivative Financial instruments	39	**16,587**	19,191	**1,418**	1,640
Other liabilities	27	**28,627**	24,163	**2,447**	2,065
Accruals and deferred income		**11,671**	11,078	**998**	948
Subordinated debt	26	**50,568**	50,028	**4,322**	4,276
Repurchase Agreements	28	**33,425**	92,735	**2,857**	7,927
Total Liabilities		**2,069,672**	1,865,791	**176,905**	159,479
Shareholders' funds:					
Issued share capital	29	**220,095**	220,095	**18,813**	18,813
Capital contribution		**12,208**	12,208	**1,043**	1,043
Retained earnings		**117,423**	103,595	**10,037**	8,855
Available for sale reserve		**2,215**	1,571	**189**	134
Total Equity		**351,941**	337,469	**30,082**	28,845
Total Equity and Liabilities		**2,421,613**	2,203,260	**206,987**	188,324

The notes on pages 41 to 96 form part of these financial statements. These financial statements were approved by the Board of Directors on April 16, 2025 and were signed on its behalf by:

Raghav Singhal
Managing Director
& Chief Executive Officer
ICICI Bank UK PLC
Registered number 4663024

Dharam Singla
CFO, CS & Head of Treasury

Debt Securities of USD 529.6 million (FY2024: USD 545.7 million) and Equity Securities of USD 5.5 million (FY2024: USD 6.1 million) have been presented in separate line items in the current year and the prior year numbers have been reproduced to reflect the classification as per current year number. In the previous year this was combined in the line item "Investment securities other than government securities". This has been to provide further information on the face of the balance sheet previously disclosed in the notes to the financial statements. This additional disclosure has not resulted in any change to Total Assets or Total Equity.

Statement of change in equity for the year ended March 31, 2025

	Issued Share Capital USD 000s	Retained earnings USD 000s	Other Comprehensive Income* USD 000s	Capital Contribution USD 000s	Total USD 000s
As at April 1, 2023	220,095	84,818	(46)	12,208	317,075
Profit on ordinary activities after tax	-	28,777	-	-	28,777
Movement in the valuation of available for sale debt securities (net-off deferred tax)	-	-	1,617	-	1,617
Dividends paid	-	(10,000)	-	-	(10,000)
As at April 1, 2024	**220,095**	**103,595**	**1,571**	**12,208**	**337,469**
Profit on ordinary activities after tax	-	26,828	-	-	26,828
Movement in the valuation of available for sale debt securities (net-off deferred tax)	-	-	644	-	644
Dividends paid	-	(13,000)	-	-	(13,000)
Closing shareholders' funds as at March 31, 2025	**220,095**	**117,423**	**2,215**	**12,208**	**351,941**

*Other comprehensive Income only includes MTM on AFS securities, which represent available for sale reserve.

The notes on pages 41 to 96 form part of these financial statements.

Convenience translation (Refer to Note 2 (b))

	Issued Share Capital INR million	Retained earnings INR million	Other Comprehensive Income* INR million	Capital Contribution INR million	Total INR million
As at April 1, 2023	18,813	7,250	(4)	1,043	27,102
Profit on ordinary activities after tax	-	2,460	-	-	2,460
Movement in the valuation of available for sale debt securities (net-off deferred tax)	-	-	138	-	138
Dividends paid	-	(855)	-	-	(855)
As at April 1, 2024	**18,813**	**8,855**	**134**	**1,043**	**28,845**
Profit on ordinary activities after tax	-	2,293	-	-	2,293
Movement in the valuation of available for sale debt securities (net-off deferred tax)	-	-	55	-	55
Dividends paid	-	(1,111)	-	-	(1,111)
Closing shareholders' funds as at March 31, 2025	**18,813**	**10,037**	**189**	**1,043**	**30,082**

*Other comprehensive Income only includes MTM on AFS securities, which represent available for sale reserve.

The notes on pages 41 to 96 form part of these financial statements.

Notes

(Forming part of the financial statements)

1 Reporting entity

ICICI Bank UK PLC ("ICICI Bank" or "the Bank"), is a Company incorporated in the United Kingdom. The Bank's registered address is One Thomas More Square, London E1W 1YN. The Bank is primarily involved in providing a wide range of banking and financial services including retail banking, corporate and commercial banking, trade finance and treasury services.

2 Basis of preparation

The Bank has prepared its annual accounts in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') as issued in September 2015 with reduced disclosures, the Companies Act 2006 and the provisions of Schedule 2 of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008. The Bank has also chosen to apply the recognition and measurement provision of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU), in accordance with FRS 102.

In these financial statements, the Bank is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Key Management Personnel compensation;
- Certain disclosures required by FRS 102.26 Share based payments; and
- Related party disclosures contained in section 33 of FRS 102.

The financial statements have been prepared under the historical cost convention in accordance with the special provisions of Part XV of the Companies Act 2006 relating to banking companies and applicable accounting standards except for derivative financial instruments, financial instruments at fair value through profit or loss and available for sale financial assets which are valued at fair value.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The significant judgements and estimates have been stated in note 4.

The parent company, ICICI Bank Limited accounts can be obtained from the parent company website (www.icicibank.com).

(a) Statement of Compliance

The financial statements of the Bank have been prepared in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

(b) Functional and presentation currency and convenience translation

The financial statements are prepared and presented in US Dollars, which is the functional currency of the Bank, as it represents the currency of the primary economic environment in which the Bank operates. US Dollars is one of the currencies in which significant proportion of the Bank's assets and revenues are transacted. All amounts in the financial statements have been rounded to the nearest $1,000. The financials are also presented in Indian Rupee (INR) currency for convenience using the year end exchange rate. These numbers are proforma only and should not be regarded as being audited or in compliance with FRS102.

(c) Cash flow exemptions

Under section 1 of FRS 102, the Bank is exempted from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Bank in its own published consolidated financial statements. (Refer Note 42).

(d) Related party transactions

As the Bank is a wholly owned subsidiary of ICICI Bank Limited, the Bank has taken advantage of the exemption contained in section 33 of FRS 102 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of ICICI Bank Limited any transactions with key management personnel of the entity or its parent. (Refer Note 42).

The company discloses transactions with related parties which are not wholly owned of the same group.

(e) Going concern

The Board has assessed the Bank's going concern and confirms that the Directors are satisfied that the Bank has the resources to continue its business for at least 12 months from the date of approval of these financial statements.

In making the assessment, the Directors have considered detailed information relating to present and potential future conditions, including profitability, cash flows and capital resources, and in particular:

- Considered existing and emerging risks which could impact the Bank's current business operations. Reviewed the Bank's plans and actions to identify, manage and control these risks.

- Conducted a strategic review of the business model including the impact of various emerging risks including continuing geopolitical risks in Eastern Europe & the Middle East and tariffs on international trade by the US administration. The details of the same is provided in the Strategic report. The Bank has a framework for stress testing which covers the key risks faced by the Bank i.e. credit risk, market risk, liquidity risk and operational risk. The Bank conducts annual stress testing as part of ICAAP and ILAAP. For further details, refer to note 37.

- Assessed Bank's financial projections and taking account of potential changes in its business model in subsequent years. Reviewed funding profile and assessed Bank's ability to maintain adequate liquidity levels through managing both retail and wholesale funding sources and meet the regulatory liquidity requirements through maintaining liquid assets.

- As of March 31, 2025, the Bank maintained liquidity and capital positions in surplus over the regulatory requirements.

The Directors considered the financial resilience of the Bank taking into account the Bank's decision to keep sufficient liquidity. The Bank has been maintaining sufficient liquidity and has ability to raise funding from diverse sources of funding including customer deposits and wholesale borrowings. As of March 31, 2025, the Bank maintained liquidity and capital positions in surplus over the regulatory requirements. In consideration of the steps taken, the Directors are satisfied with the operational and financial resilience of the Bank.

With regards to ICICI Bank Limited (the Parent Bank) support, the Directors considered that the Parent Bank has issued a letter of comfort to the Bank's regulators, the Financial Services Authority (FSA), now the PRA, stating that the Parent Bank intends to financially support the Bank in ensuring that it meets all of its financial obligations as they fall due. The Directors also considered the last available capital adequacy ratio of the Parent Bank at 16.6% and Tier 1 ratio at 15.9% on standalone basis as of December 31, 2024.

In consideration of the factors mentioned above, the assessment concluded that the Bank will be able to continue in operations and meet its liabilities as they fall due for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing the accounts.

The Bank's risk management policies and procedures are outlined in Note 37.

3 Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

(a) Interest income and expense

For financial instruments that are measured at amortized cost, or fair value through other comprehensive income, interest income or expense is recorded at the effective interest rate method. Integral fees received is recorded on EIR. Interest income and expense are recognised in the profit and loss account using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates the future cash flows considering all contractual terms of the financial instruments but not the credit losses. The effective interest rate is established on initial recognition (or upon reclassification) of the financial asset and liability and is not revised subsequently for fixed rate financial assets/liabilities. For floating rate financial assets and floating rate financial liabilities, periodic re-estimation of cash flows to reflect movements in market rates of interest alters the effective interest rate.

Interest income/expense on derivatives in economic hedge relationships (as defined in Note 39) and all financial assets/liabilities measured at FVPL, other than those held for trading, using the contractual interest rate. Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in "Income/loss on financial instruments at fair value through profit or loss".

(b) Fees and commissions income and expense

Fees and commission are recognised in the profit and loss account when the service has been rendered, except when those fees are an adjustment to the yield on the related asset, in which case they are amortised over the expected maturity of the asset using the effective interest rate method. Fees and commissions which are directly attributable to the issuance of borrowings are expensed to the profit and loss account over the life of the borrowing using the effective interest rate method and are included in interest expense.

Financial guarantee contracts issued by the Bank are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised (off balance sheet) initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the amount required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(c) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at the exchange rates as at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Income and expenses denominated in foreign currencies are converted into US Dollars at the rate of exchange as at the date of the transaction. The Germany branch is treated as an extension of the UK bank's activities and accordingly the translation approach is in compliance with FRS 102.30.5.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(d) Financial assets and financial liabilities

The Bank initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date of origination at fair value.

The Bank classifies its financial assets in the following categories: financial instruments at fair value through profit and loss; loans and receivables; available for sale financial assets and held to maturity investments. Management determines the classification of financial assets at initial recognition. The Bank derecognises financials assets if all the risks and rewards of ownership of the financial asset are substantially transferred and the bank recognises assets or liabilities for any rights and obligations created or retained in the transfer. On derecognition of a financial asset in its entirety, the difference between (a) the carrying amount and (b) the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. If the Bank retains substantially all the risks and rewards of ownership of the financial asset, the Bank continues to recognise the financial asset.

Financial assets are recognised at trade date, being the date on which the Bank commits to purchase or sell the instruments.

Financial liabilities (other than derivatives) are measured at amortised cost and are recognised at value date (or settlement date). They are de-recognised when liabilities are extinguished.

(e) Investment securities

Investment securities are initially measured at fair value plus incremental direct transaction costs except when the investments are classified at fair value through profit and loss as described in Note 3(g). The investments are subsequently accounted for, depending on their classification, as either held to maturity, loans and receivable, fair value through profit or loss, or available for sale.

(f) Loans and receivables

Loans and receivables, which include loans and advances, finance lease receivables and other receivables, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and which are not classified as held to maturity, held for trading and not designated at fair value through profit and loss or available for sale.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

Loans and receivables are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost using the effective interest rate method. Loans and receivables are stated at amortised cost after deduction of amounts which are required as impairment provisions. When applying the effective interest method, the bank will amortises any fees, points paid or received, transaction costs and other premiums or discounts included in the calculation of the effective interest rate over the expected life of the instrument. However, a shorter period is used if this is the period to which the fees, points paid or received, transaction costs, premiums or discounts relate.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repurchase), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the financial statements.

Policy in relation to impairment: The policy on impairment of loans and receivables is described in Note 4.

Policy in relation to write-offs: The Bank considers an exposure for write off when the prospect of recovery over the next 12 months is remote and interest has not been serviced for the past 12 months. Any amount written off is in the first instance applied against the specific provision for the exposure. In the normal course of business, the loss to be written off will already have been fully provided. Any decision for a write-off is approved by the Board Risk Committee of the Bank.

Policy in relation to write back: If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal of impairment allowance and any recovery related to a written off asset shall be recognised in profit or loss account in impairment line.

(g) Financial instruments at fair value through profit or loss

Financial instruments are classified in this category if they are held for trading. Instruments are classified as held for trading if they are:

i) Acquired/incurred principally for the purposes of selling or repurchasing in the near term;

ii) Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

iii) It is a derivative (except for a derivative that is a financial guarantee contract or a designated as an effective hedging instrument).

Financial instruments cannot be transferred into or out of this category after inception except certain assets on reclassification. Financial instruments included in this category are recognised initially at fair value and transaction costs are taken directly to the profit and loss account. Financial instruments at fair value through profit and loss include debt securities which are held for trading.

Derivatives are carried at fair value in the balance sheet and shown under the heading 'Derivative financial instruments'. Valuation adjustments to cover credit and market liquidity risks are made with gains and losses taken directly to the profit and loss account and reported within Income/(Loss) on financial instruments at fair value through profit and loss. The credit valuation adjustment (CVA) is an adjustment to the valuation of Over the Counter (OTC) derivative contracts to reflect within fair value the possibility that the counterparty may default and that the Bank may not receive the full market value of the transactions. The debit valuation adjustment (DVA) is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that the Bank may default, and that the Bank may not pay full market value of the transactions. The Bank calculates CVA and DVA on individual derivatives instruments.

Positive and negative fair values of derivatives are offset only when the contracts have been entered into under master netting agreements or other arrangements that currently represent a legally enforceable right of set-off and there is an intention to either settle on net basis or to realise the asset and settle the liability simultaneously.

The Bank uses a Central Clearing Counterparty (CCP) for clearing its certain classes of OTC derivatives to reduce counterparty credit risk.

(h) Held to maturity financial assets

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturities that the Bank has the positive intent and ability to hold to maturity, and which are not classified at fair value through profit or loss or as available for sale. Held-to-maturity investments are carried at amortised cost using the effective interest method. For impairment refer note on "identification and measurement of impairment".

Held-to-maturity investments are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

(i) Available for sale financial assets

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale and are not categorised into any of the other categories described above. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently held at fair value. Gain or loss on an available-for-sale financial asset is recognised in other comprehensive income, except for impairment losses, until the financial asset is derecognised. At that time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment. Interest calculated using the effective interest method and the dividends on an available-for-sale equity instrument are recognised in profit or loss when the right to receive payment is established.

Impairment losses on available for sale investment securities are recognised by transferring the cumulative loss that has been recognised directly in equity to the profit and loss account. The cumulative loss that is removed from equity and recognised in profit and loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit and loss account.

If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment loss is reversed, with the amount of the reversal recognised in the profit and loss account. However, any subsequent recovery in the fair value of an impaired available for sale equity investment is recognised directly in OCI since it cannot be reversed through the profit and loss account.

Gain or loss on a non-monetary item to be recognised in other comprehensive income, the Bank shall recognise any exchange component of that gain or loss in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, the Bank shall recognise any exchange component of that gain or loss in profit and loss.

Available for Sale (AFS) reserve captures cumulative net change in the fair value of AFS financial assets (or investments). The reserve is maintained net of tax until these assets are sold, disposed of or impaired.

(j) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, on the measurement date. This is determined by reference to the quoted bid price or asking price (as appropriate) in an active market wherever possible.

When independent prices are not available or if the market for a financial instrument is not active, fair values are determined by using valuation techniques which refer to observable market data. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Fair values of financial instruments may be determined in whole or in part using valuation techniques that are not supported by prices from current market transactions or observable market data.

In case of unobservable inputs or in case of equities held in unlisted entities, the inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which the level at which an arm's length transaction would occur under normal business conditions could be determined. In such cases, estimates are made in the valuation technique to reflect uncertainties in fair values resulting from a lack of market data inputs. These include most recent arm's length transaction between knowledgeable, willing parties; reference to fair value of a similar instrument; discounted cash flow; or option pricing models.

However, the valuation techniques incorporate all factors that market participants have considered in setting a price and have been consistent with accepted economic methodologies for pricing financial instruments.

Note 21 provides a detailed disclosure regarding classification and fair value of instruments held by the Bank.

(k) Derivatives held for risk management purposes and hedge accounting instruments and hedging activities

Transactions are undertaken in derivative financial instruments (derivatives), which include interest rate swaps, futures, forward rate agreements, currency swaps, options and similar instruments, for trading and non-trading purposes. Depending on the nature of the hedge, a relationship may be designated as a hedging instrument either for a fair value hedge of a recognised fixed rate asset or liability or an unrecognised firm commitment, a hedge of a forecasted transaction or the variability of future cash flows of a floating rate asset or liability (cash flow hedge). All derivatives are recorded under the heading 'Derivative financial instruments' on the balance sheet at their respective fair values in the profit and loss account in case of a fair value hedge. Derivatives that do not meet the criteria for designation as a hedge instrument under IAS 39 at inception, or fail to meet the criteria, thereafter, are accounted for in other assets/other liabilities with changes in fair value recorded in the profit and loss account.

Changes in the fair value of a derivative that is designated and qualifies as a fair value hedge, along with the gain or loss on the hedged asset or liability that is attributable to the hedged risk are recorded in the profit and loss account. For all hedging relationships, ineffectiveness resulting from differences between the changes in fair value of the hedged item and changes in the fair value of the derivative are recognised in the profit and loss account.

At the inception of a hedge transaction, the Bank formally documents the hedging relationship and the risk management objective and strategy for undertaking the hedge. This process includes identification of the hedging instrument, hedged item, risk being hedged and the methodology for measuring effectiveness. In addition, the Bank assesses both at the inception of the hedge and on an ongoing quarterly basis, whether the derivative used in the hedging transaction has been highly effective in offsetting changes in fair value or cash flows of the hedged item, and whether the derivative is expected to continue to be highly effective.

The Bank discontinues hedge accounting when it is either determined that the derivative is no longer highly effective in offsetting changes in the fair value or cash flows of a hedged item; the derivative expires, or is sold, terminated or exercised; the derivative is de-designated because it is unlikely that a forecasted transaction will occur; or management determines that designation of the derivative as a hedging instrument is no longer appropriate.

The Bank shall discontinue hedge accounting when:

1) The hedging instrument has expired, is sold, terminated or exercised; or below mentioned conditions for hedge accounting in paragraph are no longer met.

   (a) The hedging relationship consists only of a hedging instrument and a hedged item;

   (b) The hedging relationship is consistent with the entity's risk management objectives for Undertaking hedges;

   (c) There is an economic relationship between the hedged item and the hedging instrument;

   (d) The entity has documented the hedging relationship so that the risk being hedged, the hedged item and the hedging instrument are clearly identified; and

   (e) The entity has determined and documented causes of hedge ineffectiveness.

The Bank also discontinues hedge accounting prospectively when the hedged assets has been impaired. As there is a change in estimated cash flow of the hedged asset, the hedge is no longer expected to be highly effective in achieving offsetting changes in fair value or cash flow attributable to the hedged risk that is consistent with the original documented risk management strategy for the particular hedging relationship.

(l) When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortised or accreted over the remaining life of the asset or liability. When a cash flow hedge is discontinued but the hedged cash flow or forecasted transaction is still expected to occur, gains and losses shall remain in reserves until the forecast transaction occurs. Gains and losses are recognised in the profit and loss account immediately if the cash flow hedge was discontinued because a forecasted transaction is no longer expected to occur.

The Bank may occasionally enter into a hybrid contract that consists of a non-derivative host contract and an embedded derivative. The Bank accounts for an embedded derivative separately from the host contract when the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value. A separated derivative may be designated as a hedging instrument; otherwise, the derivative is recorded as a freestanding derivative. Such financial instruments stand extinguished at the time of conversion e.g. debt into equity, sale and maturity.

(m) Sale and repurchase agreements

When securities are sold subject to a commitment to repurchase them at a predetermined price ('repos'), they remain on the balance sheet as, in substance, these transactions are in the nature of secured borrowings. As a result of these transactions, the Bank is unable to use, sell or pledge the transferred assets for the duration of the transaction.

(n) Identification and measurement of impairment

Impairment provisions/charges are made where there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows from the asset that can be reliably estimated. Losses expected as a result of future events are not recognised. Evidence of impairment is considered on both an individual and a portfolio basis.

The Bank assesses an asset for specific impairment if it becomes probable that the borrower is facing significant financial difficulty. The Bank also assesses for specific impairment and makes specific provision if necessary, if there is evidence of any significant credit deterioration or any event which indicates a reduced ability for the borrower to repay its interest and principal. The indicators of impairment can include, among other things:

a) Net worth of the risk counterparty/borrower turning negative
b) Delay in interest and or principal repayments
c) Breach in financial covenants
d) Likelihood of borrower entering bankruptcy/ financial reorganization
e) Rating downgrade by external credit rating agencies
f) National or local economic conditions that correlate with defaults on the assets in the borrower group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, a decrease in oil prices for loan assets to oil producers, or adverse changes in industry conditions that affect the borrowers in the group)
g) Substantial decline in value of security provided to the Bank, especially when security is prime consideration for the lending. The unsecured portion of the exposure may be subjected to impairment testing
h) Invocation of contractual comfort by the Bank such as corporate guarantee/put option which is not honoured by the counterparty

The carrying amount of the assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. All impairment losses are recognised in the statement of profit or loss. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

Refer Note 4 (a) and Note 4 (b) for the detailed policy guidance.

(o) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets. Depreciation on intangible assets is provided on a straight-line basis over their estimated useful economic life. The useful economic life of the fixed assets is expected as follows:

Leasehold improvements	Over the lease period
Office equipment	6 – 7 years
Furniture, fixtures and fittings	6 – 7 years
Computer hardware	3 – 4 years
Software	Over the estimated useful life[1]

[1]The useful life averages around 5 years.

Depreciation methods, useful life and residual values are reviewed at each balance sheet date. Depreciation is charged to the profit and loss account for all fixed assets. Useful life of an intangible assets is defined based on the expected future economic benefits from the assets.

(p) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present, legal or constructive obligation, which has arisen as a result of a past event and for which a reliable estimate can be made of the amount of the obligation. All significant provisions have been discounted for current market assessments and the time value of money.

(q) Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are the sources of debt funding. These are initially measured at fair value plus directly attributable transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(r) Tax on profit on ordinary activities

Income tax expense comprises current and deferred tax. Income tax and deferred tax expense is recognised in the profit and loss statement except to the extent that it relates to items recognised directly in other comprehensive income / equity, in which case it is recognised in other comprehensive income / equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date and includes any adjustment to tax payable in respect of previous years.

Deferred tax shall be recognised in respect of all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. As required by section 29 of FRS 102 "Deferred Tax", deferred tax is measured at the tax rates expected to be applied to the temporary difference when they reverse, based on the tax laws that have been enacted or substantially enacted by the reporting date. Deferred tax assets are recognised to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient future taxable profits from which the future reversal of the underlying timing differences can be deducted.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Employee benefits

The Bank operates a stakeholder defined contribution pension scheme. Contributions to the scheme are charged to the profit and loss account as incurred. .

(t) Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the non-cancellable lease term provided the same is ascertainable unless another basis is more appropriate.

Income from sub lease: Income from sub lease is booked in other operating income line of the profit and loss account on a straight line basis over the remaining term of the sub lease.

(u) Share based payments

The Parent Bank (ICICI Bank Limited) has issued share options to the employees of ICICI Bank UK PLC. These transactions are recognised as equity-settled share based payments. The expense is recognised over the vesting period based on the market value of shares as on the date of the grant of shares, adjusted for the number of the employees leaving the Bank. A capital contribution from the Parent Bank is recognised in the books over the vesting period in the shareholders' funds. Under FRS 102 Section 26, a subsidiary should recognise an expense in its profit and loss account to reflect the effective remuneration paid to employees in respect of share awards granted by the Parent Bank. The corresponding entry is to equity as the amounts are considered to be capital contributions by the Parent Bank. Until FY2020, the fair value of the options granted was charged to profit and loss account and recorded as capital contribution. Effective FY2021, the cost of the options granted from April 2020 onwards is being remitted to the Parent Bank.

As the Bank is a wholly owned subsidiary of ICICI Bank Limited, the Bank has taken advantage of the exemption contained in section 26 of FRS 102 and has therefore not disclosed certain information under section 26.18(b), 26.19 to 26.23 of FRS 102.

(v) Cash and Balance at Central Banks

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

(w) Other assets

The other assets mainly consist of margins placed with the counterparties for repurchase and derivative financial transactions, deferred tax assets, amounts in clearing and other receivables.

(x) Other liabilities

The other liabilities consist of liabilities for the creditors, settlement balances, margins for derivatives financial instruments, corporation tax payable for current financial year and other creditors. Other creditors are measured at amortised cost. These liabilities are de-recognised when liabilities are extinguished.

(y) Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issuance of equity instruments are shown in equity as a deduction from proceeds, net of tax.

(z) Dividend

Dividends to ordinary shareholders are recognised when paid or approved at the shareholder's general meeting.

4 Significant judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Considering the inherent uncertainty and subjectivity in making judgements and estimates, outcomes in future periods may be different from those on which management's estimates are based. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The accounting policies deemed critical to the Bank's results and financial position, based upon significant judgements and estimates, are discussed below.

(a) Allowances for credit losses

The Bank regularly reviews its loan portfolio to assess for impairment. Provisions are established to recognise incurred losses in the loan portfolio carried at amortised cost. In determining whether an impairment has occurred at the balance sheet date, the Bank assesses if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment rather the combined effect of several events may have caused the impairment.

The Credit Risk Management Policy (CRMP) outlines the provisioning policy of the Bank which includes the approach to holding collective and specific provisions.

The Bank's policies governing specific impairment, restructuring/renegotiation and collective provision are detailed below:

i) **Specific impairment**: In accordance with the Bank's Credit Risk Management Policy (CRMP), the Bank periodically reviews, cases that are internally rated 'B' or below and/or significantly in breach of any covenants, including delays in debt servicing and/or where there is an expectation of significant credit deterioration. The Bank then assesses whether a specific impairment is required in respect of these cases.

The Bank assesses an asset for specific impairment if it becomes probable that the borrower is facing significant financial difficulty. The Bank also assesses for specific impairment and makes specific provision if necessary, if there is evidence of any significant credit deterioration or any event which indicates a reduced ability for the borrower to repay its interest and principal.

Identification of specific impairment in an account: The Bank's policy is to identify and recognise impairment in a loan when it is probable that the Bank will not be able to collect, or there is no longer a reasonable certainty that the Bank will collect all amounts due according to the contractual terms of the loan agreement.

The following disclosure practices have been adopted in Note 19:

- Loans are disclosed as impaired where an individual allowance has been raised against the loan.
- All exposures past due for 90 days or more are classified as impaired unless restructuring terms have been substantially agreed and are due to be implemented over the next 60 days.
- Exposures past due for less than 90 days not classified as impaired include (i) loans with overdue principal, interest or other amounts at the balance sheet date but no loss is expected; and (ii) past due loans with adequate collateral cover.

The following disclosures have been provided in Note 20:

- Net loan impairment charge to profit and loss account
- Movement in impairment allowance on loans and advances

The objective of the policy is to maintain an appropriate level of provision reflective of the risk profile of the loan portfolio. It is not the Bank's policy to systematically over-provide or under-provide for its credit risk. The provision weightings included in the policy document are continually monitored against the lending experience of the Bank and are periodically adjusted to reflect such experience.

The Bank's policy is predicated on the premise that regardless of the quality of a lending institution and of its systems and procedures and of its client base the business of extending credit carries the intrinsic risk of such credit not being repaid and monies advanced proving to be irrecoverable. In accordance with the guidelines of FRS 102, an impairment loss for financial assets measured at amortized cost is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The estimated future cash flows take into account only the credit losses that have been incurred at the time of the impairment loss calculation. In case the expected cash flows are not available, the breakup value of security/collateral for respective facilities under watch is calculated in accordance with the Bank's collateral valuation policy. In line with accounting guidelines, the Bank recognises an impairment loss equal to the best estimate within the range of reasonably possible outcomes, taking into account all relevant information available about conditions existing at the end of the reporting period. For determining the specific provisions on individual impaired cases, management exercises judgment involving matters such as realisable value of the security, estimation of the future cash flows and their timing. Consequently, these allowances can be subject to variation as time progresses and the circumstances of the borrower become clearer.

Restructured/renegotiated cases and forbearance: A restructured account is one where the Bank, for economic or legal reasons relating to the borrower's difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of the terms of advances/securities which could include alteration of the repayment period, repayable amount, the number of instalments, rate of interest (due to reasons other than competition). The restructuring of an asset is only granted in situations where the customer has showed a willingness to repay the borrowing and is expected to be able to meet the revised terms of the restructuring.

The Bank carries out derecognition assessment of all the modified/restructured asset/liability as per IAS39. Terms are considered to have been substantially modified when the net present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate differs by at least 10 percent from the present value of the remaining cash flows under the original terms. If the modification is substantial, it is accounted for as an extinguishment of the original financial instrument and the recognition of a new financial instrument. Any difference between the carrying amount of the original instrument and the fair value of the new instrument recognised immediately within the income statement, subject to observability. Consequently, if there has been modification of the terms that does not meet the derecognition conditions, then the carrying amount of the asset/liability is adjusted to reflect the present value of modified cash flows discounted at the original EIR, with any resulting gain or loss recognised immediately within the income statement as a modification gain or loss.

The Bank measures any impairment in a restructured troubled loan by discounting the future cash flow using the effective interest rate of the financial asset before the modification of terms. An impairment assessment is also carried out if the restructuring is expected to result in derecognition of the existing asset.

In relation to loans and advances, the modifications of terms and conditions related to security and collateral arrangements or the waiver of certain covenants which do not affect payment arrangements, are not regarded as sufficient indicators of impairment or restructuring. As such changes do not necessarily indicate credit issues affecting the borrower's payment ability.

The Bank considers forbearance as concessions including modification of the existing terms and conditions or a total or partial refinancing of the debt towards a debtor that is experiencing difficulties in meeting its financial commitments.

The Bank charges default interest to the borrower for any delay in interest/principal payment unless a waiver has been approved by the Bank's relevant authority. As per the Bank's practice, such waivers are given in exceptional circumstances which could be mainly related to procedural delays in receiving the interest/principal payment by the due date.

The Bank derecognises a loan when there are substantial modifications to the terms of the loan on restructuring. The Bank performs a qualitative and quantitative evaluation of whether cash flows of original assets and the modified or replacement assets are substantially different.

ii) **Collective provision**: The Bank calculates collective provisions for its loans and receivables portfolio based on the probability of some degree of credit losses that cannot be identified for an individual loan but may be assessed on a portfolio basis. Collectively assessed impairment allowances cover credit losses inherent in portfolios with similar economic characteristics, when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. In assessing the need for collective impairment allowances, management considers factors such as historical loss trends, credit quality of the portfolio, portfolio size, concentrations, and economic factors. The aggregate amount of specific and collective provisions is intended to be sufficient to absorb estimated credit losses generated in the loans and receivables portfolio.

The collective impairment policy as defined in the CRMP stipulates that collective provision, based on the credit rating of the exposures, needs to be provided in respect of the entire performing loan and receivables portfolio. The Bank has followed FRS 102 guidelines for defining its collective impairment policy wherein the provisioning is determined by the extent of the underlying credit risk in the portfolio of the Bank. This is also the direction provided by the Basel Accord. The exposures that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in the collective assessment of impairment. In line with market practice, the Bank has been using a representative set of Probability of Default (PD)/Loss Given Default (LGD) data to determine the extent of provisioning required to be made by the Bank in respect of its performing loan portfolio on a collective basis. The aggregate provisioning requirement is arrived at by multiplying the outstanding amounts under each portfolio type (internally rated and externally rated exposures) on the relevant date with the corresponding PD and LGD.

Significant judgments and estimates include the following:

- In the absence of adequate internal default history and on account of a similar internal credit rating scale, the Bank has used Probability of Default (PD) data of its Parent (ICICI Bank Limited) for estimating the collective provisioning on its internally rated India country of exposure portfolio

- For the internally rated non-India country of exposure portfolio, the Bank has used PD data from S&P, corresponding to the geographies which make up the majority of its non-India exposures

- The Bank considers a time horizon of one year to be appropriate for estimating collective provisions, as it believes that this is reflective of the emergence period for losses in its portfolio. The Parent bank has data on rating history and adequate default data covering benign and stress phases from Q4-FY2013 to Q3-FY2023. Therefore, PD Data of annual cohorts at a quarterly frequency has been captured over Q4-FY2013 to Q3-FY2023 period for the India country of exposure portfolio. The Bank has used historical average one-year PDs over a ten year look back period up to December 31, 2024 for the non-India linked portfolios to calculate the collective provision

- As regards the Loans Against Property (LAP) portfolio, the Bank commenced its LAP lending business in FY2017. The Bank has adopted S&P's Real Estate Asset Finance scorecard and methodology for evaluating exposures in this portfolio and follows a stringent underwriting approach. The ratings derived from the S&P methodology have been mapped to Bank's internal rating scale.

From time to time, the Bank assesses the requirement and adequacy of the management overlay within collective provisioning in the Bank's financial accounts. For the year ended March 31, 2025, the Bank has applied higher PD percentages (higher of India-linked PD and non-India linked PD) of respective buckets for borrowers rated internally as 'BB' and 'B', given that 'BB' & 'B' rated borrowers are perceived to have 'Inadequate Safety' and 'High Risk', respectively. The incremental provision resulting from the application of the higher PDs mentioned above to borrowers rated internally as 'BB' and 'B' is classified as the Management Overlay.

The Bank has a framework for applying economic scalars for each portfolio which are applied while estimating the collective provision and are reviewed periodically. The economic scalars take into account macroeconomic factors as well as variables relevant to the Bank's customer base. For the internally rated portfolio, the LGD has been calculated based on the collateral available with the Bank. LGD and haircuts as may be applicable for each collateral as prescribed in Basel II guidelines have been considered. The historical average PD data being used covers a full economic cycle and captures periods of low economic activity when relatively higher default rates were observed.

Refer Note 37 (Risk Management Framework- Credit risk section) for sensitivity analysis on Collective provisions.

(b) Impairment of available for sale financial assets

The Bank regularly reviews its available for sale securities portfolio to assess for impairment. The Bank considers all available evidence, including observable market data or information about events specifically relating to the securities which may result in a shortfall in recovery of future cash flows. These events may include a significant financial difficulty of the issuer, a breach of contract such as a default, bankruptcy or other financial reorganisation, the disappearance of an active market for the debt security because of financial difficulties relating to the issuer, information about the issuer's liquidity, business and financial risk exposures, level of and trends in default for similar financial assets and national and local economic conditions. While assessing ABS for objective evidence of impairment, the Bank considers the performance of the underlying collateral, changes in credit rating, credit enhancements, default events etc. Once impairment has been identified, the amount of impairment is measured based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss. In determining whether an impairment event has occurred at the balance sheet date, the Bank considers whether there is any observable data which comprises evidence of the occurrence of a loss event, and evidence that the loss event results in a decrease in estimated future cash flows or their timings. Such observable data includes any adverse change in the payment status of borrowers or changes in economic conditions that correlate with defaults on loan repayment obligations.

Available for sale equity investments: A significant or prolonged decline in the fair value of the equity below its cost is an objective evidence of impairment. In assessing whether it is significant, the decline in fair value is evaluated against the original cost of the asset at initial recognition. In assessing whether it is prolonged, the decline is evaluated against the continuous period in which the fair value of the asset has been below its original cost at initial recognition. The Bank measures significant and prolonged decline in the fair value based on the specifics of each case.

The negative mark to market (MTM) on the AFS portfolio is monitored by the Bank on a regular basis. The Bank follows its valuation policy for valuing its AFS portfolio (refer point (c) relating to 'Valuation of financial instruments' below).

The Bank has applied management haircut on the valuation of investment in shares considering the uncertainties around pending legal case.

(c) *Valuation of financial instruments*

The Bank values it's available for sale and held for trading investment securities at fair market value. The best evidence of fair value is a quoted price in an actively traded market. If the market for a financial instrument is not active, the financial instruments are traded infrequently and have little price transparency or the fair value is less objective and requires varying degrees of judgment, the Bank uses valuation techniques to arrive at the fair value. The valuation techniques employ observable market data to calculate fair values, including comparisons with similar financial instruments for which market observable prices exist. When valuing instruments by reference to comparable instruments, management takes into account the maturity, structure and rating of the instrument with which the position held is being compared.

(d) Deferred tax asset

A Deferred Tax Asset (DTA) is recognised after being assessed as recoverable on the basis of available evidence including projected profits, capital and liquidity position. Management makes an assessment of DTA which is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Refer Note 11(f) for DTA assumptions.

5 Interest income and similar income

	Year ended March 31, 2025 USD 000s	Year ended March 31, 2024 USD 000s	**Year ended March 31, 2025 INR million**	Year ended March 31, 2024 INR million
Interest income on financial assets under AFS category	**12,122**	14,711	**1,036**	1,257
Interest income on financial assets under HTM category	**17,469**	16,790	**1,493**	1,435
Interest income on financial assets under Loans and receivable category (inclusive of integral fee recorded on EIR)	**92,646**	89,433	**7,919**	7,645
Total interest income calculated using the EIR method for financial assets that are not measured at FVTPL	**122,237**	120,934	**10,448**	10,337
Interest income on financial assets measured at FVTPL	**2,035**	3,025	**174**	259
Total	**124,272**	123,959	**10,622**	10,596

6 Interest expense

	Year ended March 31, 2025 USD 000s	Year ended March 31, 2024 USD 000s	**Year ended March 31, 2025 INR million**	Year ended March 31, 2024 INR million
Interest expense on borrowings from Central banks	**(380)**	(383)	**(32)**	(33)
Interest expense on Demand deposits	**(8,855)**	(10,215)	**(757)**	(873)
Interest expense on Long term borrowings	**(4,147)**	(5,191)	**(354)**	(444)
Interest expense on Money market borrowings	**(26)**	(36)	**(2)**	(3)
Interest expense on Repo borrowings	**(2,235)**	(2,567)	**(191)**	(219)
Interest expense on Time deposits	**(45,521)**	(39,001)	**(3,891)**	(3,335)
Other interest	**2,773**	93	**236**	9
Total	**(58,391)**	(57,300)	**(4,991)**	(4,898)

7 Income/(loss) on financial instruments at fair value through profit or loss

Income/ (Loss) on financial instruments at fair value through profit or loss consists of unrealised and realised gains or losses on transactions in securities and derivatives.

	Year ended March 31, 2025 USD 000s	Year ended March 31, 2024 USD 000s	**Year ended March 31, 2025 INR million**	Year ended March 31, 2024 INR million
Gain on Hedged items	**869**	6,081	**74**	520
losses on derivatives designated in a hedge relationship	**(1,007)**	(6,735)	**(86)**	(576)
Hedge Ineffectiveness	**(138)**	(654)	**(12)**	(56)
Income on other financial assets	**101**	562	**9**	48
Gain on derivatives not designated in a hedge relationship	**1,275**	75	**109**	7
Total	**1,238**	(17)	**106**	(1)

8 Profit/ Loss on sale of financials instruments

	Year ended March 31, 2025 USD 000s	Year ended March 31, 2024 USD 000s	**Year ended March 31, 2025 INR million**	Year ended March 31, 2024 INR million
Gain on sale of T-bills	**214**	617	**18**	53
Gain on sale of Bonds	**1,294**	1,953	**111**	167
(Loss) on sale of Loans	**(43)**	(361)	**(4)**	(31)
Gain on sale of Equity	**1,136**	1,012	**97**	86
Total	**2,601**	3,221	**222**	275

9 Administrative expenses

	Year ended March 31, 2025 USD 000s	Year ended March 31, 2024 USD 000s	**Year ended March 31, 2025 INR million**	Year ended March 31, 2024 INR million
Staff costs (including Directors' emoluments):				
Wages and salaries	**25,256**	23,883	**2,159**	2,041
Social security costs	**2,460**	1,830	**210**	156
Other pension costs	**615**	631	**53**	54
Operating lease expenses	**1,305**	1,288	**112**	110
Other administrative expenses	**21,630**	19,126	**1,848**	1,635
Of which major				
-Audit & Professional Fees	2,876	2,548	246	218
-VAT	1,629	1,890	*139*	*162*
-Bank Charges	1,418	1,273	*121*	*109*
Total	**51,266**	46,758	**4,382**	3,996

The number of persons employed by the Bank (including Directors) during the year was as follows:

	Year ended March 31, 2025 No. of Employees	Year ended March 31, 2024 No. of Employees
Management	89	79
Non-Management	69	79
Total	**158**	**158**

9a. Auditor's remuneration

	Year ended March 31, 2025 USD 000s	Year ended March 31, 2024 USD 000s	**Year ended March 31, 2025 INR million**	Year ended March 31, 2024 INR million
Fees payable to the Bank's statutory auditors and their associates for the audit of Bank's annual accounts	**818**	670	**70**	58
The audit of the accounts of Germany Branch	**309**	148	**26**	13
Other assurance services	**211**	193	**18**	16
Total	**1,338**	1,011	**114**	87

10 Segmental reporting

The Board reviews the Bank's performance as a single business and does not seek to allocate major resources such as capital, liquidity and funding into the different customer groups (Corporate and Commercial, Retail and Treasury).

11 Taxation

(a) Analysis of charge/(credit) in the year

	Year ended March 31, 2025 USD 000s	Year ended March 31, 2024 USD 000s	**Year ended March 31, 2025 INR million**	Year ended March 31, 2024 INR million
UK Corporation tax at 25% (2024: 25%)	**2,587**	1,356	**222**	116
Overseas corporation charge	**19**	1,576	**2**	135
Double Tax Relief	**-**	-	**-**	-
Adjustments for prior years	**(324)**	(283)	**(28)**	(24)
	2,282	2,649	**195**	226
Deferred tax charge/(credit)				
- Origination/timing and rate difference	**2,926**	(370)	**250**	(32)
Total Tax for the year ended March 31	**5,208**	2,279	**445**	195

(b) Analysis of total taxation in the year

USD 000s

	Year ended March 31, 2025			Year ended March 31, 2024		
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	**2,282**	**2,926**	**5,208**	2,649	(370)	2,279
Recognised in other comprehensive income	**-**	**207**	**207**	-	547	547
Total tax	**2,282**	**3,133**	**5,415**	2,649	177	2,826

INR million

	Year ended March 31, 2025			Year ended March 31, 2024		
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	**195**	**250**	**445**	226	(32)	195
Recognised in other comprehensive income	**-**	**18**	**18**	-	47	47
Total tax	**195**	**268**	**463**	226	14	240

c) Total tax reconciliation

	Year ended March 31, 2025 USD 000s	Year ended March 31, 2024 USD 000s	**Year ended March 31, 2025 INR million**	Year ended March 31, 2024 INR million
Profit before tax	**32,036**	31,056	**2,738**	2,654
Tax using the UK CT rate of 25% (2024: 25%)	**8,009**	7,765	**685**	664
Add effects of:				
- Overseas corporate taxes	**19**	-	**2**	-
- Expenses not tax deductible	**9**	2	**1**	-
- Adjustment for prior years	**(324)**	(283)	**(28)**	(24)
- Previously unrecognised deferred tax assets	**(1,057)**	(5,205)	**(90)**	(444)
- Additional share relief on share option	**(1,214)**	-	**(104)**	-
- Other timing differences	**(234)**	-	**(21)**	-
Total tax for year ended March 31	**5,208**	2,279	**445**	195

d) Movement in Deferred tax

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Deferred Tax Asset				
Balance as at April 1	**7,411**	7,040	**633**	602
Origination and timing differences;				
- on consolidated taxable losses	**(4,159)**	(919)	**(354)**	(79)
- on timing difference on fixed assets	**(1)**	(106)	**-**	(9)
- on AFS losses	**-**	-	**-**	(1)
- On timing differences on deferred bonus	**162**	689	**14**	59
- On timing differences on ESOPS	**1,006**	707	**86**	60
Total Deferred Tax Assets	**4,419**	7,411	**379**	632
Deferred Tax Liability				
Balance as at April 1	**(1,223)**	(676)	**(105)**	(58)
Origination and timing differences;				
- on gain on shares	**66**	-	**6**	-
- On AFS gain	**(207)**	(547)	**(18)**	(47)
Total Deferred Tax Liability	**(1,364)**	(1,223)	**(117)**	(105)
Net Deferred Tax as at March 31	**3,055**	6,188	**262**	527

(e) Deferred tax is composed of the tax impact of the following items:

	Year ended March 31, 2025 USD 000s	Year ended March 31, 2024 USD 000s	**Year ended March 31, 2025 INR million**	Year ended March 31, 2024 INR million
Effect of:				
- On consolidated losses	**1,690**	5,850	**145**	497
- On timing difference on fixed assets	**150**	151	**13**	13
- On equity gains	**(610)**	(676)	**(52)**	(57)
- On AFS	**(738)**	(532)	**(63)**	(45)
- on deferred bonus	**850**	688	**73**	59
- On ESOPS	**1,713**	707	**146**	60
Total	**3,055**	6,188	**262**	527

(f) Factors that may affect future tax charges

The Finance Bill 2021 enacted provisions to increase the main rate of UK corporation tax to 25% from 1 April 2023. All the DTA/DTL balances have been measured at tax rate of 25%. The DTA created on consolidated losses and timing difference on fixed assets amounting to USD 1.8 million is expected to be utilised in the foreseeable future against future profits. The Deferred Tax Asset (DTA) of USD 1.7 million (FY2024: USD 0.7 million) has been recognised on ESOPS granted to employees. The Deferred Tax Asset (DTA) of USD 0.9 million (FY2024: USD 0.7 million) has been recognised on deferred bonus outstanding since FY2022. The Bank carries no loss on which DTA that has not been recognised in the books of accounts in FY2025 and FY2024. As per the Finance Act 2017, the carry forward of losses arising pre April 1, 2017 will be subject to the loss restriction rules and would therefore only be available for offset against 50% of profits (subject to an amount of £5 million which can be relieved in full). The deferred tax liability of USD 0.6 million (FY2024:

USD 0.7 million) pertains to the gain on transfer of shares under share-by-share scheme. This liability would be payable at the time of sale of shares in future. The Deferred Tax Liability (DTL) on AFS of USD 0.7 million (FY2024: USD 0.5 million) created on unrealised Available For Sale (AFS) gain relating to change in the timing of AFS gains and losses. As per UK tax law, the unused trading losses could be carried forward indefinitely.

(g) The Organisation for Economic Co-operation and Development ('OECD')'s Pillar Two model rules

The Bank falls within the scope of the OECD's Pillar Two model rules, which aim to establish a global minimum corporate tax rate of 15%. In the UK, where the jurisdiction in which the Bank is incorporated, Pillar Two legislation has been enacted and became effective in 2024.

According to this legislation, a top-up tax liability arises if the Bank's effective tax rate in any jurisdiction falls below 15%, as calculated based on the OECD's rule. Based on the Bank's calculation for the current year, no top-up tax liability has arisen.

We have applied the exception from the accounting requirements for deferred taxes in Section 29 income taxes respect of Pillar Two income taxes. Consequently, we have neither recognised nor disclosed information about deferred tax assets and liabilities related to Pillar Two income taxes.

12 Emoluments of Directors

	Year ended March 31, 2025 USD 000s	Year ended March 31, 2024 USD 000s	**Year ended March 31, 2025 INR million**	Year ended March 31, 2024 INR million
Directors' fees and gross emoluments	**835**	888	**71**	76

The gross emoluments1 of the highest paid director were USD 578,631 (INR 49,458,479) (2024: USD 644,097; INR 55,054,191) excluding share-based payments. Post-employment benefits accruing for highest paid director under a money purchase pension scheme amounted to USD 30,825 (INR 2,634,770 in the current year (2024: USD 32,333; INR 2,763,663). Stock options2 were granted to one director (2024: One). The number of stock options granted to the highest paid director during the year was 52,800 (2024: 53,500).

[1] Gross emoluments include base salary and performance bonus

[2] Refer note 13 for the details of the stock option scheme.

13 Share-based payments

During the year, USD 0.88 million (INR 74.8 million) was charged to the profit and loss account in respect of equity-settled share-based payment transactions (2024: USD 1.12 million; INR 95.7 million). This expense, which was computed from the fair values of the share-based payment transactions when granted, arose under employee share awards made in accordance with the ICICI Bank Limited group's reward structures.

Stock Option Scheme

In terms of an Employee Stock Option Scheme (ESOS), of the Parent Bank, options are granted to eligible employees and Directors of the Bank and its subsidiaries. As per the ESOS as amended from time to time, the maximum number of options granted to any employee/Director in a year is limited to 0.05% of the Parent Bank's issued equity shares at the time of the grant, and the aggregate of all such options is limited to 10% of Parent Bank's issued equity shares on the date of the grant. Until April 2013, options granted vest in a graded manner over a four year period, with 20%, 20%, 30% and 30% of the grants vesting in each year, commencing from the end of 12 months from the date of grant. Options granted from April 2014 onwards vest in a graded manner over a three-year period, with 30%, 30%, and 40% of the grants vesting in each year, commencing from the end of 12 months from the date of grant. Options granted in September 2015 vest over a two-year period, with 50% of the grants vesting in April 2018 and 50% of the grants vesting in April 2019. During FY2017, the Parent Bank modified the terms of the scheme by amending the exercise period from 'ten years from the date of grant or five years from the date of vesting whichever is later' to 'ten years from the date of vesting'. For options granted in FY2020, the exercise period would commence from the date of vesting and will expire on completion of five years from the date of vesting of the options. The option expires after the exercisable period is over as above.

Employee Stock unit (ESU) are granted to eligible employees as per parent bank policy.

14 Related party transactions

The Bank enters into related party transactions in the ordinary course of business. The Bank is exempt from disclosing related party transactions as they are all with companies that are wholly owned within the Group (Refer note 2 (d)). The Bank has not entered into any related party transactions with companies outside of Group ownership.

15 Financial Services Compensation Scheme

The Financial Services Compensation Scheme ('FSCS') is an annual levy, on firms regulated by FCA and PRA, to fund the cost of running services and the compensation paid to customers when financial services firms fail. The Bank is obligated to pay its share of forecast management expenses based on the Bank's market share of deposits protected under the FSCS. As per the plan and budget, FSCS expects to levy the deposit taking sector a total of GBP 28.6 million of indicative annual levy for 2024/2025. The actual amount of levy will be billed to the Bank based on its share of deposits protected under the FSCS.

The Bank has recognized an expense of USD 0.8 million (INR 68.4 million) during FY2025 (FY2024: USD 0.5 million; INR 42.7 million), in respect of all statutory levies. This mainly includes the Bank's share of the regular deposit protection charges. The Bank has adopted IFRIC 21 'Levies', effective FY2014 for accounting of the FSCS liability as there is no equivalent guidance within FRS 102 and section 10 of FRS 102 (Accounting Policies) that allows for the use of alternative accounting framework, where this is the case.

16 Cash and Balances at Central Banks

	Year ended March 31, 2025 USD 000s	Year ended March 31, 2024 USD 000s	**Year ended March 31, 2025 INR million**	Year ended March 31, 2024 INR million
Cash	**23**	225	**2**	19
Balance at Central Banks	**403,845**	219,404	**34,519**	18,754
Total	**403,868**	219,629	**34,521**	18,773

17 Loans and advances to banks

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Repayable on demand	**31,338**	50,204	**2,679**	4,291
Other loans and advances				
Between 1 year and 5 years	**24,741**	225	**2,115**	19
Between 3 months and 1 year	**62,534**	98,199	**5,345**	8,394
Less than 3 months	**102,924**	52,910	**8,797**	4,522
	221,537	201,538	**18,936**	17,226

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Parent and Group Companies				
Between 1 year and 5 years	**22,320**	11,970	**1,908**	1,023
Between 3 months and 1 year	**79,120**	42,254	**6,763**	3,612
Less than 3 months	**16,642**	99,847	**1,422**	8,534
	118,082	154,071	**10,093**	13,169
Sub Total	**339,619**	355,609	**29,029**	30,395
Collective provision	**(58)**	(52)	**(5)**	(4)
Total	**339,561**	355,557	**29,024**	30,391

(b) Concentration of exposure

The Bank has the following concentrations of gross loans and advances to banks

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Total gross advances to banks located in:				
UK	**-**	1,105	**-**	94
India	**300,993**	304,300	**25,727**	26,010
Rest of the World	**7,288**	-	**623**	-
Total	**308,281**	305,405	**26,350**	26,104

Geographical concentration represents the country of risk exposure. Generally, the risk domicile of an exposure is identified as the country of residence of the borrower provided that the cash flows of the borrower and/or the value of the security adequately covers the loan exposure of the Bank.

18 Loans and advances to customers

(a) Residual Maturity

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Repayable on demand or at short notice	**195**	194	**17**	17
Other loans and advances				
Remaining Maturity :				
Over 5 years	**12,346**	11,600	**1,055**	992
Between 1 year and 5 years	**628,499**	587,865	**53,721**	50,248
Between 3 months and 1 year	**171,842**	120,565	**14,688**	10,305
Less than 3 months	**160,652**	174,915	**13,732**	14,951
Sub total	**973,534**	895,139	**83,213**	76,513
Collective provision	**(3,279)**	(4,045)	**(280)**	(346)
Specific impairment allowance	**(5,784)**	(2,648)	**(495)**	(227)
Total	**964,471**	888,446	**82,438**	75,940

(b) Finance lease receivables

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Residual Maturity:				
Between 3 months and 1 year	-	375	-	32
Less than 3 months	-	47	-	3
Sub total	-	422	-	35
Unearned income	-	(9)	-	(1)
Collective provision	-	(2)	-	-
Net investment in finance lease receivables	-	411	-	34
Between 3 months and 1 year	-	368	-	31
Less than 3 months	-	43	-	4
	-	411	-	35

(c) Concentration of exposure

Geographical concentrations of loans and advances to customers

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
UK	**512,990**	480,295	**43,848**	41,054
Europe	**237,152**	207,830	**20,271**	17,764
North America	**11,407**	45,878	**975**	3,921
India	**175,086**	151,547	**14,965**	12,953
Rest of the World	**36,899**	10,011	**3,154**	856
Total	**973,534**	895,561	**83,213**	76,548

Geographical concentration represents the country of risk exposure. Generally, the risk domicile of an exposure is identified as the country of residence of the borrower provided that the cash flows of the borrower and/or the value of the security adequately covers the loan exposure of the Bank.

(d) Loans to customers placed as collateral against borrowings from Central bank

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Carrying amount of loans	**78,032**	-	**6,670**	-

19 Potential credit risk on financial instruments

March 31, 2025 USD 000s

	Neither past due nor impaired	Impaired	Impairment & collective allowances	Total
Cash and Balances at Central Banks	403,868	-	-	403,868
Loans and advances to banks	339,619	-	(58)	339,561
Loans and advances to customers	965,499	8,035	(9,063)	964,471
Investment securities	675,769	79	(207)	675,641
Derivative financial instruments	22,995	-	-	22,995
Other assets*:				
- Cheques in clearing	112	-	-	112
- Deposits & other receivables	5,492	-	-	5,492
Accrued income & other receivables	2,061	-	-	2,061
Total financial instruments	2,415,415	8,114	(9,328)	2,414,201

*excludes deferred tax assets, advance tax, prepaid expenses and fixed assets
Past due not impaired is NIL as on 31st March 2025.

March 31, 2025 INR million

	Neither past due nor impaired	Impaired	Impairment & collective allowances	Total
Cash and Balances at Central Banks	34,521	-	-	34,521
Loans and advances to banks	29,029	-	(5)	29,024
Loans and advances to customers	82,526	687	(775)	82,438
Investment securities	57,761	7	(18)	57,750
Derivative financial instruments	1,965	-	-	1,965
Other assets*:				
- Cheques in clearing	10	-	-	10
- Deposits & other receivables	469	-	-	469
Accrued income	176	-	-	176
Total financial instruments	206,457	694	(798)	206,353

*excludes deferred tax assets, advance tax, prepaid expenses and fixed assets

March 31, 2024 **USD 000s**

	Neither past due nor impaired	Past due not impaired	Impaired	Impairment & collective allowances	Total
Cash and Balances at Central Banks	219,629	-	-	-	219,629
Loans and advances to banks	355,609	-	-	(52)	355,557
Loans and advances to customers	837,804	43,847	13,901	(6,695)	888,857
Investment securities	698,094	-	305	(106)	698,293
Derivative financial instruments	23,710	-	-	-	23,710
Other assets*:					
- Cheques in clearing	48	-	-	-	48
- Deposits & other receivables	5,492	-	-	-	5,492
Accrued income	1,622	-	-	-	1,622
Total financial instruments	2,142,008	43,847	14,206	(6,852)	2,193,208

*excludes deferred tax assets, advance tax, prepaid expenses and fixed assets

March 31, 2024 **INR million**

	Neither past due nor impaired	Past due not impaired	Impaired	Impairment & collective allowances	Total
Cash and Balances at Central Banks	18,773	-	-	-	18,773
Loans and advances to banks	30,396	-	-	(4)	30,392
Loans and advances to customers	71,611	3,748	1,188	(572)	75,975
Investment securities	59,670	-	26	(9)	59,687
- Derivative financial instruments	2,027	-	-	-	2,027
Other assets*:					
- Cheques in clearing	4	-	-	-	4
- Deposits & other receivables	469	-	-	-	469
Accrued income	139	-	-	-	139
Total financial instruments	183,089	3,748	1,214	(585)	187,466

*excludes deferred tax assets, advance tax, prepaid expenses and fixed assets

Loans and advances to customers (including finance lease)

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	March 31, 2025 INR million	March 31, 2024 INR million
Loans contractually overdue as to principal or interest				
- Less than 60 days	7,571	43,847	647	3,748
- more than 90 days	464	13,901	40	1,188
Total	8,035	57,748	687	4,936

Concentration of overdue exposure

United Kingdom	200	44,278	17	3,785
Europe	7,835	3,470	670	297
Rest of the World	-	10,000	-	855
Total	8,035	57,748	687	4,937
Past due whether impaired or not				
Past due not impaired	-	43,847	-	3,748
Past due impaired	8,035	13,901	687	1,188
Total	8,035	57,748	687	4,936
Past due not impaired				
- Less than 60 days	-	43,847	-	3,748
Total	-	43,847	-	3,748

Forbearance

The outstanding exposures for restructured/forborne loans are provided below:

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	March 31, 2025 INR million	March 31, 2024 INR million
Gross Impaired Loans	7,835	3,470	670	297
Less: Provision	(5,588)	(904)	(478)	(77)
Net impaired loans	2,247	2,566	192	220

20 Impairment on loans and advances

Net loan impairment charge to profit and loss account

	March 31, 2025 (USD 000s)	March 31, 2024 (USD 000s)	March 31, 2025 (INR million)	March 31, 2024 (INR million)
New charges	(5,315)	(7,800)	(454)	(668)
Collective provision	762	(2,801)	65	(239)
Release to P&L	959	2,920	82	250
Recovery from written off cases	448	-	38	-
Legal expenses on NPA's	(61)	536	(5)	46
Total	(3,207)	(7,145)	(274)	(611)

Movement in impairment allowance on loans and advances

	March 31, 2025 (USD 000s)			March 31, 2024 (USD 000s)		
	Specific Impairment	**Collective Provision**	**Total**	Specific Impairment	Collective Provision	Total
Opening Balance	**2,647**	**4,099**	**6,746**	43,587	1,298	44,885
Charge to profit and loss account	**5,315**	**(762)**	**4,553**	7,385	2,801	10,186
Amounts written off	**(1,231)**	**-**	**(1,231)**	(45,251)	-	(45,251)
Recovery / release of amounts	**(959)**	**-**	**(959)**	(3,255)	-	(3,255)
Retail loans	**2**	**-**	**2**	135	-	135
Others (incl FX)	**10**	**-**	**10**	46	-	46
Closing Balance	**5,784**	**3,337**	**9,121**	2,647	4,099	6,746

	March 31, 2025 (INR Million)			March 31, 2024 (INR Million)		
	Specific Impairment	**Collective Provision**	**Total**	Specific Impairment	Collective Provision	Total
Opening Balance	**226**	**350**	**576**	3,726	111	3,837
Charge to profit and loss account	**454**	**(65)**	**389**	631	239	870
Amounts written off	**(105)**	**-**	**(105)**	(3,868)	-	(3,868)
Recovery of amounts provided in previous years	**(82)**	**-**	**(82)**	(278)	-	(278)
Retail loans	**-**	**-**	**-**	12	-	12
Others (incl FX)	**1**	**-**	**1**	4	-	4
Closing Balance	**494**	**285**	**779**	227	350	577

21 Investment securities

Classification of Investment securities

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Analysed by class:				
Treasury Bills & Government securities	**140,589**	146,509	**12,017**	12,523
Other securities				
- Bonds	**529,701**	545,803	**45,276**	46,653
- Equity	**5,480**	6,084	**468**	520
- Collective provision on bonds	**(128)**	(103)	**(11)**	(9)
Total other securities	**535,053**	551,784	**45,733**	47,164
Total	**675,642**	698,293	**57,750**	59,687

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Analysed by issuer:				
Available for sale				
Issued by public bodies:				
Government Issued	**135,551**	134,236	**11,586**	11,473
Other Public sector securities	**146,691**	135,040	**12,538**	11,544
Issued by other issuers	**63,436**	51,269	**5,422**	4,382
Held to Maturity				
Government Issued	**5,038**	11,523	**431**	985
Issued by other issuers	**325,054**	361,503	**27,784**	30,899
Collective provision on bonds	**(128)**	(103)	**(11)**	(9)
Financial instruments at fair value through profit and loss				
Government Issued	**-**	750	**-**	64
Issued by other issuers	**-**	4,075	**-**	348
Total	**675,642**	698,293	**57,750**	59,686

*includes equity of USD 5.5 million (2024: USD 6.1 million)

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Analysed by listing status:				
Available for sale				
Unlisted	**13,036**	50,596	**1,114**	4,325
Listed	**332,642**	269,950	**28,435**	23,074
Held to Maturity				
Listed	**330,092**	373,025	**28,215**	31,884
Collective provision on bonds	**(128)**	(103)	**(11)**	(9)
Financial instruments at fair value through profit and oss				
Listed	**-**	4,825	**-**	412
Total	**675,642**	698,293	**57,753**	59,686
Analysed by maturity#:				
Due within 1 year	**98,917**	218,484	**8,455**	18,675
Due 1 year and above	**571,373**	473,828	**48,838**	40,500
Total	**670,290**	692,312	**57,293**	59,175

#does not include USD 5.5 million (INR 468 million) of investment in equity (FY2024: USD 6.1 million, INR 520 million) and collective provision of USD 0.13 million INR 11 million (FY2024: USD 0.10 million, INR 9 million)

Impairment on investment securities

During the year the Bank has not booked any impairment loss (FY2024: NIL) in respect of equity investments held as available for sale.

Valuation Hierarchy

The valuation hierarchy is set out below:

Level 1: Investments valued using unadjusted quoted prices in active markets.

Level 2: Investments valued using valuation techniques based on observable market data for instruments where markets are considered less than active. Instruments in this category are valued using:

(a) Quoted prices for similar assets, or identical assets in markets which are considered to be less than active; or

(b) Valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3: Investments valued using a valuation model based on significant non market observable inputs.

The fair value of debt securities is derived based on prevalent market quotes as at balance sheet date. In case market quotes are not available the Bank has used the internal valuation techniques to calculate the fair value. Internal valuation discounts the estimated future cash flows, computed based on the prevailing interest rates and credit spreads in the market.Refer note 39 for detailed valuation hierarchy and assumption considered in valuation.

Investments held at fair value at March 31, 2025, by valuation hierarchy:

USD 000s

	Level 1	Level 2	Level 3	Total
Treasury Bills & Government securities	**135,550**	**-**	**-**	**135,550**
Bonds	**204,648**	**-**	**-**	**204,648**
Equity	**5,247**	**-**	**233**	**5,480**
Total	**345,445**	**-**	**233**	**345,678**

INR million

	Level 1	Level 2	Level 3	Total
Treasury Bills & Government securities	**11,586**	**-**	**-**	**11,586**
Bonds	**17,495**	**-**	**-**	**17,495**
Equity	**448**	**-**	**20**	**468**
Total	**29,529**	**-**	**20**	**29,549**

Investments held at fair value at March 31, 2024, by valuation hierarchy:

USD 000s

	Level 1	Level 2	Level 3	Total
Treasury Bills & Government securities	134,986	-	-	134,986
Bonds	184,301	-	-	184,301
Equity	5,543	-	541	6,084
Total	324,830	-	541	325,371

INR million

	Level 1	Level 2	Level 3	Total
Treasury Bills & Government securities	11,537	-	-	11,537
Bonds	15,753	-	-	15,753
Equity	474	-	46	520
Total	27,764	-	46	27,810

22 Fixed assets

	Leasehold Improvements USD 000s	Tangible Fixed Assets USD 000s	Intangible Fixed Assets USD 000s	Total USD 000s
Cost:				
At March 31, 2024	**10,612**	**3,961**	**5,326**	**19,899**
Additions	**12**	**385**	**171**	**568**
Disposal	**-**	**(15)**	**-**	**(15)**
At March 31, 2025	**10,624**	**4,331**	**5,497**	**20,452**
Accumulated depreciation:				
At April 1, 2024	**9,520**	**3,300**	**4,784**	**17,604**
Charge for year	**235**	**289**	**262**	**786**
Disposal	**-**	**(15)**	**-**	**(15)**
At March 31, 2025	**9,755**	**3,574**	**5,046**	**18,375**
Net book value:				
Capital work in progress				**370**
At March 31, 2025	**869**	**757**	**451**	**2,447**
At April 1, 2024	1,092	661	542	2,350

	Leasehold Improvements INR million	Tangible Fixed Assets INR million	Intangible Fixed Assets INR million	Total INR million
Cost:				
At March 31, 2024	**907**	**339**	**455**	**1,701**
Additions	**1**	**33**	**15**	**49**
Disposal	**-**	**(1)**	**-**	**(1)**
At March 31, 2025	**908**	**371**	**470**	**1,749**
Accumulated depreciation:				
At April 1, 2024	**814**	**283**	**409**	**1,506**
Charge for year	**20**	**25**	**22**	**67**
Disposal	**-**	**(1)**	**-**	**(1)**
At March 31, 2024	**834**	**307**	**431**	**1,572**
Net book value:				
Capital work in progress				**32**
At March 31, 2025	**74**	**64**	**39**	**209**
At April 1, 2024	93	56	46	201

23 Other assets

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Amounts in clearing	**112**	48	**10**	4
Deposits receivable	**5,492**	5,492	**469**	469
Deferred tax asset[1]	**3,055**	6,188	**261**	530
Advance Tax payment	**1,909**	-	**163**	-
Other receivables	**763**	1,611	**66**	137
Total	**11,331**	13,339	**969**	1,140

[1]Refer note 11

24 Deposit by Banks

With agreed maturity dates or periods of notice, by remaining maturity:

Banks	**March 31, 2025 USD 000s**	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
3 months or less but not repayable on demand	**27,169**	-	**2,322**	-
Total	**27,169**	-	**2,322**	-

25 Customer accounts

With agreed maturity dates or periods of notice, by Remaining maturity:

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Between 1 year and 5 years	**31,135**	54,231	**2,661**	4,635
Between 3 months and 1 year	**516,340**	554,111	**44,134**	47,363
Less than 3 months	**596,041**	327,389	**50,947**	27,984
Total	**1,143,516**	935,731	**97,742**	79,982
Repayable on demand	**758,153**	733,386	**64,803**	62,686
Total	**1,901,669**	1,669,117	**162,545**	142,668
MTM on Hedged Liabilities	**(44)**	(521)	**(4)**	(45)
Net Deposits	**1,901,625**	1,668,596	**162,541**	142,623

26 Subordinated debt liabilities

Bonds issued	March 31, 2025 USD 000s	March 31, 2024 USD 000s	March 31, 2025 INR million	March 31, 2024 INR million
Between 1 year and 5 years	**50,000**	50,000	**4,273**	4,274
Between 3 months and 1 year	**444**	444	**38**	38
Total	**50,444**	50,444	**4,311**	4,312
Less: Bond issue expenses	**(131)**	-	**(11)**	-
Less: Adjustments to carrying amount for change in the value of hedge	**255**	(416)	**22**	(36)
Total	**50,568**	50,028	**4,322**	4,276

Details of the Subordinated debt liabilities issued by the Bank at March 31, 2025 are as follows:

Date of Issue	Nature of Issue	Interest Rate	Interest frequency	Maturity
16-Feb-24	Subordinated Debt issued in USD currency	7.106%	Semi-annual	Callable in 2029, Maturity in February 2034

For all the subordinated notes, the notes and coupons are direct, unsecured and subordinated obligations of the Bank, and rank pari passu without any preference among themselves.

27 Other liabilities

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	March 31, 2025 INR million	March 31, 2024 INR million
Amounts in clearing	**723**	1,017	**62**	87
Corporation tax payable	**695**	185	**59**	16
Margin for derivative transactions*	**14,062**	17,269	**1,202**	1,476
Other creditors	**13,146**	5,692	**1,124**	486
Total	**28,626**	24,163	**2,447**	2,065

*Margin for derivative and repurchase transactions decreased during the year primarily due to a decrease in CSA and repo margins on account of exchange / interest rate movement.

28 Repurchase agreements

	March 31, 2025 USD 000s		March 31, 2024 USD 000s	
	Carrying amount of transferred liabilities	Carrying amount of transferred assets	Carrying amount of transferred liabilities	Carrying amount of transferred assets
Repurchase agreements	33,425	33,699	92,735	95,185

	March 31, 2025 INR million		March 31, 2024 INR million	
	Carrying amount of transferred liablities	Carrying amount of transferred assets	carrying amount of transferred liablities	Carrying amount of transferred assets
Repurchase agreements	2,857	2,880	7,927	8,136

The repurchase transactions enable the Bank to raise funds using its portfolio of government bonds or corporate/financial institution bonds as collateral. These bonds are issued by corporates and financial institutions with carrying value of USD 33.7 million (INR 2,880 million) (2024:USD 95.19 million; INR 8,136). These have been pledged as collateral under GMRA (Global Master Repurchase agreement) entered by the Bank with its various counterparties. These form part of the AFS book & Loans and Receivable book (refer Note 21 and Note 39). As per the contract, the Bank agrees to repay the principal along with the interest at maturity and receive the collateral from the counter party.

With agreed maturity dates or periods of notice, by remaining maturity:

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Less than 3 months	**33,425**	92,735	**2,857**	7,927
Total	**33,425**	92,735	**2,857**	7,927

29 Called up share capital

At March 31, 2024 the Issued share capital of ICICI Bank UK PLC was:

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
220 million ordinary shares of USD 1 each	**220,000**	220,000	**18,805**	18,805
50,002 ordinary shares of £1 each	**95**	95	**8**	8
Total Share Capital	**220,095**	220,095	**18,813**	18,813

All the shares are allotted and fully paid and the holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank. There are no restrictions on the distribution of dividends and the repayment of capital.

30 Employee benefits

During the year, the Bank made a contribution of USD 615,302; INR 52,592,912 (2024: USD 630,606; INR 53,901,086) to the pension scheme. Out of this amount, USD 52,506; INR 4,487,989 was accrued at the yearend (2024: USD 52,406; INR 4,479,403).

31 Contingent liabilities and commitments (Off Balance Sheet)

As a part of its banking activities, the Bank issued bank guarantees to support business requirements of customers. Guarantees represent irrevocable assurances that the Bank will pay in the event a customer fails to fulfil its financial or performance obligations. The credit risks associated with these guarantees are similar to those relating to other types of unfunded facilities. The Bank enters into guarantee arrangements after conducting appropriate due diligence on the customers. Upon default by a customer under the terms of the guarantee, the beneficiary may exercise its rights under the guarantees, and the Bank is obligated to honour payments to the beneficiaries.

The Bank extends financing to its customers by loan facilities, credit lines and other commitments to lend. Depending upon a customer's requirement and subject to its ability to maintain specific credit standards, the unexpired undrawn commitment can be withdrawn by customers. The interest rate on a significant portion of these commitments is dependent on the lending rates prevailing on the date of the loan disbursement. Further, the commitments have fixed expiration dates and are contingent upon the customer's ability to maintain specific credit standards.

(a) Guarantees and other commitments:

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Guarantees	**184,228**	48,511	**15,747**	4,146
Other commitments				
Undrawn formal standby facilities, credit lines and other commitments to lend maturing in:				
Less than one year	**37,822**	11,491	**3,233**	982
Total guarantees and commitments	**222,050**	60,002	**18,980**	5,128

(b) Significant concentrations of contingent liabilities and commitments

The contingent liabilities and commitments relate to counterparties primarily in Europe & UK at 77% (2024:70%) with 77% of the beneficiaries in India (2024:70%).

For contingent liability related to Forex and Derivative refer note 39.

32 Litigation

In the ordinary course of business, the Bank pursues litigation in order to recover any overdue exposures. There are no material litigations against the Bank.

33 Operating lease commitments

The Bank has entered into non-cancellable lease agreements for its offices and branches. These lease agreements contain standard terms & conditions. As at March 31, 2025, the Bank has the following operating lease commitments:

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Within 1 year	**1,434**	1,452	**123**	124
Between 1 and 5 years	**1,979**	3,354	**169**	287
	3,413	4,806	**292**	411

34 Categories and classes of Financial Instruments

The carrying amounts of the financial assets and liabilities include:

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Financial assets measured at fair value through profit or loss	**22,995**	28,535	**1,965**	2,439
Financial assets under Available for Sale category	**345,678**	320,546	**29,547**	27,399
Financial assets under Loans and receivable category	**1,715,566**	1,471,205	**146,638**	125,751
Financial assets under Held to maturity category	**329,964**	372,922	**28,204**	31,876
Total financial assets	**2,414,203**	2,193,208	**206,354**	187,465
Liabilities measured at fair value through profit or loss	**16,587**	19,191	**1,418**	1,640
Liabilities measured at amortised cost	**2,053,085**	1,846,600	**175,487**	157,839
Total financial liabilities	**2,069,672**	1,865,791	**176,905**	159,479

Assets:

March 31, 2025 USD 000s

	Fair value through P&L	Available for Sale	Loans & Receivables	Held to maturity	Total
Cash and Balances at Central Banks	-	-	**403,868**	-	**403,868**
Loans and advances to banks	-	-	**339,561**	-	**339,561**
Loans and advances to customers	-	-	**964,471**	-	**964,471**
Investment Securities	-	**345,678**	-	**329,964**	**675,642**
Derivative financial instruments	**22,995**	-	-	-	**22,995**
Other assets*	-	-	**6,367**	-	**6,367**
Accrued income#	-	-	**1,299**	-	**1,299**
Total financial assets	**22,995**	**345,678**	**1,715,566**	**329,964**	**2,414,203**

March 31, 2025 INR million

	Fair value through P&L	Available for Sale	Loans & Receivables	Held to maturity	Total
Cash and Balances at Central Banks	-	-	**34,521**	-	**34,521**
Loans and advances to banks	-	-	**29,024**	-	**29,024**
Loans and advances to customers	-	-	**82,438**	-	**82,438**
Investment Securities	-	**29,547**	-	**28,204**	**57,751**
Derivative financial instruments	**1,965**	-		-	**1,965**
Other assets*	-	-	**544**	-	**544**
Accrued income#	-	-	**111**	-	**111**
Total financial assets	**1,965**	**29,547**	**146,638**	**28,204**	**206,354**

March 31, 2024 USD 000s

	Fair value through P&L	Available for Sale	Loans & Receivables	Held to maturity	Total
Cash and Balances at Central Banks	-	-	219,629	-	219,629
Loans and advances to banks	-	-	355,557	-	355,557
Loans and advances to customers	-	-	888,857	-	888,857
Investment in Securities	4,825	320,546	-	372,922	698,293
Derivative financial instruments	23,710	-	-	-	23,710
Other assets*	-	-	7,151	-	7,151
Accrued income#	-	-	11	-	11
Total financial assets	28,535	320,546	1,471,205	372,922	2,193,208

March 31, 2024 INR million

	Fair value through P&L	Available for Sale	Loans & Receivables	Held to maturity	Total
Cash and Balances at Central Banks	-	-	18,773	-	18,773
Loans and advances to banks	-	-	30,391	-	30,391
Loans and advances to customers	-	-	75,975	-	75,975
Investment in Securities	412	27,399	-	31,876	59,687
Derivative financial instruments	2,027	-	-	-	2,027
Other assets*	-	-	611	-	611
Accrued income#	-	-	1	-	1
Total financial assets	2,439	27,399	125,751	31,876	187,465

* excludes deferred tax assets, advance tax and fixed assets.
#excludes prepaid expenses, fixed assets

Liabilities:

March 31, 2025 USD 000s

	Fair value through P&L	Amortised cost	Total
Deposits by banks	**-**	**27,169**	**27,169**
Customer accounts	**-**	**1,901,625**	**1,901,625**
Subordinated debts	**-**	**50,568**	**50,568**
Derivative financial instruments	**16,587**	**-**	**16,587**
Other liabilities	**-**	**28,626**	**28,626**
Accruals and deferred income	**-**	**11,671**	**11,671**
Repurchase agreements	**-**	**33,425**	**33,425**
Total financial liabilities	**16,587**	**2,053,084**	**2,069,671**

March 31, 2025 **INR million**

	Fair value through P&L	Amortised cost	Total
Deposits by banks	**-**	**2,322**	**2,322**
Customer accounts	**-**	**162,541**	**162,541**
Subordinated debts	**-**	**4,322**	**4,322**
Derivative financial instruments	**1,418**		**1,418**
Other liabilities	**-**	**2,447**	**2,447**
Accruals and deferred income	**-**	**998**	**998**
Repurchase agreements	**-**	**2,857**	**2,857**
Total financial liabilities	**1,418**	**175,487**	**176,905**

March 31, 2024 USD 000s

Customer accounts	-	1,668,596	1,668,596
Subordinated debts	-	50,028	50,028
Derivative financial instruments	19,191	-	19,191
Other liabilities	-	24,163	24,163
Accruals and deferred income	-	11,078	11,078
Repurchase agreements	-	92,735	92,735
Total financial liabilities	19,191	1,846,600	1,865,791

March 31, 2024 INR million

Customer accounts	-	142,623	142,623
Subordinated debts	-	4,276	4,276
Derivative financial instruments	1,640	-	1,640
Other liabilities	-	2,065	2,065
Accruals and deferred income	-	948	948
Repurchase agreements	-	7,927	7,927
Total financial liabilities	1,640	157,839	159,479

Refer to Note 3 for descriptions of categories of assets and liabilities.

35 Capital Management

The Bank's regulatory capital requirements are set and monitored by the PRA. The Bank implemented the CRD IV (Basel III) framework, comprising of Capital Requirement Regulation (CRR) and Capital Requirement Directive (CRD IV), for calculating minimum capital requirements, with effect from January 1, 2014. The CRD IV framework was amended by CRR II and CRD V issued in 2019 and were applicable in phases. Pursuant to withdrawal of UK from the European Union (EU), PRA implemented certain Basel III standards, which were part of CRR II amendments, in UK with effect from January 1, 2022.

The Bank's regulatory capital is categorised into two tiers:

Tier 1 capital, which includes ordinary share capital, retained earnings and regulatory adjustments to Tier 1 capital.

Tier 2 capital, which includes qualifying subordinated liabilities and regulatory adjustments to Tier 2 capital.

Banking operations are categorized as either trading or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to on balance sheet and off balance sheet exposures.

The Bank uses regulatory capital ratios in order to monitor its capital base and these capital ratios remain the international standards for measuring capital adequacy. The PRA's approach to such measurement under CRD IV is primarily based on monitoring the Capital Resource Requirement to available capital resources. The PRA also sets Total Capital Requirement (TCR) (earlier known as Individual Capital Guidance (ICG)) for the Bank that sets capital requirements (Pillar 2A) in excess of the minimum Capital Resource Requirement (Pillar 1) as per CRR. A key input to the TCR setting process is the Bank's Internal Capital Adequacy Assessment Process (ICAAP). Under the current PRA guidelines, the total capital adequacy requirement for the Bank equals the aggregate of the Pillar 1 capital requirement, the Pillar 2A capital requirement (derived from the existing Internal Capital Guidance issued by PRA), and applicable macro-prudential buffers such as the Countercyclical Capital Buffer (CCyB), the Capital Conservation Buffer (CCoB) and the PRA buffer.

The capital conservation buffer applicable to banks in the UK is 2.5% in line with guidance from the PRA. In December 2021, the FPC announced to increase the UK's CCYB rate from 0% to 1% effective from December 13, 2022 in line with the usual 12-month implementation period. The FPC announced in July 2022 to further increase the UK's CCyB rate from 1% to 2% effective from July 5, 2023 in line with the usual 12-month implementation period.

The Bank's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Bank has complied with all regulatory capital requirements throughout the year.

The Board has proposed a final dividend payment of USD 16.0 million (FY2024: USD 13.0 million) for the year, subject to necessary approval.

The Bank's regulatory capital resources to be reported under CRD IV are as follows:

	March 31, 2025 USD million	March 31, 2024 USD million	**March 31, 2025 INR million**	March 31, 2024 INR million
Total Capital	**372.9**	361.3	**31,874**	30,882
- Tier I	**322.9**	311.3	**27,600**	26,608
- Tier II	**50.0**	50.0	**4,274**	4,274

36 Country by country reporting

The Capital Requirements Directive 4 ("CRD IV") requirements stipulate reporting on a consolidated basis, by country where the reporting institution has an establishment, the name, nature of activities, geographical location, and number of employees, turnover, pre-tax profit/loss, corporation taxes paid and any public subsidies received.

The Bank has one branch in the EU which is outside UK, in Eschborn (Germany). The details of the business activities are provided in the Business Review section of the Strategic Report. Details as at March 31, 2025 are provided below:

	UK		**Germany**	
Number of employees	**130**		**28**	
	USD million	**INR million**	**USD million**	**INR million**
Turnover [1 2]	73.8	6,307	13.5	1,155
Pre-tax profit	35.9	3,070	(3.9)	(337)
Corporation tax paid	1.9	162	1.8	154

[1]Income before operating expenses and provisions
[2]Includes P&L on sale of financial assets

There were no public subsidies received during the year. It may be noted that the corporation tax paid are the cash taxes paid. Refer Note 11 for information on the current year taxation (which includes taxes accrued not yet paid).

37 Risk Management Framework

The Bank has a governance framework wherein the Board is assisted by its sub-committees, the Audit Committee, the Board Governance, Nomination and Remuneration Committee (BGNRC), the Board Credit Committee (BCC), the Board Risk Committee (BRC), and the Board Conduct Risk Committee (BCRC), and follows ICICI Group's overall risk management framework. The Board has delegated responsibility for the day-to-day management of the Bank to the Managing Director and Chief Executive Officer. In this role, the Managing Director and Chief Executive Officer is supported by the Management Committee, which he chairs. The Management Committee is supported by various other committees, which include the Executive Credit and Risk Committee (ECRC), the Asset Liability Management Committee (ALCO), the Compliance Conduct and Operational Risk Committee (CORMAC), the Product and Process Approval Committee (PAC) and the Information Technology and Security Committee (ITSC).

As a financial institution, the Bank is exposed to various types of risks. The objective of the risk management framework is to ensure that the key risks facing the Bank are identified, understood, measured and monitored; and that the policies and procedures established to address these risks are strictly adhered to.

The key principles underlying the Bank's risk management framework are as follows:

1. The Board of Directors has oversight over the risks assumed by the Bank. Specific Board committees have been constituted to facilitate focused oversight of various risks.

2. Policies approved from time to time by the Board of Directors or Committees of the Board form the governing framework for each type of risk. The business activities are undertaken within this policy framework.

3. Independent groups and sub-groups have been constituted across the Bank to facilitate independent evaluation, monitoring and reporting of risks. These groups function independently of the business groups/sub-groups.

As part of the implementation of an Enterprise Risk Management framework, the Bank has developed a risk appetite framework based on its strategy, an examination of best practices and the risk appetite statement of the Parent. The risk appetite statement has been further drilled down into portfolio-level limits.

The Bank has a risk register which documents the material and non-material risks faced by the Bank and categorises the material risks as High, Medium or Low risk based on likelihood and severity of impact. The key material risks to which the Bank is exposed include credit risk (including concentration risk), market risk (including interest rate risk in banking book and credit spread risks), liquidity risk and operational risk (including compliance and legal risks and conduct risk).

The approach adopted by the management to manage the key risks facing the Bank including the third country branch in Germany, is outlined below.

Stress testing framework

The framework for stress testing has been put in place with the approval of the Board and covers the key risks faced by the Bank i.e. credit risk, market risk, liquidity risk and operational risk.

The Bank conducts stress testing, which covers credit, market and operational risks, as part of the ICAAP at annual frequency to facilitate capital planning for the Bank. The stress testing is done annually and is reviewed by the Board as part of annual review of ICAAP. Further, adequacy and appropriateness of the liquidity stress scenarios are reviewed at least annually as part of review of the Internal Liquidity Adequacy Assessment Process (ILAAP). Also, an abridged stress testing is done quarterly under the framework approved by the Board and is reviewed by Management Committee and Board Risk Committee.

Credit Risk

Credit risk is the risk that losses may arise as a result of the Bank's borrowers or market counterparties failing to meet obligations under a contract. All credit risk related aspects are governed by the Credit Risk Management Policy (CRMP), which is approved and reviewed annually by the Board Credit Committee. The CRMP describes the principles which underpin and drive the Bank's approach to credit risk management together with the systems and processes through which they are implemented and administered.

The Bank ensures that there is independent challenge of credit proposals by adopting a two stage process whereby a commercial officer assesses and proposes a transaction or limit and this proposal is then reviewed independently and assessed by a credit officer within the risk team. The CRMP lays down a structured credit approval process, which includes the procedure for independent credit risk assessment and the assignment of an internal risk rating (IRR) to the borrower. The risk rating is a critical input in the credit approval process and is used as an input in arriving at the risk premium for the proposal.

The Bank uses credit rating software through which it assesses a variety of risks relating to the borrower and the relevant industry while assigning an internal rating. Borrower risk is evaluated by considering, inter alia:

- The financial position of the borrower, by analysing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy;
- The borrower's relative market position and operating efficiency; and
- The quality of management by analysing its track record, payment record and financial conservatism.

Industry risk is evaluated by considering, inter alia:

- Certain industry characteristics, such as the importance of the industry to the economy, its growth outlook, cyclicality and government policies relating to the industry;
- The competitiveness of the industry; and
- Certain industry financials, including return on capital employed, operating margins, and earnings stability.

After conducting an analysis of a specific borrower's risk, the Bank assigns an internal risk rating to the borrower. The Bank has a rating scale ranging from 'AAA' to 'D' (AAA signifying the highest level of credit worthiness and D signifying default). AAA to BBB- are considered as 'Investment Grade' while BB and below are considered as 'Non-Investment Grade'.

Credit approval

The delegation structure for approval of credit limits is approved by the Board Credit Committee. Credit proposals are approved by the respective delegated authorities including Executive Credit and Risk Committee (ECRC)/Germany Branch Risk Committee (GBRC) or the Board Credit Committee (BCC) based on, inter alia, the amount and internal risk rating of the facility. All credit proposals put up to the BCC are evaluated first by the ECRC/GBRC.

The Credit Risk team is also responsible for the following with respect to managing the Bank's credit risk:

- Developing credit policies in consultation with the Corporate Banking Group and Retail Banking Group which cover collateral management, the credit rating framework, provisioning, etc.
- Establishing the delegation of sanctioning powers available to individuals, singly or jointly, and the credit committees which are documented in the Credit Approval Authorisation Manual.
- Limiting and monitoring concentrations of exposure to counterparties, geographies, industrial sectors, internal rating categories, etc.

- Performing portfolio specific reviews, thematic reviews and presenting the results to the BCC for guidance
- Performing periodic credit stress tests on the Bank's portfolio and communicating the results to the BCC.

The Bank has outsourced credit administration to a specialized unit of its Parent Bank which includes monitoring compliance with the terms and conditions prior to disbursement, tracking the completeness of documentation and creation of security and post disbursement monitoring requirements.

Concentration risk

Concentration risk arises from significant exposures to groups of counterparties where likelihood of default is driven by common underlying factors, e.g. sector, economy, geographical location, instrument type. The key parameters of risk concentrations measured in the Bank include sectoral, country, rating category based, product specific exposures, counterparty and large exposures. To manage these risks, limits have been stipulated in the risk appetite framework. These are monitored and reported to BRC at quarterly intervals.

Credit monitoring

Credit quality is monitored on an ongoing basis but can also be triggered by any material credit event coming to the Bank's notice through either primary or secondary sources. The Bank has established a credit forum for its corporate exposures, which is comprised of the MD & CEO, Head of Business and the Head of Risk. The credit forum focuses on management & monitoring of impaired and watch list assets/investments and also monitors developments in the Bank's portfolio through the Early Warning Indicators (EWI) framework to identify potential vulnerabilities. It is the Bank's policy to review borrower accounts at least on an annual basis or at shorter interval(s) if recommended by the credit officer or the relevant sanctioning committee. A risk-based asset review framework has been put in place wherein the frequency of asset review would be higher for cases with higher exposure and/or lower credit rating. The Bank has established an approach to assets under watch as an additional tool for monitoring exposures which show or are expected to show signs of weakness. The assets under watch are reviewed on a quarterly basis by the BCC, in addition to review and monitoring by the ECRC/GBRC. The Bank documents the 'lessons learned' from its experiences of exposures against which specific provisions have been made. These are presented jointly by the Business and Risk groups to the BCC.

Credit risk is also managed at the portfolio level by monitoring and reporting risk dashboards to the Board at specified intervals. The credit risk dashboard is constructed using key risk indicators for underlying portfolio rating, counterparty concentration, geographical concentration, stressed assets, breaches in risk appetite, sectoral concentration, recovery risk and documentation risk.

The segregation of responsibilities and oversight by groups external to the business groups ensure adequate checks and balances.

Internal risk rating of the Bank's investment portfolio:

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
AAA to AA-	**580,048**	649,727	**49,580**	55,535
A+ to A-	**90,241**	42,586	**7,713**	3,640
Nonrated	**5,480**	6,084	**468**	520
Total	**675,769**	698,397	**57,761**	59,695

Credit quality of loan portfolio

The definition of internal risk rating for the loans and advances are given below:

AAA to AA-	: Highest safety/High Safety
A+ to A-	: Adequate safety
BBB+ to BBB-	: Moderate safety
BB and below	: Inadequate safety/High risk

The Bank's internal risk rating scale is a measure of relative credit worthiness and does not map exactly with that of external rating agencies.

The exposure detailed below for loans and advances to banks and customers are gross of collective and specific impairment.

Loans and advances to banks

Internal risk rating of loans and advances to banks

Rating	**March 31, 2025 USD 000s**	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
AAA to AA-	**335,276**	355,034	**28,658**	30,346
A+ to A-	**4,343**	575	**371**	49
Total	**339,619**	355,609	**29,029**	30,395

Loans and advances to customers

The details of the rating distribution have been provided in the following three categories:

(a) Internal risk rating of loans and advances to customers

Rating	**March 31, 2025 USD 000s**	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
AAA to AA-	**378,379**	240,191	**32,342**	20,530
A+ to A-	**467,978**	464,798	**40,000**	39,729
BBB+ to BBB-	**105,543**	155,041	**9,021**	13,252
BB and below	**21,642**	35,520	**1,850**	3,036
Total	**973,542**	895,550	**83,213**	76,547

Industry exposure

The following is an analysis of loans and advances to customers by industry:

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Industrials	**94,636**	95,684	**8,089**	8,179
Consumer Discretionary	**172,884**	133,141	**14,777**	11,380
Consumer Staples	**5,838**	16,048	**499**	1,372
Energy	**33,805**	52,657	**2,889**	4,501
Financials	**68,156**	56,627	**5,826**	4,840
Gems and Jewellery	**592**	3,470	**51**	297
Healthcare	**6,601**	8,779	**564**	750
Information Technology	**34,284**	8,460	**2,930**	723
Materials	**105,673**	83,638	**9,032**	7,149
Real Estate	**422,745**	405,012	**36,134**	34,618
Telecom Services	**14,243**	20,302	**1,217**	1,735
Others	**14,085**	11,732	**1,204**	1,003
Total	**973,542**	895,550	**83,212**	76,547

Collateral management

The Bank has a policy on collateral management and credit risk mitigation which provides guidance for identifying eligible collateral as per the relevant articles of the Capital Requirements Regulation (CRR).

Apart from obtaining eligible collateral for capital relief, the Bank endeavours to reduce or mitigate, to the extent possible, the credit risk on credit facilities by way of securing the facilities with appropriate collateral. The Bank determines the appropriate collateral for each facility based on the type of product, the counterparty and the appropriateness of the collateral typically offered in the jurisdiction of the borrower.

The security accepted by the Bank includes cash deposits, pledge/contractual comfort over equity shares (both listed and unlisted), charges over fixed assets (including plant and machinery and land and building) for term loans, charges over current assets for working capital finance, charges on specific receivables with escrow arrangements, mortgages on residential/commercial property, assignment of underlying project contracts for project finance loans. The Bank also accepts corporate guarantees and related support undertakings from borrower group entities for mitigating credit risk. The Bank has a collateral management policy which details the types of collaterals, frequency of valuation and valuation adjustments. The Bank also has a collateral valuation policy for cases assessed for specific provisions. The Bank applies Basel II guidelines on the collateral available with the Bank for its internally rated portfolio to determine the Loss Given Default (LGD) and haircuts applicable against each collateral for computing the collective provisioning requirements.

The Bank's risk appetite framework has prescribed a limit on the quantum of unsecured corporate funded exposures.

The CRMP provides guidance on identifying and defining secured facilities and valuing the underlying security. The Bank monitors and reports the proportion of unsecured exposures in the loans and advances portfolio to the ECRC on a monthly basis and to the BCC on a quarterly basis.

As per the policy, the basis of valuation depends on the type of security. The CRMP details the general basis of valuation of various collateral and the expected frequency of valuation.

"The Bank follows FRS102 guidelines for collective impairment wherein the provisioning is determined based on underlying credit risk and is sensitive to various factors including credit ratings and economic scalars for countries and sectors. For example, a 5% increase in all country scalars would result in USD 0.10 million (FY2024: USD 0.16 million) increase in the collective impairment allowance and 5% increase in LGD and PD would result in USD 0.13 million (FY2024: USD 0.21 million) increase in the collective impairment allowance

The table below provides the value of collateral/collaterals held by the Bank:

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Collateral value	**539,693**	458,371	**44,688**	39,179
Gross loan and advances against which collateral held	**973,542**	895,550	**83,212**	76,547

The collateral value was computed as the value of collateral for loans and advances amount, whichever is lower.

Value of collateral held against loans and advances to banks as at March 31, 2025 is NIL (2024: NIL).

The collateral valuations in the table above are based on the valuation available from the latest available audited financial statements of the security provider, valuation reports for tangible assets wherever applicable, and reports from security trustee/market value of listed shares for loans against the shares. The valuations exclude any charges which might be incurred for selling or obtaining the collateral, or time value. In the ordinary course of business, the Bank pursues litigation in order to recover any overdue exposures. Sometimes the successful outcome of litigation can be material to the results of the Bank.

The maximum amount of on balance sheet credit risk, without taking account any collateral or netting arrangements, as at March 31, 2025 is approximately USD 2.4 billion (INR 205 billion) (2024: USD 2.2 billion; INR 188 billion). The maximum amount of off balance sheet credit risk on guarantees and letters of credit is approximately USD 222 million (INR 18,975 million) (2024: USD 60 million; INR 5,129 million). Potential credit risk on financial instruments is detailed in Note 19.

The collateral value in the above table excludes the value of such collateral which the Bank may accept to manage its risks more effectively such as a second charge on assets, other liens and corporate guarantees and related support undertakings from borrower group entities. The Bank has applied appropriate haircuts when calculating the collateral value detailed above.

The Bank follows FRS102 guidelines for collective impairment wherein the provisioning is determined based on underlying credit risk and is sensitive to various factors including credit ratings and economic scalars for countries and sectors. For example, a 5% increase in all country scalars would result in USD 0.10 million (FY2024: USD 0.16 million) increase in the collective impairment allowance and 5% increase in LGD and PD would result in USD 0.13 million (FY2024: USD 0.21 million) increase in the collective impairment allowance

Market risk

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices. It also includes the interest rate risk in the banking book (IRRBB). The Bank's key policies for managing market risk as approved by the BRC/ ALCO are:

- Treasury policy manual and mandate (TPMM) which also includes the trading book policy statement (TBPS)
- IRRBB management policy
- Valuation, model validation policy and independent price verification policy

These policies are designed to ensure that transactions in securities, foreign exchange and derivatives are conducted in accordance with sound and acceptable business practices as well as regulatory guidelines and laws governing such transactions. The policies are reviewed periodically to take into account changed business requirements, the economic environment and revised policy guidelines.

The key market risks to which the Bank is exposed relate to:

- Price risk - Price risk is the risk to the fair value of investments arising out of changes in the market rates. The Bank monitors the price risk through price value of basis point (PV01), value at risk (VaR) and cumulative stop loss limits. The risk appetite of the Bank includes limits for such risk metrics. The Bank does not have material trading book subjected to mark to market risk. The Bank hedges part of its AFS bond investments to minimise impact due to interest rate changes by entering into interest rate swaps. In view of this, price risk is not deemed as material risk. Further, the Bank has discussed price risk through the section on VaR and also through the impact of a change in interest rates on investments held in the AFS portfolio.

- Interest rate risk - Interest rate risk is defined as the risk of loss which the Bank will incur as a result of an increase or decrease in interest rates. Interest income and expense from interest sensitive assets and liabilities are impacted by changes in interest rates. The overall value of the investment portfolio, the underlying value of the Bank's other assets, its liabilities, and off balance sheet (OBS) instruments are also impacted due to changes in interest rates because the present value of future cash flows changes when interest rates change.

  Interest rate risk on the balance sheet is measured by the use of re-pricing gap reports and estimating the sensitivity of the Bank's net interest income (defined as Delta NII) to changes in interest rates. The sensitivity is calculated for various interest rate scenarios across different currencies that the Bank's balance sheet is exposed to in accordance with the PRA prescribed interest rate shocks including a standard scenario of a 200 basis points adverse change in the level of interest rates. The various limits set for interest rate risk are monitored and the utilisations reported to the ALCO and BRC on a periodic basis.

  The Bank uses Duration of Equity (DoE) as an all-encompassing measure, which takes into consideration the duration and value of both assets and liabilities. DoE is a measure of interest rate sensitivity, which indicates how much the market value of equity would change if interest rates change by 1%. Currently a limit of ±3.0 has been prescribed for the overall net DoE of the Bank. Additionally, the Bank computes Delta EVE for various PRA prescribed interest rate scenarios across different currencies that the Bank's balance sheet is exposed to including a standard scenario of a 200 basis points adverse change in the level of interest rates.

  Further, to manage the interest rate risk in the investment portfolio and ineffective derivatives, the Bank uses various risk metrics such as value-at-risk (VaR), price value of basis point (PV01) and credit spread per basis point (CS01).

- Forex risk - This risk arises due to positions in non-US Dollar denominated currencies, which in turn arise from assets and liabilities in those currencies. Foreign exchange risk is managed within the Treasury function in accordance with approved position limits. The net overnight open position (NOOP) of the Bank as at March 31, 2025 was USD 1.9 million (INR 162.4 million) (2024: USD 5.1 million; INR 435.9 million).

The Bank has devised various risk metrics for different products and investments. These risk metrics are measured and reported to senior management by an independent Treasury & Security Services Group (TSSG) (outsourced to Parent bank). Some of the risk metrics adopted by the Bank for monitoring its risks are VaR, DoE, Delta NII, Delta EVE, and PV01 and stop loss amongst others. The risk appetite of the Bank includes limits for these risk metrics.

* VaR is calculated using a parametric approach at a 99% confidence level over a one day holding period. The total VaR for the Bank's AFS book portfolio, including its investment portfolio as at March 31, 2025 was USD 1.0 million (INR 85.5 million) (2024: USD 1.9 million; INR 162.4 million). The maximum, average and minimum VaR during the year for the AFS book portfolio, including its investment portfolio, was USD 2.0 million (INR 171.0 million) (2024: USD 2.4 million; INR 205.1 million), USD 1.5 million (INR 128.2 million) (2024: USD 2.0 million; INR 171.0 million) and USD 1.2 million (INR 102.6 million) (2024: USD 1.7 million; INR 145.3 million) respectively.

The impact of an increase in interest rates on investments held in the AFS portfolio (bonds, asset-backed securities, treasury bills and government securities), assuming a parallel shift in yield curve, has been set out in the following table:

The impact of a decrease in interest rates on investments held in the AFS portfolio (bonds, asset backed securities, treasury bills and government securities), assuming a parallel shift in yield curve, has been set out in the following table:

Particulars	**March 31, 2025 USD 000s**	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Portfolio size (Market value)	337,631	312,212	28,844	26,040
Change in value due to 200 bps movement in interest rate	16,603	15,945	1,418	1,330

Volatility in interest rates has an impact on an entity's interest earnings. The impact of an increase/decrease in interest rates on the Bank's net interest income (Delta NII) as at March 31, 2025, assuming a parallel shift in the yield curve, has been set out in the following table:

Equivalent in USD million

Currency	Impact on Net Interest Income over a one year horizon	
	Increase in interest rates by 200 bps	Decrease in interest rates by 200 bps
USD	(1.4)	1.4
GBP	1.4	(1.4)
EUR	(0.2)	0.2
Other currencies	(0.0)	0.0
Total	(0.2)	0.2

Equivalent in INR million

Currency	Impact on Net Interest Income over a one year horizon	
	Increase in interest rates by 200 bps	Decrease in interest rates by 200 bps
USD	(119.6)	119.6
GBP	119.6	(119.6)
EUR	(18.4)	18.4
Other currencies	(0.9)	0.9
Total	(19.3)	19.3

The equivalent impact analysis as at March 31, 2024 is set out in the following table:

Equivalent in USD million

Currency	Impact on Net Interest Income over a one year horizon	
	Increase in interest rates by 200 bps	Decrease in interest rates by 200 bps
USD	(1.7)	1.7
GBP	1.7	(2.7)
EUR	(0.1)	0.1
Other currencies	(0.0)	0.0
Total	(0.1)	(0.9)

Equivalent in INR million

Currency	Impact on Net Interest Income over a one year horizon	
	Increase in interest rates by 200 bps	Decrease in interest rates by 200 bps
USD	(146.2)	146.2
GBP	142.7	(238.5)
EUR	(11.1)	11.1
Other currencies	(0.9)	0.85
Total	(15.5)	(80.3)

Liquidity risk

Liquidity risk arises due to insufficient available cash flows including the potential difficulty of resorting to the financial markets in order to meet payment obligations. The Bank's key policies for managing liquidity risk, as approved by the Board, are:

- Internal Liquidity Adequacy Assessment Process (ILAAP)
- Liquidity contingency, Recovery and Resolution plan (LC-RRP)

The Bank has implemented the CRD V liquidity guidelines as specified by PRA. As per the guidelines, the Bank has prepared an ILAAP document outlining the liquidity risk appetite of the Bank. The ILAAP document sets out the framework used to ensure that the Bank maintains sufficient liquidity, including periods of stress. This has been done through the robust liquidity stress testing under various identified scenarios. Under each scenario, the Bank assesses the behaviour of each liquidity risk drivers and estimates the amount of liquidity required to mitigate net stress outflows. The stress testing is carried out daily. The results of the stress test are reported to the ALCO, BRC and Board on a monthly and quarterly basis respectively. The Bank also monitors the Basel III liquidity ratios LCR and NSFR as prescribed by the CRD V liquidity guidelines prescribed by the PRA.

The Bank also has a LC-RRP which details the overall approach and actions the Bank would undertake in order to manage the Bank's liquidity position during stressed conditions. The LC-RRP addresses both the funding and operational requirements of the Bank and sets-out a funding, operational and communication plan to enable the Bank to deal with a liquidity crisis. In summary, the Bank seeks to follow a conservative approach in its management of liquidity and has in place, a robust governance structure, and policy framework and review mechanism to ensure availability of adequate liquidity even under stressed market conditions.

The Bank differentiates liquidity risk between funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk when the Bank will not be able to efficiently meet cash flow requirements in a timely manner for its payment obligations including liability repayments, even under adverse conditions, and to fund all investment/lending opportunities, even under adverse conditions. Market liquidity refers to the Bank's ability to execute its transactions and to close out its positions at a fair market price. This may become difficult in certain market conditions either because of the underlying product itself or because of the Bank's own creditworthiness.

The Bank's liquidity risk management philosophy is to be able, even under adverse conditions, to meet all liability repayments on time and to fund all investment opportunities by raising sufficient funds either by increasing liabilities or by converting assets into cash expeditiously and at reasonable cost.

The Bank maintains a diversified funding base comprising retail, corporate customer deposits and institutional balances. These deposits are augmented by wholesale deposits, borrowings and through issuance of bonds and subordinated debt from time to time. Loan maturities and sale of investments also provide liquidity. Further, the Bank holds unencumbered HQLA to protect against stress conditions.

The Bank monitors and manages its overall liquidity risk appetite by ensuring that it maintains liquidity coverage ratio above regulatory requirements, by having adequate liquid assets for projected stressed outflows under various scenarios and also by ensuring that its liquidity gap position is within the approved limit for the various time buckets. This framework is further augmented by defining risk limits for certain liquidity risk drivers. ALCO and BRC review these parameters on a monthly and quarterly basis respectively.

The Bank mitigates the risk of a liquidity mismatch in excess of its risk appetite by managing the liquidity profile of the balance sheet through both short-term liquidity management and a long-term funding strategy. Short-term liquidity management is considered from two perspectives; firstly, business as usual and secondly, stressed conditions, both of which relate to funding in the less than one-year time horizon. Longer term funding is used to manage the Bank's strategic liquidity profile which is determined by the Bank's balance sheet structure.

The Bank uses various tools for measurement of liquidity risk including the statement of structural liquidity (SSL), dynamic cash flow reports, liquidity ratios and stress testing through scenario analysis. The SSL is used as a standard tool for measuring and managing net funding requirements and for assessing the surplus or shortfall of funds in various maturity buckets in the future. The Bank also prepares dynamic cash flow reports, which in addition to scheduled cash flows, also consider the liquidity requirements pertaining to incremental business and the funding thereof.

As part of the stock and flow approach of monitoring liquidity, the Bank monitors certain liquidity ratios covering various liquidity risk drivers inter-alia short-term liquidity risk, structural mismatch risk, wholesale funding risk, off balance sheet risk and non-marketable assets risk as detailed in the Bank's ILAAP. The customer advances to total assets ratio provides a measure of the structural liquidity of the Bank's asset portfolio. The ratio as at March 31, 2025 was 0.5 (0.4 as at March 31, 2024).

Refer Note 38 for details on the cash flow payable under contractual maturity.

38 Cash flow payable under contractual maturity

At March 31, 2025, the contractual maturity comprised USD 000s

	Less than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Total
Deposits by banks	**27,228**	**-**	**-**	**-**	**-**	**27,228**
Customer accounts	**1,358,357**	**279,944**	**249,119**	**33,261**	**-**	**1,920,681**
Other liabilities	**13,612**	**-**	**-**	**14,062**	**953**	**28,627**
Accruals and deferred income	**9,254**	**-**	**-**	**2,417**	**-**	**11,671**
Subordinated debt	**1,342**	**898**	**1,806**	**60,175**	**-**	**64,221**
Repurchase Agreements	**33,425**	**-**	**-**	**-**	**-**	**33,425**
Total Non-Derivative	**1,443,218**	**280,842**	**250,925**	**109,915**	**953**	**2,085,853**
Derivative financial liabilities	**2,892**	**1,720**	**617**	**9,939**	**1,404**	**16,572**
Total Liabilities	**1,446,110**	**282,562**	**251,542**	**119,854**	**2,357**	**2,102,425**

All cash flows are undiscounted except derivative financial liabilities (MTM payable)

At March 31, 2025, the contractual maturity comprised INR million

	Less than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Total
Deposits by banks	**2,327**	**-**	**-**	**-**	**-**	**2,327**
Customer accounts	**116,106**	**23,928**	**21,293**	**2,843**	**-**	**164,170**
Other liabilities	**1,163**	**-**	**-**	**1,202**	**81**	**2,446**
Accruals and deferred income	**791**	**-**	**-**	**207**	**-**	**998**
Subordinated debt	**115**	**77**	**154**	**5,144**	**-**	**5,490**
Repurchase Agreements	**2,857**	**-**	**-**	**-**	**-**	**2,857**
Total Non-Derivative	**123,359**	**24,005**	**21,447**	**9,396**	**81**	**178,288**
Derivative financial liabilities	**248**	**147**	**53**	**850**	**120**	**1,418**
Total Liabilities	**123,607**	**24,152**	**21,500**	**10,246**	**201**	**179,706**

At March 31, 2024, the contractual maturity comprised USD 000s

	Less than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Total
Customer accounts#	1,063,002	244,659	318,885	63,064	-	1,689,610
Other liabilities	5,962	-	-	17,269	932	24,163
Accruals and deferred income	8,835	-	-	2,242	-	11,077
Subordinated debt#	898	1,342	1,806	63,728	-	67,775
Repurchase Agreements	92,735	-	-	-	-	92,735
Total Non-Derivative	1,171,432	246,001	320,691	146,303	932	1,885,360
Derivative financial liabilities	4,333	800	2,399	11,107	552	19,191
Total Liabilities	1,175,765	246,801	323,090	157,410	1,484	1,904,551

amounts of FY2024 reinstated to include future coupon payments

At March 31, 2024, the contractual maturity comprised INR million

	Less than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Total
Customer accounts#	90,860	20,912	27,257	5,390	-	144,419
Other liabilities	510	-	-	1,476	80	2,066
Accruals and deferred income	755	-	-	192	-	947
Subordinated debt#	77	115	154	5,447	-	5,793
Repurchase Agreements	7,927	-	-	-	-	7,927
Total Non-Derivative	100,129	21,027	27,411	12,505	80	161,152
Derivative financial liabilities	370	68	205	949	47	1,639
Total Liabilities	100,499	21,095	27,616	13,454	127	162,791

amounts of FY2024 reinstated to include future coupon payments

The balances as noted above incorporate all cash flows on an undiscounted basis which relates to the principal and future coupon payments (except for trading liabilities and trading derivatives).

39 Derivative financial instruments

The Bank enters into various financial instruments as principal to manage balance sheet interest rate and foreign exchange rate risk. These mainly include interest rate swaps and exchange rate related contracts.

Exchange rate related contracts include spot, currency swaps and forward transactions. The Bank's currency swap transactions generally involve an exchange of currencies and an agreement to re-exchange the currency at a future date where the swaps relate to assets and liabilities denominated in different currencies.

The Bank uses derivatives to mitigate interest rate risk. Hedge accounting is applied to derivatives and hedged items when the criteria under IAS 39 for financial instruments as permitted by FRS 102, have been met. The swaps exchange fixed rate for floating rate on assets/liabilities to match the floating rates paid/received on funding or exchanges fixed rates on funding to match the floating rates received/paid on assets/liabilities. For qualifying hedges, the fair value changes of the derivative are substantially matched by corresponding fair value changes of the hedged item, both of which are recognised in profit and loss.

The Bank has computed the Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA) for the derivative portfolio which amounted to USD 19 thousand (INR 1.6 million) and USD 6 thousand (INR 0.5 million) respectively. The probability of defaults (PD) used for computation of CVA/DVA are in line with the PDs used for collective provision computation at March 31, 2025. The loss given default (LGD) of 45% is used for the calculation (except for real estate transactions) based on Basel guidelines for credit risk capital charge computation under foundation Internal Risk Based (IRB) approach for senior unsecured claims. The CVA for real estate transactions is calculated based on scalar adjusted expected loss.

Change in fair value under hedge accounting:

The Bank enters into fixed-for-floating-interest-rate swaps to manage the exposure to changes in fair value caused by movements in market interest rates on certain fixed-rate financial instruments that are not measured at fair value through profit or loss, including debt securities held and issued. As at March 31, 2025, the notional amounts of interest rate swaps and foreign exchange contracts designated as fair value hedges were USD 467 million (INR 39,951 million) (2024: USD 561 million; INR 47,991 million) and these contracts had a net positive fair value of USD 3.3 million (INR 283 million) (2024: net positive fair value of USD 3.8 million; INR 323 million).The notional principal amounts of these instruments are not indicative of the amounts at risk which are smaller amounts payable under the terms of these instruments and upon the basis of the contract or notional principal amount. Derivatives contracts in the non-trading book are used for hedging purposes only and are accounted for on this basis and are executed with bank counterparties for whom volume and settlement limits have been approved. Counterparty group limits are approved for connected exposures.

The methodologies for the valuation of derivative products are defined in the Valuation Policy of the Bank, which has been approved by the Board Risk Committee of the Bank. The Bank uses swap rates, cross currency basis spreads and spot rates as inputs for the valuation of currency swaps and foreign exchange forward transactions. Further, the Bank uses swap rates and interest rate basis spreads as inputs for the valuation of interest rate swaps. Inputs are drawn from Reuters on a real time basis. While the currency wise cash flows for currency swaps and forward transactions are discounted with the appropriate swap rate for the respective currency and the applicable cross currency basis spread, cash flows for interest rate swaps are discounted with the appropriate zero rate for the currency. Further, the floating rate cash flows for currency swaps and forward transactions are calculated from the zero rates derived from the swap curve and the appropriate basis spread applicable for the currency. The floating rate cash flows for interest rate swaps are calculated from the zero rates derived from the swap curve and the appropriate interest rate basis applicable for the currency.

	March 31, 2025 USD 000s	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Change in fair value of hedged items recognised in profit and loss account	**869**	6,081	**74**	520
-Investments	**2,013**	5,103	**171**	436
-Borrowings	**(671)**	1,042	**(57)**	89
-Deposits	**(473)**	(64)	**(40)**	(5)
Change in fair value of hedged instruments recognised in profit and loss account#	**(1,007)**	(6,735)	**(86)**	(576)

#excludes Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA) for the derivative portfolio

Principal amounts of derivative financial instruments

As at March 31, 2025 USD 000s

Instrument	Non-trading Notional Principal	Trading Notional Principal	Gross Positive Fair Value	Gross Negative Fair Value#
Foreign exchange contracts	-	908,537	7,232	4,521
Interest rate	467,401	1,653,666	15,762	12,051
Total	**467,401**	**2,562,203**	**22,994**	**16,572**

As at March 31, 2025 INR million

Instrument	Non-trading Notional Principal	Trading Notional Principal	Gross Positive Fair Value	Gross Negative Fair Value
Foreign exchange contracts	-	77,657	617	386
Interest rate	39,951	141,347	1,349	1,030
Total	**39,951**	**219,004**	**1,966**	**1,416**

Principal amounts of derivative financial instruments

As at March 31, 2024 USD 000s

Instrument	Non-trading Notional Principal	Trading Notional Principal	Gross Positive Fair Value	Gross Negative Fair Value#
Foreign exchange contracts	-	1,332,053	5,205	4,943
Interest rate	561,466	861,618	18,505	14,220
Total	**561,466**	**2,193,671**	**23,710**	**19,163**

As at March 31, 2024 INR million

Instrument	Non-trading Notional Principal	Trading Notional Principal	Gross Positive Fair Value	Gross Negative Fair Value#
Foreign exchange contracts	-	113,857	445	423
Interest rate	47,991	73,647	1,582	1,215
Total	**47,991**	**187,504**	**2,027**	**1,638**

#excludes Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA) for the derivative portfolio which amounted to USD 14 thousand (2024: USD 28 thousand)

Derivative financial instruments by valuation hierarchy

As at March 31, 2025 USD'000s

	Foreign exchange contracts		Interest rate	
	Gross Positive Fair Value	Gross Negative Fair Value#	Gross Positive Fair Value	Gross Negative Fair Value#
Level 1	**857**	**659**	**-**	**-**
Level 2	**6,375**	**3,862**	**11,547**	**8,077**
Level 3	**-**	**-**	**4,215**	**3,974**
Total	**7,232**	**4,521**	**15,762**	**12,051**

As at March 31, 2025 INR million

	Foreign exchange contracts		Interest rate	
	Gross Positive Fair Value	**Gross Negative Fair Value#**	**Gross Positive Fair Value**	**Gross Negative Fair Value#**
Level 1	**73**	**55**	**-**	**-**
Level 2	**544**	**330**	**988**	**690**
Level 3	**-**	**-**	**360**	**340**
Total	**617**	**385**	**1,348**	**1,030**

As at March 31, 2024 USD'000s

	Foreign exchange contracts		Interest rate	
	Gross Positive Fair Value	Gross Negative Fair Value #	Gross Positive Fair Value	Gross Negative Fair Value #
Level 1	756	547	-	-
Level 2	4,449	4,396	10,625	6,665
Level 3	-	-	7,880	7,555
Total	5,205	4,943	18,505	14,220

As at March 31, 2024 INR million

	Foreign exchange contracts		Interest rate	
	Gross Positive Fair Value	Gross Negative Fair Value #	Gross Positive Fair Value	Gross Negative Fair Value #
Level 1	65	47	-	-
Level 2	380	376	908	570
Level 3	-	-	674	646
Total	445	423	1,582	1,216

#excludes Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA) for the derivative portfolio which amounted to USD 14 thousand (2024: USD 28 thousand).

40 Assets and liabilities denominated in foreign currency

Total assets / Liabilities (incl. Equity)	**March 31, 2025 USD 000s**	March 31, 2024 USD 000s	**March 31, 2025 INR million**	March 31, 2024 INR million
Denominated in US Dollars	**1,026,658**	1,097,635	**87,753**	93,821
Denominated in Sterling	**987,444**	742,501	**84,402**	63,465
Denominated in other currencies	**407,511**	363,124	**34,832**	31,038
Total assets	**2,421,613**	2,203,260	**206,987**	188,324
Denominated in US Dollars	**823,405**	631,752	**70,381**	53,999
Denominated in Sterling	**1,461,871**	1,434,278	**124,953**	122,595
Denominated in other currencies	**136,337**	137,230	**11,653**	11,730
Total liabilities	**2,421,613**	2,203,260	**206,987**	188,324

The above should not be considered to demonstrate the Bank's exposure to foreign exchange risk due to the existence of compensating exchange rate contracts as discussed in Note 39 which are held for hedging purposes.

The Bank follows a conservative policy with regard to its foreign exchange risk which is managed within the Treasury function in accordance with the position limits approved by the Board Risk Committee and by using value-at- risk measure. The Net overnight open position (NOOP) of the Bank as at March 31, 2025 was USD 1.95 million (INR 166.2 million) (2024: USD 5 million; INR 427.4 million).

41 Post balance sheet events

There have been no material events after the balance sheet date up until the date of signing these financial statements which would require disclosure or adjustments to the March 31, 2025, financial statements.

42 Ultimate parent company and parent undertaking of larger group of which the Bank is a member

The Bank is a wholly owned subsidiary of ICICI Bank Limited. The parent company is incorporated in India, having registered address at ICICI Bank Tower, Near Chakli Circle, Old Padra Road, Vadodara 390007, Gujarat, India. Copies of the group accounts for ICICI Bank Limited can be obtained from the Secretarial Department, ICICI Bank Limited, ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400051, India.