AXIS BANK

UK LTD.

ANNUAL REPORT 2013 - 2014

A year ago we began our journey in the UK. Today, as the first overseas subsidiary of India's third largest private sector bank, Axis Bank UK Ltd. provides a targeted range of banking services with an emphasis on customer service.

Whether individuals or businesses, we see our relationships as partnerships where we can grow together. We are here. We stand for progress. Let us progress together.

AXIS BANK UK LTD.

AXIS BANK UK LIMITED
FINANCIAL STATEMENTS
31 March 2014

AXIS BANK UK LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 MARCH 2014

Company Registration Number	**07554558 dated 7 March 2011**
The Board of Directors	
	Shikha Sharma Chairperson
	Varadarajan Srinivasan Non-Executive Director
	Somnath Sengupta Non-Executive Director
	Michael Thomas Folger Non-Executive Director
	David Budd Non-Executive Director
	Cyril Anand Madireddi Managing Director & CEO
	Martin Say Executive Director – Risk and Compliance
Company Secretary	**Kanchan Dasgupta**
Registered Office	4th Floor, Kings House, 36-37 King Street, London EC2V 8BB
Auditor	**Deloitte LLP** Chartered Accountants and Statutory Auditor Hill House 1 Little New Street London EC4A 3TR

AXIS BANK UK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2014

The Directors have pleasure in presenting the annual report and the audited financial statements for the year ended 31 March 2014. These financial statements have been prepared in accordance with the Companies Act, 2006 and applicable International Financial Reporting Standards as endorsed by the European Union.

Principal activity and review of the business

Axis Bank UK Limited ("the Bank"), registered as a company with the Companies House of England and Wales, is a wholly owned subsidiary of Axis Bank Limited (Axis Bank India), the third largest private sector bank in India having a balance sheet size of USD 58.2 billion as of 31 December 2013. The Bank commenced operations in the current financial year, subsequent to receiving authorisation from the Prudential Regulation Authority on 19 April, 2013. The Bank is regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) and is covered by the Financial Services Compensation Scheme (FSCS). The Bank offers a whole range of products covering retail banking, corporate banking, commercial banking and treasury services to its customers.

Change in name and principal activity during the year

Axis UK Limited was incorporated as a company, registered in England and Wales, on 07 March 2011. The principal activity of the Bank was to obtain authorisation from the then UK financial regulator, the Financial Services Authority (FSA), for carrying on banking operations in the United Kingdom.

Axis UK Limited received authorisation to carry out banking operations from the Prudential Regulation Authority on 19 April, 2013. Subsequently the name and the principal activity carried out by the Bank have both undergone a change. The name changed from "Axis UK Limited to "Axis Bank UK Limited" and the principal activity changed from 'set up operations' to "offering of banking services in the UK".

Additionally, the principal currency (functional currency) was changed from GBP to USD as the latter represented the currency of the primary economic environment in which the Bank was to operate. The change in functional currency was made with retrospective effect from 01 April 2013. The comparatives to the financial statements of the previous year have been restated as follows:

- Monetary items have been translated to USD at the closing rate of exchange at the balance sheet date (31 March 2013) and non-monetary items at historical costs;
- Income and expenses have been translated to USD at an average rate;
- Differences resulting from the re-translation have been adjusted to exchange gain/loss.

Going concern basis

The accounts are prepared on a going concern basis. The Bank has adequate resources to continue its operations for the foreseeable future. The Bank has posted a profit for the year ended 31 March 2014 and has a positive net worth position.

As a consequence of this and the robust risk management framework that the Bank has in place, the Directors believe that the Bank is well placed to manage its business risks successfully and reasonably expect it to continue in operational existence for the foreseeable future.

Capital structure

Axis Bank UK Limited continues to monitor its current and projected capital adequacy ratios on a regular basis to ensure that capital held is always adequate to support the business transacted.

As at the close of the previous accounting year, the Bank had share capital of GBP 1 in the form of a single share of GBP 1. Just prior to receipt of authorisation from the Prudential Regulation Authority, the Bank increased its regulatory capital in

April 2013 by USD 55 million through the issue of 55 million equity shares of USD 1 each and subordinated debt of USD 25 million. Both the equity share capital and the subordinated debt were issued to Axis Bank Limited.

Charitable donations

The Bank made no charitable donations during the year.

Directors

The current Directors are listed on page 2.

Disclosure as per Capital Requirement Regulation (CRR)

The Bank has made the disclosures as required for period ended March 2014, under the CRR in a separate document and the same is available in our website (www.axisbankuk.co.uk).

Statement as to disclosure of information to the auditor

The Directors who held office at the date of approval of this Director's Report confirm that:

- So far as the Directors are aware, there is no relevant audit information of which the Bank's auditor is unaware, and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act, 2006.

Auditor

Deloitte LLP, Chartered Accountants were appointed as the statutory auditor for the Bank from April 2013

General meetings

In accordance with the Companies Act, 2006 the Bank is not required to hold an annual general meeting.

By order of the Board

Cyril Anand Madireddi
Managing Director & Chief Executive Officer
15 April 2014

Kanchan Dasgupta
Company Secretary

AXIS BANK UK LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2014

The Bank started its commercial operations during the current financial year. The business strategy of the Bank has been driven by the increased globalisation of the Indian economy, the growing trend of Indian corporates expanding overseas, the large population of non-resident Indians and persons of Indian origin across the globe and overseas companies looking to invest in India.

The Bank has focussed its efforts on specific business segments which are aligned with its core competencies and strengths and are consistent with the risk appetite of the Bank. In the initial year, the primary aim of the Bank has been to target corporate clients and build on the existing relationships of the parent bank. The Bank has also initiated steps to offer retail products. The Bank has leveraged its relationships with other institutions in order to fund its asset growth. A key focus has been to ensure that the Bank's business plans are achievable within its capital and liquidity resources.

Key financial highlights

During the year, the Bank has made steady progress in implementing its business plan. The Bank's total assets as at March 2014 were USD 370.60 million and the Bank registered profit before taxes of USD 2.087 million. The capital, funding and liquidity positions of the Bank remained comfortable throughout the year.

Payment of Dividends

The Directors have not recommended the payment of any dividend.

The financial statements for the reporting year ended 31 March 2014 are shown on pages 13 to 43.

Key performance indicators and ratios

The financial performance for the financial year 2014 is summarised in the following table:

Income Statement	**2013-14 USD**	2012-13 USD
Net interest income	**4,640,649**	-
Fees income	**1,705,043**	-
Total operating income	**6,309,845**	-
Operating expenses	**(4,223,129)**	-
Profit before taxes	**2,086,716**	-
Balance Sheet	**2013-14 USD**	2012-13 USD
Loans and advances to banks	**51,500,000**	-
Loans and advances to customers	**235,761,665**	-
Investments	**76,277,023**	-
Total assets	**370,597,007**	3,219,184
Shareholders' funds	**56,603,314**	2
Key performance indicators (%)	**2013-14**	2012-13
Net Interest Margin (NIM)	**1.81**	
Cost to income ratio	**67.58**	-
Capital adequacy ratio	**25.99**	
Core Tier 1 ratio	**18.03**	-

Corporate and Commercial Banking

The Bank's corporate business aims to provide products and services to enhance trade and investment between the UK and India. The regulatory and emerging business environment both in UK and India will determine the mix of products offered to clients. The Bank is looking to build on the start made during this first year of operations by expanding its product range, developing existing relationships and acquiring new ones, while minimising risk by remaining focused on its core competencies.

Retail Banking

The retail banking operations were launched in June 2013. The Bank offers Personal Current Accounts, Personal Savings Accounts, Business Current Accounts, Fixed Deposits and Remittances to India through its office in London. The Bank also assists Non Resident Indian (NRI) customers, based in UK, with their Indian-related banking facilities with Axis Bank Limited.

Treasury

The treasury function focuses on managing the balance sheet, and the market and liquidity risk of the Bank. The Bank has not undertaken any proprietary trading activities.

The Bank complies with and maintains a Liquidity Asset Buffer (LAB) in line with the Individual Liquidity Guidance (ILG) stipulated by the PRA.

The Bank reviews the asset/liability maturity mismatches and interest rate positions on an on-going basis, and maintains liquidity gaps and interest rate positions within prescribed limits, which are monitored by the Asset and Liability Committee (ALCO) of the Bank.

The Bank is able to access the wholesale borrowings market and has been able to raise bilateral loans and borrowings at competitive cost of funds by leveraging on the existing relationships of Axis group. Future priorities would include diversifying funding sources both in terms of products and markets.

Corporate Governance

The Bank places a strong emphasis on internal governance and the maintenance of high ethical standards in its working practices.

The Bank's corporate governance framework is driven by the Board which comprises two Executive Directors, three Non-Executive Directors representing the shareholder and two independent UK-based Non-Executive Directors. The UK-based Non-Executive Directors have considerable banking and regulatory experience gained at a senior level within global financial institutions and at the Financial Services Authority. Neither holds any other responsibilities within the wider Axis Bank Group and between them they Chair all Board committees excepting the HR Committee. The remaining three Non-Executive Directors, which include the Board Chair, have been appointed by the shareholder.

The Board has the collective responsibility of promoting the long-term success of the Bank. While the Executive Directors have the direct responsibility for business operations, the Non-Executive Directors are responsible for bringing independent judgement and scrutiny to decisions taken by the Board.

Responsibility for overseeing the risk framework of the Bank is devolved to the following Board Committees, each of which is chaired by a Non-Executive Director:

- Committee of Directors
- Risk Management Committee
- Audit & Compliance Committee
- Human Resources, Remuneration & Nominations Committee

The Bank has independent control functions which report to the Executive Director Risk & Compliance (EDR&C) and are responsible for the day-to-day evaluation and monitoring of the risks faced by the Bank and for submitting reports to the Bank and Board Committees. The Bank also has an Internal Audit function which reports functionally to the Chair of the Audit & Compliance Committee (ACC).

The control functions actively monitor developments and changes in the regulatory environment and reporting on such developments forms standing agenda items at the Board Committee meetings where the implications are considered and the Bank's response is approved.

Risk Governance

The risk group plays a significant role in review and challenge of risk inherent in the business plans and strategy by verifying that they fall within the risk appetite and that the Bank incurs a level of risk that is individually and in aggregate acceptable to the Board.

The Bank follows the industry standard approach of "3 Lines of Defence" comprising:

- Operational controls as set out in functional and departmental procedures manuals (Level 1);
- Oversight, monitoring and periodic reporting by the Bank's control functions (Level 2); and
- Internal and external audit (Level 3).

The Board is responsible for ensuring the adequacy of the risk management systems of the Bank and for setting a clear statement of risk appetite. It is assisted in this by a framework of Committees, functions and control function managers. The Board has ultimate responsibility for setting the risk appetite of the Bank. Risk Appetite refers to the level of risk deemed acceptable to the Board in each of the principal risk categories i.e. Market Risk, Credit risk and Operational Risk. The role and responsibilities of the various risk management committees are set out in the following paragraphs.

Audit & Compliance Committee	The A&CC is responsible to the Board for the quality and effectiveness of the compliance and audit functions of the Bank. This includes but is not limited to oversight of all conduct of business matters and overseeing the Bank's relationship with its external auditors.
Risk Management Committee	The RMC is responsible to the Board for the quality and effectiveness of the risk management framework of the Bank. This includes but is not limited to oversight of all prudential matters. The RMC also advises the Board on matters pertaining to the setting of the Bank's risk appetite.
Asset & Liability Committee	The ALCO is responsible to the RMC for overseeing the asset and liability management function of the Bank and for monitoring compliance with all regulatory and internal limits in the areas of liquidity and market risk. The ALCO is an executive committee, which monitors and manages the Bank's balance sheet, interest rate on deposits, and liquidity. The ALCO also strives to optimise the return on the Bank's funds.

The control functions ensure that effective procedures for risk assessment are maintained, to identify the risks relating to the activities, processes and systems of the Bank and to recommend such amendments and changes as may be required from time to time to ensure the framework remains fit for purpose. The Role of the Risk Management Group is to:

- recommend appropriate changes to risk governance & organisational structures;
- draft and implement policies and procedures in order to maintain compliance with the regulatory framework;
- independently review and comment on all credit applications;

- provide periodic reports on risk positions and events to Bank and Board Committees; and
- perform on-going monitoring and on a regular basis assess the adequacy and effectiveness of the measures and procedures put in place, and the actions taken to address any deficiencies in, the Bank's compliance with its prudential obligations.

In order to assist the Bank's management in prioritising and focusing its risk management efforts, the control functions working with line managers maintain a "Risk Register" covering the principal risks faced by the business, which is reviewed annually or in response to material developments in the business environment.

AML & Compliance

The Bank maintains an independent compliance function, which is empowered to challenge business decisions.

The Bank's compliance function is responsible for ensuring that adequate policies and procedures are in place to maintain the Bank's and its employees' compliance with its legal and regulatory obligations in respect of both AML and conduct of business issues. Such policies and procedures are designed to detect and minimise any risk of failure by the Bank to comply with its regulatory obligations, as well as any associated risks.

The Bank supports a strong compliance culture.

Internal Audit

The Internal Audit function acts independently of operations and is responsible for reviewing all business lines and support functions within the Bank. Internal Audit provides the Management and the Audit Committee with independent assurance that the Bank's policies and procedures have been implemented effectively, and that there are adequate controls in place to mitigate significant risks so that the exposure is within acceptable tolerance levels.

Risk Management

Given its current business activities, the Bank views its primary financial risks as being credit and liquidity related. Operational and other market risks are considered of secondary magnitude due to the straightforward nature of the principal assets and modest overall transaction volumes.

The Bank has implemented a Board approved risk management framework which covers both the high-level governance matters referred to in the preceding section and the day-to- day identification and management of risks.

The control functions are responsible for maintaining a suite of risk management policies which give effect to the risk management framework and ensure compliance with the risk appetite set by the Board. On an annual basis the Bank undertakes a risk self-assessment programme which seeks to monitor developing risk trends and which supports the risk metrics produced through the Bank's management information systems.

The Bank's financial risks are managed through the ALCO and the Credit & Investment Committee (CIC) within authorities set down by the Risk Management Committee of the Board. Conduct of business and other operational risks are considered by the Management Committee (MANCOM). The control functions are responsible for providing financial risk metrics to the Committees for monitoring and high level risk management. Conduct of business and operational risk metrics are also collated to assist the Bank in delivering a high quality customer centric outcome for both retail and corporate customers whilst maintaining appropriate fraud and AML controls.

To mitigate the primary risks, individual credit exposures are risk rated using an internal risk rating methodology and are then subject to specific appraisal and approval by the CIC or by the Board's Committee of Directors, where the transaction lies outside the devolved authority of CIC. The Bank has also implemented a range of portfolio level limits in order to diversify its credit and liquidity risks.

AXIS BANK UK LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2014

Risk metrics are monitored on a daily, weekly or monthly basis as appropriate to the nature of the underlying risks.

ICAAP and ILAA statements are prepared and submitted to the Board of the Bank. These are developed as part of the annual planning and budgeting process to ensure that the Bank's business plans are achievable within its capital and liquidity resources. Both the ICAAP and ILAA are subject to interim review and update in response to material changes to the business or regulatory environments.

Employees

The Bank has given considerable attention in selecting suitable employees to conduct its business operations and to meet the strategic objectives of the Bank. The Bank has a flat organisation structure but all departments are headed by persons with long experience in the industry in the relevant area.

By order of the Board

Cyril Anand Madireddi
Managing Director & Chief Executive Officer
15 April 2014

Kanchan Dasgupta
Company Secretary

AXIS BANK UK LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2014

The Directors are responsible for preparing the financial statements in accordance with applicable laws and regulations.

The Companies Act, 2006, being the applicable law in the UK, requires the Directors to prepare financial statements for each financial year. The Directors have prepared the Bank's financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The financial statements are required by law to give a true and fair view of the state of affairs of the Bank for that period.

In preparing the 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 that the financial statements comply with IFRS as adopted by the EU, subject to any material departure disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Bank will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors are also required by the Disclosure and Transparency Rules (DTR) of the FCA to include a Management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Bank.

Directors' responsibility statement

Each of the Directors, whose names are listed in the Directors' Report and Accounts confirms that, to the best of each person's knowledge and belief:

- The financial statements, prepared in accordance with IFRS as adopted by the EU and in accordance with the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Bank;
- The Directors' report contained in the Annual Report and Accounts which comprises the sections described in the Directors' report section, includes a fair review of the development and performance of the business and the position of the Bank and the Group and a description of the principal risks and uncertainties that they face;
- So far as the Directors are aware, there is no relevant audit information of which the Bank's auditors are unaware; and
- They have each taken all the steps that ought to have been taken by them as Directors in order to make themselves aware of any relevant audit information and to establish that the Bank's auditors are aware of that information.

The Directors are responsible for the integrity of the audited financial information on our website at www.axisbankuk.co.uk.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Cyril Anand Madireddi
Managing Director& CEO

15 April 2014

AXIS BANK UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXIS BANK UK LIMITED FOR THE YEAR ENDED 31 MARCH 2014

We have audited the financial statements of Axis Bank UK Limited for the year ended 31 March 2014 which comprise the income statement, statement of comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of Directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act, 2006.

Opinion on other matter prescribed by the Companies Act, 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AXIS BANK UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXIS BANK UK LIMITED
FOR THE YEAR ENDED 31 MARCH 2014

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act, 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or
- the company's 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.

Caroline Britton
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

15 April 2014

AXIS BANK UK LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

COMPANY REGISTRATION NUMBER 7554558

	Notes	2014 USD	2013 USD
Interest and similar income	5	8,857,629	-
Interest and similar expense	6	(4,216,980)	-
Net Interest Income		4,640,649	-
Fee & commission income	7	1,771,500	-
Fee & commission expense	7	(66,457)	-
Net foreign exchange expense		(59,864)	-
Other operating income		24,017	-
Operating income		6,309,845	-
Personnel costs	8	(2,646,371)	-
Operating Lease		(157,482)	-
Depreciation & amortisation	18	(552,890)	-
Other general operating expenses	10	(866,386)	-
Profit before Tax		2,086,716	-
Income tax expense	11	(491,074)	-
Profit for the year from continuing operations		1,595,642	-

The notes on pages 18 to 43 form part of these financial statements

AXIS BANK UK LTD.

AXIS BANK UK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014

COMPANY REGISTRATION NUMBER 7554558

	Notes	2014 USD	2013 USD
Profit for the year		**1,595,642**	-
Other comprehensive income net of tax			
Items that may be reclassified subsequently to profit or loss:		**9,961**	-
Net change in fair value on AFS investments			
Tax relating to fair value on AFS investments	11	**(2,291)**	-
Net gain on AFS investments		**7,670**	-
Total comprehensive income attributable to equity Shareholders for the year		**1,603,312**	-

The notes on pages 18 to 43 form part of these financial statements

AXIS BANK UK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014

COMPANY REGISTRATION NUMBER 7554558

	Issued capital USD	Fair value reserves USD	Retained earnings USD	Total equity USD
Balance at 1 April 2012	2	-	-	2
New issue of share capital	-	-	-	-
Balance at 31 March 2013	2	-	-	2
Balance at 1 April 2013	2	-	-	2
Transaction with owners recorded directly in equity				
New issue of share capital	55,000,000	-	-	55,000,000
Dividend	-	-	-	-
	55,000,002	-	-	55,000,002
Total comprehensive income for the year				
Profit for the year	-	-	1,595,642	1,595,642
Other comprehensive income for the year				
Net change in fair value on AFS	-	9,961	-	9,961
Tax relating to fair value on AFS	-	(2,291)	-	(2,291)
Balance at 31 March 2014	55,000,002	7,670	1,595,642	56,603,314

The notes on pages 18 to 43 form part of these financial statements

AXIS BANK UK LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2014

COMPANY REGISTRATION NUMBER 7554558

	Notes	2014 USD	2013 USD
Assets			
Cash and balances with bank	12	1,899,199	224,191
Loans and advances to banks	14	51,500,000	
Financial Investments - available for sale	15	4,999,414	-
Loans and advances to customers	16	235,761,665	-
Financial Investments - held to maturity	17	71,277,609	-
Property & Equipment	18	2,746,748	2,603,665
Other assets	19	2,412,372	391,328
Total assets		370,597,007	3,219,184
Liabilities			
Derivative financial Instruments	13	144,800	-
Deposits from banks	20	285,173,712	-
Deposits from customers	21	1,753,217	-
Current tax liabilities	11	42,078	-
Subordinated liabilities & other borrowed funds	22	24,395,157	-
Deferred tax liabilities	11	77,508	-
Other liabilities	23	2,407,221	3,219,182
Total liabilities		313,993,693	3,219,182
Equity attributable to equity holders			
Equity share capital	24	55,000,002	2
Fair value reserves		7,670	-
Retained earnings		1,595,642	-
Total equity		56,603,314	2
Total liabilities and equity		370,597,007	3,219,184

The financial statements were approved by the Board of Directors and authorised for issue on 15 April 2014.

Anand ..

Cyril Anand Madireddi
Managing Director & CEO
Company Registration No. 07554558

The notes on pages 18 to 43 form part of these financial statements

AXIS BANK UK LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014

COMPANY REGISTRATION NUMBER 7554558

	2014 USD	2013 USD
Cash flows from Operating Activities:		
Profit before tax	2,086,716	-
Adjustments to reconcile profit from operations	-	-
Depreciation & amortisation	(552,890)	-
Income tax expense	(491,074)	-
Net Foreign exchange loss	(59,864)	-
Cash flows before changes in operating activities	982,888	-
Changes in operating activities:		
Other receivables	(2,021,044)	(385,310)
Other payables	(811,961)	1,569,713
Loans and advances to customers	(235,761,665)	-
Loans & advances to banks	(51,500,000)	-
Deposits by banks	285,173,712	-
Deposits by customers	1,753,217	-
Income tax liabilities	119,586	-
Derivative financial Instruments	144,800	-
Changes in operating activities	(2,903,355)	1,184,403
Net cash flows (used in)/ from operating activities (A)	(1,920,467)	1,184,403
Cash flows from investing activities:		
Adjustment on property, plant and equipment	469,671	(1,021,942)
Acquisition of HTM investments	(71,277,609)	-
Acquisition of AFS investments (net of reserves)	(4,991,744)	-
Net cash flows used in investing activities (B)	(75,799,682)	(1,021,942)
Cash flows from financing activities:		
Gross proceeds from issue of equity share capital	55,000,000	-
Gross proceeds from issue of subordinated liabilities	24,395,157	-
Net cash flows from financing activities (C)	79,395,157	-
Net increase in cash and cash equivalents (A+B+C)	1,675,008	162,461
Cash and cash equivalent at 1 April	224,191	61,730
Cash and cash equivalents as at 31 March (Note 12)	1,899,199	224,191

The financial statements were approved by the Board of Directors and authorised for issue on 15 April 2014.

Anand..

Cyril Anand Madireddi
Managing Director & CEO
Company Registration No 07554558

The notes on pages 18 to 43 form part of these financial statements

1. Reporting Entity

AXIS Bank UK Limited is a limited company incorporated and domiciled in the United Kingdom. The Bank is a fully owned subsidiary of AXIS Bank Limited, one of the leading private sector banks of India. The address of the Bank's registered office is 4th Floor, Kings House, 36-37 King Street, London EC2V 8BB. The Bank is primarily involved in providing a variety of banking and financial services including retail banking, corporate and commercial banking, trade finance and treasury services.

2. Basis of preparation

A. Statement of Compliance

The financial statements of the Bank are prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations (IFRICs) issued by the Interpretations Committee, as published by the International Accounting Standards Board (IASB). They are also in accordance with IFRS and IFRIC interpretations endorsed by the European Union.

The Bank's financial statements for the year ended 31 March 2014 were authorised for issue on 15 April 2014.

B. Basis of Measurement

The financial statements of the Bank are prepared on a historical cost basis in accordance with the special provisions of Part XV of the Companies Act, 2006 relating to banking companies and applicable accounting standards except for the derivative financial instruments, financial instruments at fair value through profit or loss and financial investments available-for-sale, which are measured at fair value.

C. Functional and Presentation Currency

The financial statements of the Bank are presented in US Dollars ($), which is the presentation and functional currency of the Bank as it represents the currency of the primary economic environment in which the Bank operates. A significant proportion of the Bank's assets and revenues are transacted in US Dollars.

Transactions in foreign currencies are recorded in US Dollars at the rate of exchange prevailing at the rates ruling at the end of the day in which the transaction arose. Any resulting exchange differences are included in the income statement. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange at the balance sheet date.

During the year, due to change in the principal activity, the functional currency was also changed from GBP to USD with retrospective effect from 01 April 2013.

D. Use of Estimates and Judgements

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

E. Critical accounting judgements and key sources of estimation uncertainty

In application of the accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources and may make necessary provisions in accordance with their assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. In particular, loan impairment is a key area for the bank which is subject to critical accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

F. Going Concern

The Directors are of the opinion that it is appropriate to use the going concern basis in preparing these financial statements.

G. Adoption of new and revised standards

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 9 'Financial Instruments' – In November 2009, the IASB issued IFRS 9 'Financial Instruments ('IFRS 9') which introduced new requirements for the classification and measurement of financial assets. In October 2010, the IASB issued an amendment to IFRS 9 incorporating requirements for financial liabilities. Together, these changes represent the first phase in the IASB's planned replacement of IAS 39 'Financial Instruments: Recognition and Measurement' ('IAS 39') with a less complex and improved standard for financial instruments.

Following the IASB's decision in December 2011 to defer the effective date, the standard is effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. IFRS 9 is required to be applied retrospectively but prior periods need not be restated.

The second and third phases in the IASB's project to replace IAS 39 will address impairment of financial assets measured at amortised cost and hedge accounting.

The IASB re-opened the requirements for classification and measurement in IFRS 9 in 2012 to address practice and other issues, with an exposure draft of revised proposals issued in November 2012.

Other Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 7 (amended) Disclosures - Offsetting Financial Assets and Financial Liabilities;
- Annual Improvements to IFRSs (2009 – 2011) Cycle;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements;
- IFRS 11 Joint Arrangements;
- IFRS 12 Disclosure of Interests in Other Entities;

- IAS 27 (revised) Separate Financial Statements;
- IAS 28 (revised) Investments in Associates and Joint Ventures; and
- IAS 32 (amended) Offsetting Financial Assets and Financial Liabilities.

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods, except as follows:

- IFRS 7 (amended) will increase the disclosure requirements where netting arrangements are in place for financial assets and financial liabilities; and
- IFRS 9 will impact both the measurement and disclosures of Financial Instruments; and

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

3. Significant accounting policies

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest and similar income and expense

Interest income/expenses for all interest bearing financial instruments are recognised on the accrual basis in the income statement using the effective interest method. The effective interest rate is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or expense over the relevant period using the estimated future cash flows.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the calculation includes all amounts paid or received by the Bank that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

Fee & Commission income

Fee & Commission income is earned from a diverse range of services provided by the Bank to its customers and accounted for as follows;

- income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, facilitating, coordinating, or participating in the negotiation of, a transaction for a third-party, irrespective of whether the Bank is participating in the financing arrangement and as agreed by the beneficiary of such services);
- income earned from the provision of services is recognised as revenue as the services are provided;
- in case of uncertainty relating to collectability arises subsequent to accrual of fees, the fee shall be reversed / provided for, to reflect the uncertainty of collection. Generally 90 days can be considered as a reasonable period of time after which continuation of accrual should be based on evidence of collectability.

- the fee income earned will be amortised over the period of the loan using effective interest rate method, however, income which forms an integral part of the effective interest rate of a financial instrument (as described above) is recognised as an adjustment to the effective interest rate and recorded in 'Interest income'.

Net trading income comprises all gains and losses from changes in the fair value of financial assets and financial liabilities held-for-trading.

Net income from financial instruments designated at fair value comprises gains and losses from changes in the fair value of financial assets and financial liabilities designated at fair value through profit or loss.

Profit on exchange transactions comprises profit (net of loss) on dealings in foreign exchange. All income earned by way of foreign exchange commission and charges on foreign exchange transactions except interest are to be included under this heading.

Dividend income is recognised when the right to receive the dividend income is established.

Lease transactions

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Rentals payable and receivable under operating leases are accounted for on a straight-line basis over the periods of the leases and are included in 'Other operating expenses' and 'Other operating income', respectively.

Retirement and other employee benefits

The Bank operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Bank by the employees and is recorded as an expense under 'Employee compensation and benefits'. Unpaid contributions, if any are recorded as a liability.

Income tax expense

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax is recognised for all taxable temporary differences, except, where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are reviewed at the end of each reporting date to reflect the current best estimate. If it is no longer probable that an outflow will be required to settle the obligation, the provisions are reversed.

Hedge Accounting

Accounting for hedging of interest rate risk or forex risk will be booked based on the hedge documentation prepared at the time of entering into the hedging deals. In case hedges become ineffective, the fair value of the underlying on the last date of effectiveness will become the new cost of the underlying. Difference of new cost and original cost will be amortised through interest expense or income.

Financial instruments

The Bank classifies its financial assets and liabilities into the following categories:

- financial assets/liabilities classified at fair value through profit or loss (FVTPL);
- loans and advances;
- available-for-sale;
- held-to-maturity investments; and
- other financial liabilities.

Appropriate classification of financial assets and liabilities is determined at the time of initial recognition. The Bank initially recognises loans and advances, deposits and financial liabilities on the date at which they are originated.

Investments are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities designated at fair value through profit or loss ('Fair Value Option')

Financial assets and financial liabilities classified in this category are those that are designated by Management on initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or

- the assets and liabilities are part of a bank of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk Management or investment strategy; or
- the financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

The fair value designation, once made, is irrevocable. Designated financial assets and financial liabilities are recognised when the Bank enters into the contractual provisions of the arrangements with counterparties, and are normally derecognised when sold (assets) or extinguished (liabilities). Measurement is initially at fair value, with transaction costs taken directly to the income statement. Subsequently, the fair values are re-measured, and gains and losses from changes therein are recognised in net gains /losses on financial instruments designated at fair value under 'net trading income'.

Loans & Advances

Loans & advances include originated and purchased non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as financial assets at fair value through profit or loss or financial investments available-for-sale.

Loans & advances are initially recognised at fair value, representing the cash consideration to originate the loan, plus the net of incremental transaction costs and fees. They are subsequently measured at amortised cost using the effective interest method less impairment. The amortisation is included in interest income in the income statement. The losses arising from impairment are recognised in 'Impairment charges on financial assets'.

Financial investments available-for-sale

Financial investments available-for-sale are non-derivative instruments that are designated as available-for-sale or are not classified under any other category of financial assets. Financial investments available-for-sale include debt and equity investments which are carried at fair value. These investments are measured initially at fair value plus transaction cost. Unrealised gains or losses are recorded net of applicable income taxes, as a component of available-for-sale reserve, until such investments are sold, collected or otherwise disposed off, or until any such investment is determined to be impaired. On disposal of an investment, the cumulative gain or loss recognised in equity is reclassified to the income statement as a reclassification adjustment.

Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's Management has the positive intention and ability to hold to maturity.

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments which are classified as held to maturity are carried at cost less impairment if any.

Financial liabilities

Financial liabilities are recognised where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder. Financial liabilities include trade payables, other amounts payable, payable to related parties and interest bearing loans and borrowings. Financial liabilities are initially recognised at a fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate method.

Reclassification of financial assets

- **Accounting for the reclassification of financial assets held for trading**

In accordance with IAS 39, where the Bank no longer intends to trade in financial assets it may transfer them out of the held for trading classification and measure them at amortised cost if they meet the definition of a loan. The initial value used for the purposes of establishing amortised cost is fair value on the date of the transfer.

- **Accounting for the reclassification of non-derivative financial assets**

Non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) may be reclassified out of the fair value through profit or loss category in the following circumstances:

Financial assets that would have met the definition of loans and receivables at initial recognition (if the financial asset had not been required to be classified as held for trading) may be reclassified out of the fair value through profit or loss category if there is the intention and ability to hold the financial asset for the foreseeable future or until maturity; and

Financial assets (except financial assets that would have met the definition of loans and receivables at initial recognition) may be reclassified out of the fair value through profit or loss category and into another category in rare circumstances.

When a financial asset is reclassified as described in the above circumstances, the financial asset is reclassified at its fair value on the date of reclassification. Any gain or loss already recognised in the income statement is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable.

Derivative instruments

All derivative instruments are held at fair value through profit or loss, except for derivatives held for risk management purposes in an effective hedge. This includes terms included in a contract or other financial asset or liability (the host), which, had it been a standalone contract, would have met the definition of a derivative. These are separated from the host and accounted for in the same way as a derivative.

Fair value hedge accounting:

Changes in fair value of derivatives that qualify and are designated as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The fair value changes adjust the carrying value of the hedged asset or liability held at amortised cost.

Cash flow hedge:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income within the "Cash flow hedging reserve". Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the income statement.

The accumulated gains and losses recognised in other comprehensive income are reclassified to the income statement in the periods in which the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income are reclassified, removed from equity and included in the initial measurement of the cost of the asset or liability.

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 on-going 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.

If hedge relationships no longer meet the criteria for hedge accounting, hedge accounting is discontinued.

For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised to the income statement over the period to maturity of the previously designated hedge relationship using the effective interest method.

If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the income statement.

Derivatives embedded in other financial instruments, such as the conversion option in an acquired convertible bond, are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held-for-trading or designated at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the income statement under 'Net trading income'.

De-recognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- the Bank has transferred substantially all the risks and rewards of the asset; or
- the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of: (a) the consideration received (including any new asset obtained less any new liability assumed); and (b) any cumulative gains or losses that have been recognised directly in other comprehensive income is recognised in profit or loss.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement and the associated liability is also recognised.

Repurchase and reverse repurchase agreements

The Bank may also sell (a repurchase agreement) or lend securities subject to a commitment to repurchase or redeem them. The securities are retained on the balance sheet as the Bank retains substantially all the risks and rewards of ownership. Consideration received (or cash collateral provided) is accounted for as a financial liability at amortised cost.

The Bank may purchase (a reverse repurchase agreement) or borrow securities subject to a commitment to resell or return them. The securities are not included in the balance sheet as the Bank does not acquire the risks and rewards of ownership. Consideration paid (or cash collateral provided) is accounted for as a loan asset at amortised cost.

Impairment of financial assets

At each reporting date, the Bank assesses whether there is objective evidence that a financial asset or a set of financial assets is impaired. A financial asset or a set of financial assets is impaired and impairment losses are incurred if there is:

- objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset and up to the reporting date;
- the loss event had an impact on the estimated future cash flows of the financial asset or the Bank of financial assets; and
- a reliable estimate of the amount can be made.

Impairment of loans and advances

Loans and advances are evaluated individually and collectively for impairment.

Impairment of financial investments in AFS portfolio

The Bank assesses, at each balance sheet date, whether there is objective evidence that a financial investment in the AFS portfolio is impaired. In case of such evidence, it is considered impaired if its acquisition cost (net of any principal repayments and amortisation) exceeds the recoverable amount. The recoverable amount of a quoted financial investment in the AFS portfolio is determined to be impaired if objective evidence indicates that the decline in market price has reached such a level that recovery of the cost value cannot be reasonably expected within the foreseeable future. For a non-quoted financial investment in the AFS portfolio (debt and equity instruments), the recoverable amount is determined by applying recognised valuation techniques.

The standard method applied for a non-quoted equity instrument is based on the multiple of earnings observed in the market for comparable companies. Management may adjust the valuation determined in this way based on its judgment.

For a non-quoted debt instrument, the Bank typically determines the recoverable amount by applying a discounted cash flow method.

If a financial investment in the AFS portfolio is determined to be impaired, the cumulative loss that was previously recognised in equity is included in the income statement as a component of 'Impairment charges on financial assets'. After recognition of impairment on a financial investment in the AFS portfolio, an increase in fair value of an equity instrument is reported in equity and an increase in fair value of a debt instrument up to original cost is recognised in the income statement as a component of 'Impairment charges on financial assets', provided the fair value increase is objectively related to a specific event occurring after the impairment loss was recognised in the income statement.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements. Therefore, the related assets and liabilities are presented gross in the balance sheet.

Financial guarantees

In the ordinary course of business, the Bank may give financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within other liabilities) at fair value, which is generally the fee received or receivable. Subsequently, financial guarantee liabilities are measured at the higher of the initial fair value, less cumulative amortisation, and the best estimate of the expenditure required to settle the obligations.

Property, plant and equipment

Property and equipment is stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and impairment provisions. Subsequent costs shall be capitalised if these result in an enhancement to the asset. Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The estimated useful lives are as follows:

Asset	Estimated useful life
Equipment (Including highly maintained)	5 to 7 years
Computer hardware	5 to 7 years
Furniture, fixtures and equipment	5 to 7 years
Leasehold improvements	Over the lease period

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the income statement in the year in which the asset is derecognised.

Property and equipment under construction and advances paid towards acquisition of property and equipment are disclosed as capital work-in-progress.

Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributed to it will flow to the Bank. Intangible assets acquired separately are measured on initial recognition at cost. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and any impairment loss.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software costs are amortised on the basis of the expected useful life of 5 to 10 years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the income statement under 'Operating expenses'. Costs associated with maintaining software are recognised as an expense as incurred.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. The impairment loss to be recognised is the amount by which the carrying amount of the assets exceeds the recoverable amount. The impairment is recognised in income statement.

Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances with Banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of change in their fair value and are used by the Bank in the management of its short term commitments.

4. Operating segments

The Bank undertakes the business of commercial banking which is carried on within the United Kingdom. Its activities are currently managed on a centralised business model so the revenue and the costs are not attributable to any one operating or geographic segment.

AXIS BANK UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2014

		2014 USD	2013 USD
5.	**Interest and similar income**		
	Short-term funds	211,833	-
	Loans and advances to customers **	6,775,674	-
	Financial investments – available-for-sale	5,461	-
	Financial investments – held to maturity	1,864,661	-
		8,857,629	-

		2014 USD	2013 USD
6.	**Interest and similar expense**		
	Deposit from banks **	3,068,746	-
	Deposit from customers	5,756	-
	Sub-ordinated debt issued **	1,140,922	-
	Others	1,556	-
		4,216,980	-

		2014 USD	2013 USD
7.	**Net fees and commission income**		
	Fees and commission income		
	Corporate finance fees	1,771,500	-
		1,771,500	-
	Fees and commission expenses		
	Brokerage fees	(66,457)	-
		(66,457)	-
	Net fees and commission income	1,705,043	-

**includes amounts received/paid that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

AXIS BANK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2014

		2014 USD	2013 USD
8.	**Personnel costs**		
	Wages and salaries	**2,524,281**	-
	Social security costs	**98,485**	-
	Pension costs – Defined contribution plan	**23,605**	-
		2,646,371	-

There are no share based payments by Axis Bank U.K Limited

		2014 USD	2013 USD
9.	**Director's emoluments**		
	Director's emoluments (included in wages and salaries above)		
	Emoluments	**873,144**	-
	The gross emoluments* of the highest paid Director was USD 452,734		
	* Gross emoluments include salary and benefits		

		2014 USD	2013 USD
10.	**Other general operating expenses**		
	Advertising and marketing	**53,573**	-
	Administrative and office maintenance	**632,124**	-
	Professional fees	**145,983**	-
	Bank levy, rates and taxes	**6,464**	-
	Others	**28,242**	-
		866,386	-
	Professional fees include the following :		
	Auditor's remuneration - audit services	**102,470**	-
		102,470	-

AXIS BANK UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2014

		2014 USD	2013 USD
11	**Income tax**		
	The components of income tax expense for the years ended 31 March are:		
	Current tax expense		
	Current income tax	413,566	-
	Deferred tax		
	Effect of rate changes	(7,382)	
	Relating to origination and reversal of temporary differences	84,890	-
		491,074	-
	Reconciliation of income tax charge to accounting profit		
	Profit before tax	2,086,716	-
	Tax at the domestic income tax rate of 23% (2012: 24%)	479,945	-
	Tax effect of non- deductible depreciation	11,814	-
	Tax effect of other non - deductible expenses/non-taxable income	6,697	-
	Tax effect of rate changes	(7,382)	-
	Tax expense using effective rate	491,074	-
	Deferred tax is composed of the tax impact of the following items		
	Excess of book value over tax written down value of tangible fixed assets	77,508	-
		77,508	-
	Current income tax charged to equity		
	Charge arising on AFS reserve movement	2,291	-
	Tax effective rate	23.53%	-

UK Corporation tax is calculated at 23% (2012: 24%) of the estimated assessable profits for the year. The standard rate of UK corporation tax was reduced from 24% to 23% with effect from 1 April 2013.

The Finance Act 2013, which provides for reductions in the main rate of UK corporate tax to 21% effective from 1 April 2014, and 20% effective from 1 April 2015, was enacted on 17 July 2013.

As the changes in rates were substantively enacted prior to 31 March 2014, they have been reflected in the disclosed deferred tax liability at 31 March 2014.

	2014 USD	2013 USD
12. Cash and balance with Bank		
Cash on hand	**3,933**	-
Cash at bank	**1,895,266**	224,191
	1,899,199	224,191

13 Derivative financial instruments

The Bank deals in various currencies and it is not always possible to match the asset and liability in each currency. As a result, the Bank uses currency swaps to eliminate currency risk on long or short term currency positions. These derivatives are revalued daily and any change in their fair value is recognised in the income statement.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

	2013-2014		
	Asset	**Liabilities**	**Notional amount**
Derivatives used as:	**USD**	**USD**	**USD**
- Currency swaps	**-**	**144,800**	**56,714,532**
	-	**144,800**	**56,714,532**

	2012-2013		
	Asset	Liabilities	Notional amount
	USD	USD	USD
Derivatives used as:	-	-	-
- Currency swaps	-	-	-

Fair value of assets and liabilities

IFRS 13 Fair Value Measurement requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below.

Level 1 Securities: The fair value for financial instruments traded in active markets is based on their quoted market price or dealer price quotations without any deduction for transaction costs.

Level 2 Securities: For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

Level 3 Securities: Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Bank's best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, counterparty credit and liquidity spread and limitations in the models.

The following tables set out the valuation methodologies adopted by asset and liability categories measured at fair value in the financial statements.

	2013-2014		
	Quoted market prices (Level1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non-observable market data (Level 3)
	USD	USD	USD
Financial assets			
Derivative financial instruments	-	-	-
Financial investments – AFS (debt)	4,999,414	-	-
	4,999,414	-	-
Financial Liability			
Derivative financial instruments	144,800	-	-
	144,800	-	-

	2012-2013		
	Quoted market prices (Level1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non-observable market data (Level 3)
	USD	USD	USD
Financial assets			
Derivative financial instruments	-	-	-
Financial investments – AFS (debt)	-	-	-
	-	-	-
Financial Liability			
Derivative financial instruments	-	-	-
	-	-	-

AXIS BANK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2014

	2014 USD	2013 USD
14. Loans and advances to Banks		
Interbank placements	**51,500,000**	-
	51,500,000	-

	2014 USD	2013 USD
15. Financial investments – available for sale		
Quoted investments		
Government debt securities	**4,999,414**	-
	4,999,414	-

	2014 USD	2013 USD
16. Loans and advances to Customers		
Corporate lending	**230,751,571**	-
Customers overdraft	**6,660,435**	-
Less: unamortised fees	**(1,650,341)**	-
	235,761,665	-

	2014 USD	2013 USD
17. Financial investments – held to maturity		
Quoted investments		-
Other debt securities	**55,904,696**	-
Unquoted investments		
Other debt securities	**15,372,913**	-
	71,277,609	-

AXIS BANK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2014

18. Property & Equipment

	USD Leasehold improvements	USD Computer (inc. software)	USD Other fixed assets	USD Total
Cost:				
At 01 April 2012	-	1,496,369	-	1,496,369
Additions	-	1,104,961	4,762	1,109,723
Disposals	-	(2,427)	-	(2,427)
At 31 March 2013	**-**	**2,598,903**	**4,762**	**2,603,665**
Additions	**256,833**	**335,502**	**1,313**	**593,648**
Disposals	**-**	**-**	**-**	**-**
At 31 March 2014	**256,833**	**2,934,405**	**6,075**	**3,197,313**
Depreciation & amortisation:				
At 01 April 2012	-	-	-	-
Disposals	-	-	-	-
Depreciation charge for the year	-			
At 31 March 2013	-	-	-	-
Disposals	-	-	-	-
Depreciation charge for the year	**(51,367)**	**(500,308)**	**(1,215)**	**(552,890)**
At 31 March 2014	**(51,367)**	**(500,308)**	**(1,215)**	**(552,890)**
Net book value:				
At 31 March 2013	-	2,598,903	4,762	2,603,665
At 31 March 2014	**205,466**	**2,434,097**	**4,860**	**2,644,423**
Add: Assets under construction (PY: NIL)				**102,325**
Property & Equipment				
At 31 March 2014				**2,746,748**

AXIS BANK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2014

		2014 USD	2013 USD
19.	**Other assets**		
	Accrued income	2,163,863	-
	Deposits	188,254	387,547
	Other prepayments	60,255	3,781
		2,412,372	391,328

		2014 USD	2013 USD
20.	**Deposit from banks**		
	Inter bank borrowings	285,330,218	-
	Less: unamortised fees	(156,506)	-
		285,173,712	-

		2014 USD	2013 USD
21.	**Deposit from customers**		
	Current accounts	613,079	-
	Savings accounts	19,520	-
	Fixed Term deposits	1,120,618	-
		1,753,217	-

		2014 USD	2013 USD
22.	**Subordinated Liabilities and other Borrowed Funds**		
	Subordinated debt	25,000,000	-
	Less: Prepayment of subordinated debt expenses*	(604,843)	-
		24,395,157	-

This represents lower Tier II capital of USD 25 million received from Parent Bank issued in April 2013 maturing in March 2023 (with a call option at the end of 5 years).

* Upfront fee of 2.50% of the loan amount paid to the Parent Bank and legal charges being amortised over the period of the loan.

AXIS BANK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2014

		2014 USD	2013 USD
23.	**Other liabilities**		
	Interest payable	**1,638,868**	-
	Amounts payable to holding company	**-**	2,797,561
	Other payables and accrued liabilities	**768,353**	-
		2,407,221	3,219,182

		2014 USD	2013 USD
24.	**Equity Share Capital**		
	Issued and fully paid share capital		
	1 ordinary shares of GBP 1 each	**2**	2
	55 million ordinary shares of USD 1 each	**55,000,000**	-
	Total Equity capital	**55,000,002**	-

During the year the Bank has issued equity share capital of USD 55 million (previous year: NIL) in favour of its Parent company, AXIS Bank Limited, by way of 55 million of ordinary shares of USD 1 each.

25. Related party transactions

The related parties of the Bank are broadly classified as:

a) Promoters

The ultimate controlling party of the company is Axis Bank Limited incorporated in India which is both the parent company (ownership - 100%) and ultimate controlling party.

b) Key Management Personnel

- Mr. Cyril Anand Madireddi (Managing Director & Chief Executive Officer)
- Mr. Martin Say (Executive Director – Risk and Compliance)

c) Associate companies

The bank considers Axis Bank Limited (including all its branches in India and abroad) and its subsidiaries/step down subsidiary and associate (as listed below) as related parties in view of 100% shareholding of Axis Bank Limited in the Bank. Entire equity capital and Tier II capital of the Bank is held by Axis Bank Limited

- Axis Capital Limited
- Axis Private Equity Limited
- Axis Trustee Services Limited
- Axis Asset Management Company Limited
- Axis Mutual Fund Trustee Limited
- Axis Finance Limited
- Axis Securities Limited
- Axis Securities Europe Limited
- Bussan Auto Finance India Pvt. Ltd.

AXIS BANK UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2014

As on 31 March 2014, the Liabilities and assets outstanding to the related parties are as below:

All in USD'000

Sr. No.	Items	Promoters
1.	Equity Capital	55,000,002
2.	Subordinated debt	25,000,000
3.	Accrued liability - subordinated liability	45,898
4.	Cash and balances with Bank	7,964
5.	Swaps / Forward Contracts (notional)	13,659,851

Income earned from the related party and expenditure made on the related party for the year 2013-2014 is given as under:

Sr. No.	Items	Promoters
1.	Fees and commission paid	625,000
2.	Equity Capital received	55,000,000
3.	Subordinated debt received	25,000,000
4.	Purchase of advances	115,963,149
5.	Call / Term Borrowings from related parties	1,250,000
6.	Call / Term Lending's to related parties	23,000,000
7.	Interest paid (Subordinated Debts)	1,027,819
8.	Outsourcing charges	123,487
9.	Interest paid (Others)	1,737
10.	Interest received (Others)	1,334
11.	Re-imbursement of expenses/fixed assets	362,442
12.	Swaps / Forward Contracts (notional)	66,494,286

The company enters into commercial transactions with its parent company in the ordinary course of business on an arm's length basis.

Other transactions with related parties (including remuneration paid to the Directors) are disclosed in Note 9.

26. Operating Lease commitments

The Bank had the following operating lease commitments at the year end.

	2014 USD	2013 USD
Within one year	164,497	31,713
Within two to five years	486,730	564,182
	651,227	595,895

27. Overview of Axis Bank UK Ltd Risk management

Credit Risk Management

The goal of the Bank's credit risk management is to manage the credit risk inherent in individual exposures as well as at the portfolio level and to maximise the Bank's risk-adjusted rate of return on capital by maintaining a healthy credit portfolio. To achieve this, the Bank has structured credit approval processes and a comprehensive Credit Risk Management Policy which also provides for the early identification of weak or vulnerable assets and actively managing them thereafter to minimise impairment provisions. Credit exposures are controlled through a series of individual asset and portfolio level limits applied in order to both reduce concentration risk, and to ensure that exposure is reduced as credit risk increases.

These limits comprise ratings-based, graduated scales setting the maximum transaction size for secured and unsecured lending, the limits for unsecured lending being commensurately lower for any given rating grade. Separate credit limits for exposures to institutions and based around a combination of ratings and maturity profile.

The bank has an internal credit rating model and all non-bank counterparties except those backed by 100% cash margin are required to be rated using the internal credit rating model. The risk department reviews and confirms the rating assigned to a borrower or counterparty. The Bank also maintains appropriate income recognition and provisioning policies. Any exposure to a single party or group in excess of 10% of its capital base is considered as large exposure as per regulatory guidelines and is monitored regularly.

Collateral

Collateral is held to mitigate credit risk exposure and may include one or more of:

1. Bank Deposits under Lien including those with third party institutions
2. Marketable Securities
3. Current Assets
4. Bank Guarantees & Letters of Credit
5. Fixed Assets (Movable & Immovable)
6. Corporate Guarantees

No collateral was held in respect of exposures to Banks and financial institutions at the year end. Non-bank exposures are secured as set out in the table below:

Collateral Type	Loans and Advances to Customers ($'000)		Collateral Value ($'000)		% of Exposure	
	Retail	Non-Retail	Retail	Non-Retail	Retail	Non Retail
Bank Deposit	49,000	-	49,000	-	100.00%	-
Marketable Securities	-	-	-	-	-	-
Current Assets	-	6,660	-	9,552	-	143.41%
Bank Guarantees and Letter of Credit	-	1,665	-	1,665	-	100.00%
Fixed Assets (Moveable & Immovable)	-	121,239	-	274,058	-	226.05%
Corporate Guarantee	-	29,706	-	29,706	-	100.00%
Unsecured	-	27,491	-	-	-	0.00%
Total	**49,000**	**186,761**	**49,000**	**314,981**	**100.00%**	**168.65%**

Country Risk Exposure

Country risk is the risk that an occurrence within a country could have an adverse effect on the Bank. The Bank's risk management framework incorporates measures and tools to monitor this risk. These measures include various limits by country and a risk rating by country which is updated quarterly. Country of risk is generally identified with the domicile of the legal entity, unless the majority of assets or revenue is located in another country. The following table provides a summary of exposures by country of risk as of 31 March, 2014:

Countries	Exposure (USD'000)	% of Total Exposure
India	166,687	45.6
Isle of Man	8,638	2.4
Mauritius	23,283	6.4
Netherlands	40,781	11.1
Singapore	9,760	2.7
Switzerland	9,675	2.7
UAE	19,600	5.3
UK	69,719	19.1
US	17,295	4.7
Total	**365,438**	**100**

Market Risk Management

Market risks for the Bank include FX risk and interest rate risk. The Bank's business activities do not include taking either equity or commodity risk or holding trading positions in either FX or interest rate instruments above de minimis levels commensurate with meeting customer needs and efficient ALM management.

The Market risk policy sets absolute limits for different positions carrying market risk. Due to its size, the Bank does not currently manage its market risks through quantitative approaches such as VaR. Risk limits are applied to control both interest rate and FX risks as set out below. Interest rate risk is controlled through gap limits and earnings at risk (EAR). Gap limits are based on the net aggregate exposures falling due within each time bucket, the asset or liability being assigned to the bucket corresponding to its next interest rate re-fixing date. As at the reporting date, the profile of the Bank's interest rate sensitive book is as follows:

AXIS BANK UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2014

All in USD'000

Particulars	Upto 1M	1 – 3 M	3 – 6 M	6 – 12 M	1-3 Yr	> 3 Yr.	Non Sensitive Category	Total
Cash & bank	-	-	-	-	-	-	1,899	**1,899**
Loans & Adv. - banks	51,500	-	-	-	-	-	-	**51,500**
Investments (AFS)	-	-	-	-	4,999	-	-	**4,999**
Loans & Adv. - customers	78,306	65,665	42,791	-	49,000	-	-	**235,762**
Investments (HTM)	-	-	-	-	32,833	38,445	-	**71,278**
Property, and equipment	-	-	-	-	-	-	2,747	**2,747**
Other Assets	-	-	-	-	-	-	2,412	**2,412**
Total assets	**129,806**	**65,665**	**42,791**	**-**	**86,832**	**38,445**	**7,058**	**370,597**
Derivative financial instruments	1	141	3	-	-	-	-	**145**
Deposits by banks	50,330	84,946	50,000	75,000	24,898	-	-	**285,174**
Deposits from customers	20	-	3	866	251	-	613	**1,753**
Current tax liabilities	-	-	-	-	-	-	42	**42**
Subordinated liabilities & other borrowed funds	24,395	-	-	-	-	-	-	**24,395**
DTL	-	-	-	-	-	-	78	**78**
Other liabilities	-	-	-	-	-	-	2,407	**2,407**
Share Capital	-	-	-	-	-	-	55,000	**55,000**
Reserve & R Earnings	-	-	-	-	-	-	1,603	**1,603**
Total equity and Liabilities	**74,746**	**85,087**	**50,006**	**75,866**	**25,149**	**-**	**59,743**	**370,597**
Interest Rate Gap	55,060	(19,422)	(7,215)	(75,866)	61,683	38,445	(52,685)	**-**
Impact of Interest Variation of 2%	**46**	**(49)**	**(55)**	**(1,153)**	**3,028**	**2,884**	-	**4,701**

Exposures of less than 1 year are further controlled via Earnings at Risk limit (EAR), such limit being based on a standard 25bp parallel shift in interest rates. The EAR as on reporting date is USD 16,205. The EaR is subject to stress testing on a quarterly basis through modelling the impact of various alternative yield curve shifts including a shock parallel shift of 200bp.

The Bank is exposed to foreign exchange risk to the extent of its open position in each currency. The Bank has set limits for the maximum net open position over various periods and measures and monitors these open positions on a daily basis.

As the Bank deals in various currencies it is not always possible to match the asset and liability in each currency. As a result, the Bank uses currency swaps to eliminate currency risk on long or short currency positions. These derivatives are re-valued daily and any change in their fair value is recognised immediately in profit and loss.

The open position of the Bank as on 31st March, 2014 is as follows:

Currency	Open Position FCY '000	USD Equivalent USD'000
Indian Rupee	477	8
Pound Sterling	(5)	(8)
Euro	14	19
Total Long Position in US Dollars	**-**	**27**
Total Short Position in US Dollars	**-**	**(8)**

Upward or downward movement of exchange rate by 10% may impact profitability of the Bank by USD 2,666.

Liquidity Risk Management:

It is a fundamental pre-requisite that the Bank retains adequate resources of an appropriate mix and tenor to meet its funding obligations. As a consequence, the Bank places liquidity considerations at the heart of business planning and product design. The Bank's ALCO is required to consider the liquidity implications of business planning on the liquidity of the Bank as part of the planning process.

Responsibility for the day to day management of the liquidity position of the Bank lies with the Treasury function. Limit monitoring is conducted by the Risk Management function. Treasury acts at all times in line within the limits and parameters set by the RMC and ALCO. The Risk Management Department reviews the liquidity position on a daily basis to ensure that the negative liquidity gap does not exceed the tolerance limit in the respective time buckets

The Bank maintains a Liquid Asset Buffer (LAB) in eligible securities as part of its routine liquidity management activities and in order to meet its regulatory obligations.

The bank has a contingency funding plan in place which sets out how the Bank would manage its liquidity risks in response to abnormal and potentially business threatening market conditions affecting the Bank's ability to fund its business.

AXIS BANK UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2014

The liquidity profile as at reporting date is as shown below:

All in USD'000

As at 31 March 2014	Upto 1M	1 – 3 M	3 – 12 M	1 – 5 Yr	Over 5 Yr	Undated	Total
Cash & bank	1,899	-	-	-	-	-	1,899
Loans & Adv. - banks	51,500	-	-	-	-	-	51,500
Investments (AFS)		-	-	4,999	-	-	4,999
Loans & Adv. - customers	10,330	1,114	27,434	190,837	6,047	-	235,762
Investments (HTM)	-	-	-	71,278	-	-	71,278
Property, and equipment	-	-	-	-	-	2,747	2,747
Other Assets	-	2,412	-	-	-	-	2,412
Total assets	**63,729**	**3,526**	**27,434**	**267,114**	**6,047**	**2,747**	**370,597**
Derivative financial instruments	1	141	3	-	-	-	145
Deposits by banks	50,330	35,000	174,946	24,898	-	-	285,174
Deposits from customers	633	-	869	251	-	-	1,753
Current tax liabilities	42	-	-	-	-	-	42
Subordinated liabilities & other borrowed funds	-	-	-	24,395	-	-	24,395
DTL	78	-	-	-	-	-	78
Other liabilities	-	2,407	-	-	-	-	2,407
Share Capital	-	-	-	-	-	55,000	55,000
Reserve & RE	-	-	-	-	-	1,603	1,603
Total equity and Liabilities	**51,084**	**37,548**	**175,818**	**49,544**	**-**	**56,603**	**370,597**
Net liquidity gap	**12,645**	**(34,022)**	**(148,384)**	**217,570**	**6,047**	**(53,856)**	**-**
Cumulative Liquidity Gap	**12,645**	**(21,377)**	**(169,761)**	**47,809**	**53,856**	**-**	**-**

Operational Risk Management

The Bank has put in place an operational risk management policy to manage operational risk in an effective, efficient and proactive manner. The primary objective of the operational risk management policy is to identify the operational risks that the Bank is exposed to from failed, inadequate and /or missing controls, processes, people, systems or from external events or a combination of all the five, assess or measure their magnitude, monitor them and control or mitigate them by using a variety of checks and balances. Within the ORM framework, new products, processes and services introduced by the Bank are subject to rigorous risk evaluation and approval. In addition to the ORM policy, the Bank has specific operational policies in place covering (inter alia) IT Security, Outsourcing and Business Continuity.

28. Other commitments and contingencies

The Bank had no other commitments and contingencies at the year end.

29. Events after balance sheet date

There have been no reportable events after the balance sheet date.

NOTES

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