



Annual Report and Financial Statements
for the year ended 31 March 2024

COMPANY REGISTRATION NUMBER 7554558

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AXIS BANK UK LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 MARCH 2024

Company Registration Number **07554558**

The Board of Directors

Rajiv Anand

Chairman

Diane Elizabeth Moore

Independent Non-Executive Director

Rudrapriya Ray

Non-Executive Director

**Chief Financial Officer and
Company Secretary**

Harjot Singh

Registered Office

Regus Offices Unit No. G.06,
167 City Road, London.
EC1V 1AW

Auditor

BDO LLP

55 Baker Street,
W1U 7EU, London,
United Kingdom

AXIS BANK UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2024

Current strategy & Future Plans

The Bank continues with the strategy of execution of the 'Wind Down Plan' for orderly exit of operations. The wind down plan entails closure of all its activities to be followed by solvent liquidation of the Bank.

The primary activities of the Bank, since inception in April 2013 have been lending to corporate clients with an Indian link and lending to professional landlords in the Buy-to-Let (BTL) market, whilst also developing a diversified treasury portfolio of high quality liquid assets as part of its liquidity management activities. The Bank occasionally undertook Repo transactions from within the investment portfolio and participated in the Foreign Exchange (FX) market in order to meet currency specific liquidity requirements as well as providing limited FX services for corporate clients. Besides these activities the Bank commenced Investment Banking Advisory services during 2016-17. The Bank also had a retail proposition centred on a range of fixed deposit products. The Bank has leveraged its relationships with other institutions in order to raise liabilities for its asset growth.

During 2019, the Committee of Directors and the Board of Axis Bank Limited, India (ABI) (Parent of Axis Bank UK Limited), reviewed its international strategy, in order to assess how its foreign offices and subsidiaries fit with its Group strategic priorities.

As part of this exercise, ABI recommended to close the Bank's operations and exit the UK markets, given its decision to focus more on its strengths in India and harness the potential there. The Board of the Bank during its meeting held in October 2019 considered the ABI's strategic review in great detail and agreed to conduct a review of options through which an orderly exit of the Bank's operations could be executed.

After a detailed review of options, the Board approved the strategy of an accelerated wind-down as the best way forward and a detailed wind down plan was prepared by the Bank which was approved by the Board in January 2020. As part of the wind down plan, the BTL Sale process was embarked upon and the sale process was completed in June 2020, with the portfolio sold to Morgan Stanley.

After the BTL sale, the Board reviewed the wind-down strategy. Following sustained interest in the market, the Board pursued the process of an 'Entity Sale' and a share-purchase agreement was signed with preferred bidder, OpenPayd Holdings Limited in March 2021 after initial due diligence. The transaction was subject to necessary approvals from the regulators for change-in-control.

While the process for change-in-control was being pursued, the SPA was terminated in August 2022, due to the unlikelihood of obtaining the regulatory approvals before the agreed long-stop date of 30 September 2022.

Upon termination of the SPA, the Bank reverted to wind down of its operations to be followed by Member's Voluntary Liquidation (MVL). The Bank submitted the wind-down plan to the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), the UK regulators. After complying with the observations of the regulators, the execution of wind down commenced in March 2023 by issuance of prepayment notices for retail account holders on 8 March 2023. Subsequent to the issuance of aforesaid notices, the Bank has closed all the term deposits and major portion of the current and saving accounts. There are five residual retail deposits with balances aggregating close to GBP63k, which comprises one account belonging to a deceased customer (where necessary documents are awaited for settlement) and four accounts belonging to customers who are not reachable.

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The options for handling residual retail deposits were discussed and examined carefully and entrusting the deposits with an the Insolvency Practitioner (who would be onboarded as Official Liquidator going forward) was considered to be the proportionate and preferred approach. The PRA and FCA, after carefully examining all the options and risks involved, provided their final comments and agreed with the Bank to progress as planned. The approach was implemented by ABUK on 20 November 2023 and funds equivalent to residual retail deposits (GBP63k) were deposited in a separate designated account with Barclays Bank (present bankers of Axis Bank UK Limited), as agreed with the regulators.

Subsequently, the Bank submitted the application for revocation of banking license to the regulators on in December 2023 after approval by the Board. The regulators have completed initial review of the application and have sought additional information from the Bank, which are being responded to. Once the license revocation is approved by the regulators, the process for Member's Voluntary Liquidation will commence.

In summary, the Board approved strategy continues to be winding down the UK legal entity through solvent liquidation. Once the regulated activities are closed and revocation of license is approved by the regulators, the company will pursue Member's Voluntary Liquidation (MVL).

Overview of strategy

i) Corporate banking

The Bank's Corporate business was focussed to provide products and services to enhance investment and trade primarily between the UK, Europe and India. Following the Board's strategic decision to wind down operations, the Bank is gradually winding down its book and it has come down with scheduled repayments/sell down. The Bank is in the process of getting the residual loan accounts closed by way of sell down to Axis Bank Limited or repayment by the borrowers. As part of the wind down plan, the Bank intends to close the borrower accounts before commencement of Member's Voluntary Liquidation.

ii) Retail banking

The retail banking business was focused on offering a range of fixed deposit products. The deposits were predominantly used to fund the Bank's BTL portfolio. Following the sale of the BTL portfolio in June 2020, the Bank has been paying out the residual deposits on maturity and no fresh business was being generated. As part of the wind down plan, the Bank will close all its deposit accounts before commencement of liquidation and residual accounts would be entrusted with the Insolvency Practitioner.

iii) Treasury

The Treasury function is focusing on managing the balance sheet, the market, FX and liquidity risks of the Bank. The Bank maintained a portfolio of High Quality Liquid Assets (HQLA) and balances in the reserve account with the Bank of England to meet the Liquidity coverage ratio (LCR) and to ensure that the Bank has the necessary assets to manage any short-term liquidity disruptions. The Bank continues to place the surplus funds in reserve account with Bank of England / short term inter-bank lending in money market.

Business environment

Inflation was a major concern last year. The outlook for inflation is broadly positive now, as inflation is returning back to the target levels of the regulators across geographies, though there are risks to the outlook. Weakening inflationary pressures may enable the regulators to start cutting interest rates later during the year. Growth trends in mature economies are

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stabilising, though well below the pre-pandemic average.

The Bank is in the process of winding down its operations, the business environment is not much of impact. The Bank continues to align its policies, risk limits and governance mechanisms with the latest regulations and guidelines even during the wind down phase.

Financial Performance

The Bank's total assets as at 31 March 2024 were USD58 million (FY2023: USD62 million) and the net profit before taxes was USD1.2 million (FY2023: net loss of USD2.2 million). The net profit for the reporting financial period is largely driven by increase in interest rates during the period leading to improvement in yield on assets, coupled with negligible interest cost as provision for interest cost for the reporting period was created during previous year. Reduction in operating cost has also added to the profitability during the reporting period. The loss in previous year was driven by higher interest and operating cost in proportion to low business operations and yield on assets. The capital, funding and liquidity positions of the Bank remained stable throughout the year.

The financial statements and the related notes for the reporting year ended 31 March 2024 are shown on pages 24 to 60.

Key financial indicators and ratios

The financial performance is summarised in the following table:

Income Statement	2024	2023
	USD	USD
Net interest income	3,499,060	2,170,225
Net fee and commission income/(expense)	26,080	117,878
Total income	3,809,204	2,440,006
Operating expenses	(2,569,944)	(4,654,497)
Profit/(Loss) before tax	1,239,620	(2,214,491)
Profit/(Loss) for the year	1,239,620	(2,214,491)
Balance Sheet	2024	2023
	USD	USD
Cash and balances with banks	50,957,101	34,654,492
Loans and advances to corporate customers	4,862,609	24,997,608
Total assets	57,840,724	62,231,776
Equity holders' funds	56,241,448	58,312,188
Key financial indicators (%)	2024	2023
Net Interest Margin (NIM)	5.98	3.05
Capital adequacy ratio (CAR)	458.57	188.35
Core tier 1 ratio	458.57	188.35
Return on Assets (ROA)	2.14	-3.56
Return on Equity (ROE)	2.16	-3.73

NIM: Net interest income/Average monthly assets

CAR: Total Capital/ Total RWA

Core Tier 1 ratio: Total Tier 1 Capital/ Total RWA

Return on Assets (ROA): The Bank's Return on Assets as per requirement of Article 90 of CRD is calculated as Net profit divided by total Balance Sheet size.

ROE: PAT/Average Equity

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The financial statements of the Bank have been prepared on the basis of other than a going concern. The Bank has created provision of USD0.80 million towards onerous contracts and liquidation expenses in compliance with IAS 37. Thus excluding the impact of the liability of onerous contracts, net profit for the reporting period would have been more by and liabilities as of the reporting date would have been less by USD0.80 million.

Culture

The Bank takes pride in the fact that its culture is founded on the customer-centric, service driven ethic of its parent. This culture is driven from the top down within the organisation and reinforced by the inclusion of the principles of 'treating customers fairly' in all aspects of its business from product design through to customer interaction, supported by a strong compliance ethic. The Bank believes in ethical ways of doing business and commitment to social values. It observes high standards of integrity and acts with due skill, care and diligence in the conduct of its business. The Bank adheres to its own 'Anti-Bribery and Corruption Policy'. The Bank's strategy is relationship driven rather than transaction driven, and this strategy is further supported through its approach to remuneration which rewards its employees on their holistic contribution to the organization in the present business scenario.

The Bank is committed to employment practices and policies which recognize the diversity of its workforce and ensure equality for employees. The Board of the Bank has approved a 'Diversity Statement' and believes that diversity provides positive benefits from both a cultural and business standpoint. The Board believes that the setting of aspirational objectives, principles and guidelines to encourage diversity offers the most practical way of achieving its diversity aims. As per its stated policy, the Bank should seek to maintain a balanced and diverse work-force through an open approach to remuneration, recruitment and internal promotion. It is the Bank's policy that at all times it would comply with any laws, rules or regulations relating to diversity and discrimination, comply with the provisions of the Senior Managers Regime and ensure that its remuneration policy does not favour any one group of staff to the disadvantage or detriment of others.

The Bank, in line with the philosophy of Axis Bank Group, is committed to social causes, environmental issues, human rights etc. and they form part of the core of our culture. However, whilst the commitment to the causes remain, given the relatively modest size of the Bank, it does not have separate policies encapsulating each issue.

Even during the wind down process, the Bank will remain committed to its culture and ethos enumerated above. One of the key objectives of the plan is to ensure all stakeholders, especially customers, are treated fairly during the wind down process. The Board has underscored their commitment to its customers, employees, vendors and other stakeholders by working with the Bank's advisors to ensure appropriate and tailored communication plans are in place and customers are treated fairly.

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 at present comprises two Non-Executive Directors nominated by the shareholder and one independent UK-based Non-Executive Director. The Chair of the Board is from one of the nominated NEDs of the Parent and comes with a wealth of experience in the financial sector.

The UK-based Non-Executive Director has considerable banking and regulatory experience gained at a senior level within global financial institutions and with UK regulators. UK-based

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NED do not hold any other responsibilities within the wider Axis Bank Group and chairs the Board sub-committee Audit, Compliance and Risk Management Committee.

The Board has collective responsibility for promoting the aspirations of the promoters of the Bank, but within regulatory guidelines and risk appetite. While the Management has the direct responsibility for business operations, the Non-Executive Directors are responsible for bringing independent judgement and scrutiny to the decisions taken by the Management.

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

- Audit, Compliance and Risk Management Committee

The Bank has merged the Audit & Compliance Committee and Risk Management Committee together during the year in view of limited activities. The Human Resources Remuneration and Nomination Committee (HRRNC) has been merged with the Board.

The Bank has independent risk & compliance function which is responsible for the day-to-day evaluation & 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 (outsourced to Axis Bank Ltd) which reports functionally to the Chair of the Audit, Compliance and Risk Management Committee (ACRMC).

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

During the wind down (earlier during entity sale) process also, the Bank continues to adhere to strong corporate governance practices. A detailed governance mechanism during the wind down process is detailed in the wind down plan approved by the Board and reviewed by PRA/FCA. The governance structure continues to be in place under the current wind down scenario.

As per this governance mechanism, the Board of the Bank will have oversight over the entire execution of wind down process, with involvement of the Subsidiary Governance and Strategy team of the Parent bank.

Senior Managers & Certification Regime (SM&CR)

The Bank has embedded both the Senior Managers and Certification regimes, which took effect on 7 March 2016 and 7 March 2017 respectively. The Board of the Bank has overseen the process to ensure that systems and processes have been put in place so that the Bank meets the requirements of the regime on an ongoing basis. The responsibility map is reviewed every year or in a shorter duration if required and approved by the Board.

Risk governance

The Risk department plays a significant role in review and challenge of risks inherent in the wind-down plans and strategy by verifying that they fall within the risk appetite and that the Bank assumes a level of risk that is individually and in aggregate acceptable to the Board.

The Bank continues to follow the industry standard approach of "3 Lines of Defence" comprising:

- Heads of business units are directly accountable for the management of risks in their areas through the operational controls set out in the functional and departmental

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procedures manuals. To assist in making the first line more effective, the Bank actively promotes sustainable return thinking, up-to-date risk-related information and absolute respect for limits.

- Monitoring and reporting of risk positions by the Risk, Finance and Compliance teams forms the second line of defence. These teams are responsible for recommending risk policy and for providing oversight and challenge of the activities carried out by the first line. To assist in making the second line of defence more effective, the Bank actively promotes a strong control structure, close interaction and co-ordination between the control functions and a supportive organisational structure.
- The Internal Audit function forms the third line of defence, providing independent assurance to Senior management, the Audit & Compliance Committee, the Risk Management Committee and the Board over the design and operation of the Bank's risk management, governance and internal control processes.

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. 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 and Risk Management Committee (ACRMC)

The ACRMC, a Board Committee, is responsible 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 auditor.

The ACRMC is also responsible for the quality and effectiveness of risk management. 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 (ALCO)

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, cost of 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 & systems of the Bank and to recommend such amendments & changes as may be required from time to time to ensure the framework remains fit for purpose. The role of the risk management function is to:

- recommend appropriate changes to risk governance and organisational structures;
- draft and implement policies & 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 the 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.

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In order to assist the Bank's management in prioritising and focusing its risk management efforts, the risk department works with line managers to 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.

Risk controls vary from activity to activity and are set out in the policies and manuals covering each activity. All activities are subject to:

- application of the "four eyes" principle in respect of operational matters;
- individual authorities based on roles and seniority with all material devolved authorities approved by the Board; and
- oversight of all important risk areas by one of risk management, compliance or finance via appropriate risk-based management information reports.

The risk monitoring and reporting regimes around the various business lines and activities of the Bank are also set out in the relevant policies and operational manuals. Common to all reporting regimes are:

- regular position reporting to monitor compliance within approved limits;
- exception reporting to identify non-compliant positions and events;
- monitoring of trends to facilitate pre-emptive action;
- provision of regular reports to executive management and Board Committees; and
- escalation procedures for exceptions.

The Bank faces a complex legal and regulatory environment. Inadequate or incomplete adoption of regulatory initiatives could lead to increased costs or regulatory sanction. All legal and regulatory changes faced by the Bank are managed through an effective governance and oversight framework. The protection of customer data and compliance with the data protection regulations are at the forefront of the Bank's strategy. As part of implementation of General Data Protection Regulation (GDPR) regulatory requirement, the has put in place a process which will enable customers to exercise their rights under GDPR. This includes utilising the services of vendors enabling customers to have control over how their data is used and protected.

Anti-Money Laundering (AML) and compliance

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

The Bank supports a strong compliance culture. 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.

Internal audit

The Internal Audit function acts independently of operations and is responsible for reviewing all business lines and support functions within the Bank. The Internal Audit function has been outsourced to the Group Internal Audit Division (GIAD) of the parent bank. The Audit plan proposed by GIAD is approved by the Audit & Compliance Committee. 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.

Principal Risks and Uncertainties

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.

Given its current activities and present scenario, the Bank views its primary financial risks as being credit and liquidity related. Credit risk appetite for the residual corporate loan portfolio, which is held for sale, is set by the Board and evidenced through the Credit Risk Management Policy. Risk concentrations are mitigated through portfolio level limits as set out in the same document and related credit risk management procedures. Concentration risk limits govern individual counterparty, sector and geographic exposures. These are reviewed by Bank's Risk Management Committee. Liquidity risk may arise notwithstanding compliance with mandatory regulatory liquidity limits and, owing to the impact that a single (large) unexpected event may have, the Bank actively manages its liquidity risks. With closure of all term deposits, Bank's liquidity risk is minimized. Full assessment of the Bank's liquidity risks are covered by the Bank's various liquidity risk policies and its ILAAP. The Bank works to internal limits that are tighter than those imposed by the PRA (e.g. current LCR + 10%) as this reduces the likelihood of the Bank being forced into a position of liquidity stress under adverse conditions.

The primary role of the Bank's treasury function is now funding the on-balance sheet lending activities of the Bank and managing its market, foreign exchange and liquidity risks. The treasury function operates within limits set by the Bank's Risk Management Committee and set out in the Market Risk Policy. The Bank does not engage in proprietary trading activities beyond the de minimis levels and does not hold bonds in a trading portfolio. Hence the Bank's market risk is modest.

The Bank, like all other similar organisations, is exposed to a variety of operational risks. The Bank identifies, assesses, monitors and mitigates these risks by a comprehensive system of internal controls and operational practices as set out in its Risk Management Framework and Operational Risk Management Policy. The Bank views "operations" risks which relate to losses arising from the everyday activities of the Bank as a subset of the broader "operational" risk heading which includes event risks of all types and consequential risks such as reputational risk, legal risk etc. Specifically, the Bank believes that the management of reputation risk, which can affect both the customers and any other counterparty, cannot be restricted to compliance with rules and regulations / controls. It is dependent upon a strong ethical culture where sound judgement is applied within a risk-conscious and structured environment. The Bank is also cognisant of the regulatory risks associated with non-compliance with regulations, especially in light of the fast changing and emerging regulatory landscape and seeks to maintain a culture of compliance and openness with the regulator. In all its activities, the focus is on aligning the people, systems and processes, which ensure that the threats of operational risks are proactively managed. The Operational Risk (OR) reporting regime comprises Key Risk Indicator (KRI) RAG reports, as part of Dashboard and Individual events (other than simpler processing errors) are recorded in an Operational Risk register. The calculation of the Operational Risk charge is directly linked with the Risk register outputs allowing us to allocate notional capital charges against specific risks which in turn facilitates back-testing.

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.

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The Bank's financial risks are managed through the ALCO and the Credit and 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) including monitoring of certain outsourced activities under service level agreements. The Loan and Investment Review Committee (LIRC) reviews the level of provisioning to be applied to the Bank's asset portfolios for fair valuation. 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.

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

The ICAAP and the ILAAP related risks that the Bank faces under present scenario is embedded into the wind-down plan, which is approved by the Board and reviewed by the PRA and the FCA. The Risk Management Framework, along with the ICAAP and ILAAP are subject to interim review and update in response to material changes during the wind-down or regulatory environment.

The wind-down strategy had changed the nature and profile of the risks the Bank faces. Certain risks, such as credit and liquidity risks, will reduce as a result of the significant reduction in the lending and deposit portfolios, whilst other risks, such as reputational risk, may increase.

With the Bank reverting to wind down plan and reduction in exposures, a composite review of risk appetite limits was undertaken by the Bank to commensurate with its risk profile during the wind down period. The stress testing scenarios of ICAAP and ILAAP were also reviewed in context with the projected balance sheet and risk profile during the wind down period. The risk profile, various risk appetite limits and the ICAAP / ILAAP risks during the wind down period were reviewed and approved by Bank's Risk Management Committee in October 2022 and reviewed on an regular basis to ensure that they continue to be relevant.

Climate Change

The Bank has reviewed the Task Force on Climate Related Financial Disclosures (TCFD) whilst taking into consideration the strategy to exit the UK markets by way of wind-down (earlier entity sale). Based on the requirements of the TCFD, the Bank has integrated the management of financial risks related to climate change into its governance, risk and management framework. The climate-related risks affecting the Banks can be broadly divided into physical risks and transition risks and the definitions are reproduced below.

The physical risks from climate change arise from a number of factors, and relate to specific weather events (such as heatwaves, floods, wildfires and storms) and longer-term shifts in the climate (such as changes in precipitation, extreme weather variability, sea level rise, and rising mean temperatures).

Transition risks can arise from the process of adjustment towards a low-carbon economy. A range of factors influence this adjustment, including: climate-related developments in policy and regulation, the emergence of disruptive technology or business models, shifting sentiment and societal preferences, or evolving evidence, frameworks and legal interpretations. Presently, the financial impact due to physical risks is more relevant to the Bank and the financial impact due to transition risks is immaterial. This is primarily due to the longer time horizon of several years involved in the transition process of aligning to low-carbon economy and the Bank is in the process of winding down its operations.

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The Bank's major business area, corporate banking, is the only portfolio which indirectly impacts the financial position of the Bank through its exposure to corporate borrowers. From the qualitative assessment performed in April 2022, the Board of the Bank has considered the material exposure to climate related risk to be low. Since then, the exposure has been gradually reducing thereby climate related risk continues to be low.

To minimise the Bank's impact on the environment and greenhouse gases, all employees are actively encouraged to recycle paper and plastic. The Bank carries out its business activities from only one location and since the start of the COVID-19 pandemic, the majority of the Bank's employees have worked from home. This has further reduced the Bank's impact on the environment.

The Bank's parent, Axis Bank Ltd, has also been actively engaged with matters such as sustainability and social responsibility by being in the forefront of pursuing the ESG (Environment, Social and Governance) agenda by way of issuing green bonds, practicing Sustainable Lending Practices, as well as achieving progress in Sustainable Development Goals.

Stakeholder engagement and s.172(1) statement

The Board is cognisant of its responsibilities under s172 and have taken measures on an on-going basis throughout the year, to meet the objectives enshrined therein. This included hearing the views/issues of different stakeholders and bringing their voices into the boardroom.

As enshrined in the Strategy document, approved by the Board, 'the Bank will observe high standards of integrity and fair dealing when doing business, and will act with due skill, care and diligence in the conduct of its business'. The present business objective is to conclude solvent wind down of the Bank leading to liquidation. To effectively maintain this philosophy and vision, and at the same time achieve the Bank's business objectives, the Bank has always recognised the need to foster good relationship with all stakeholders, including customers, suppliers, regulators, employees and others.

Every year, the Bank aims to make progress on meeting its social and environmental responsibilities. It is manifest in our commitments, a more robust organisation, and a shared knowledge of our goals. This year the Bank has identified one senior executive, who is responsible for managing climate change risks, and added that as his 'prescribed responsibility' under the Senior Manager & Certified Regime (SM&CR) rules.

The Bank has always recognised the need to be fair to its stakeholders, both within and outside the company. Important decisions, that can have impact on the stakeholders are discussed in an open and transparent manner, and to the extent possible, their views are taken on board.

We set out below details of efforts towards such stakeholders:

Parent Bank (sole owner)

The Board has always encouraged active engagement with the Parent Bank to bring about synergy. Whilst maintaining its operational independence, the Bank has often drawn upon the strength of the parent in technology, risk management, credit appraisal, etc., to add value to its services. The Board has been responsible in shaping the strategy and the business plan, but the overarching principle has been to be an important part of the Group and contribute to attaining the Group vision.

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It was in line with the above principle, that the Directors, whilst pursuing the wind down process (even earlier during entity sale), considered their obligations under Section 172 of the Companies Act and maintained that the interests of other stakeholders like customers, staff, and partner companies would be protected as the wind down plan is executed.

Customers

Customers are at the heart of everything that is done by the Bank. The strategy document, approved by the Board, clearly states that the Bank is 'committed to treating customers fairly'. Accordingly, the Bank has drawn out plans to address the issue of proper and appropriate customer communication on the matter of its strategic decision to wind down its operations and have taken professional and legal help to ensure that it is within the threshold of its own stated policies and regulatory requirements.

Employees

Throughout the reporting financial year, the Board has actively engaged with its employees. The Directors have met various employees and ensured that they felt aligned to the Bank's overarching strategic objectives. The Bank is reviewing the staff position and matters regularly at the Management and HRRNC meetings to align the same with ongoing wind down process.

Regulators

The Board recognises the importance of open and continuous dialogue with the regulators. Throughout the course of the financial year the Bank has kept both the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) updated of matters on an on-going basis.

Suppliers

The Board recognises the key role suppliers/service providers play in ensuring that the Bank delivers a reliable service to customers. Once the strategic decision was taken, the Bank had individual meetings with the service providers. This focus of transparency has helped the Bank in framing joint strategies to ensure that customer services are not affected, even as the strategy to execute the wind down plan takes place.

By order of the Board

Rajiv
Anand

Digitally signed
by Rajiv Anand
Date: 2024.05.14
13:13:21 +05'30'

Rajiv Anand
Chairman
14 May 2024



Harjot Singh
CFO and Company Secretary

AXIS BANK UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

The Directors have pleasure in presenting the Annual Report and the audited financial statements for the year ended 31 March 2024. These financial statements have been prepared in accordance with UK adopted international accounting standards.

Principal activity

Axis Bank UK Limited ("the Bank"), a company, registered as a private company limited by shares, in England & Wales (No.7554558), 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 160.32 billion as of 31 March 2023 (March 2022: USD155.05 billion). The Bank commenced operations in April 2013, 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 historically offered a range of products covering retail banking, corporate and commercial banking, buy to let mortgages (BTL), investment banking services, trade finance and treasury services to its customers. Following strategic decision of winding down the operations, the Bank was pursuing entity sale with execution of a sale purchase agreement (SPA) for divestment of shareholding by the Parent to OpenPayd Holdings Limited. The SPA got terminated during the preceding financial year and the Bank reverted to the strategy of winding down of its operations.

As per the plan, the Bank is in the advanced stage of winding down its activities with major portion of deposits and loans and advances closed. The Bank submitted its application for revocation of banking license on 7 December 2023 and the same is under process with the PRA and FCA for approval. Once the revocation of banking license is approved by the regulators, the Company will pursue Members' Voluntary Liquidation (solvent liquidation) as per UK guidelines. Whilst the Board of the Bank is still aiming to exit the UK market, The Bank continues with the process of solvent wind down that was commenced during previous financial year, to be followed by Member's Voluntary Liquidation.

For further details on the developments and the wind down plan, please refer to the Strategic Report.

Risk Management and Governance

The Risk management strategy and the Risk governance framework of the Bank can be found in the Strategic Report. See note 23 for further details.

Going concern basis

As stated above, the Bank reverted to the wind down plan after termination of the share-purchase agreement between Axis Bank Limited and OpenPayd Holdings Limited during previous financial year. The Bank is in the advanced stage of winding down its activities with major portion of deposits and loans and advances closed. The Bank submitted its application for revocation of banking license on 7 December 2023 and the same is under process with the PRA and FCA. Once the revocation of banking license is approved by the regulators, the Company will pursue Members' Voluntary Liquidation (solvent liquidation) as per UK guidelines. Accordingly, the financial statements of the Bank have been prepared on the basis "Other than that of a Going Concern".

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 meet both internal and external regulatory requirements.

As at 31 March 2024 the issued share capital comprises 55,000,000 ordinary shares with a par value of USD1 each and 1 ordinary share of GBP1.

AXIS BANK UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

Charitable donations

The Bank made no charitable donations during the year (2023: nil).

Directors

The current Directors are listed on page 2. During the reporting year, the following changes have occurred in the directors:

Resignations

- Mr. Paul Seward
- Mr. Sanjay Silas

Effective date

3 November 2023
31 January 2024

Qualifying indemnity provision

The Bank has arranged qualifying third-party indemnity insurance for all its directors.

Disclosure as per Capital Requirement Regulation (CRR)

The Bank has made the disclosures as required for year ended 31 March 2024, under the CRR in a separate document that is available on its website (www.axisbankuk.co.uk).

Strategic Report

In accordance with section 414(C) of the Companies Act 2006, we have prepared a Strategic Report, which forms part of the Annual Report and precedes this section.

Payment of dividends

The Bank paid a dividend of USD3.31 million to the Parent and sole shareholder – Axis Bank Limited during the reporting year (2023: NIL).

Post Balance sheet event

We confirm that there were no subsequent events post the balance sheet date.

Auditor

BDO LLP indicated their willingness to be reappointed for the year ended 31 March 2024 and appropriate arrangements were put in place for them to be deemed reappointed in the absence of an Annual General Meeting.

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

Rajiv Anand
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by Rajiv Anand
Date: 2024.05.14
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Rajiv Anand
Chairman
14 May 2024



Harjot Singh
CFO and Company Secretary

AXIS BANK UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2024

Directors' responsibilities

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, the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards. 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 accounting estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom have been followed, subject to any material departures 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 company will continue in business. As explained in Note 2B of accounting policies to the financial statements, the Directors do not believe the going concern basis to be appropriate and, in consequence, these financial statements have not been prepared on that basis.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to the auditor

The Directors who held office at the date of approval of this 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.

By order of the Board

Rajiv Anand
Chairman
14 May 2024

Digitally signed
by Rajiv Anand
Date: 2024.05.14
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AXIS BANK UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXIS BANK UK LIMITED FOR THE YEAR ENDED 31 MARCH 2024

Independent auditor's report to the members of Axis Bank UK Limited

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 2024 and of the Company's profit for the year then ended;
- the Company financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Axis Bank UK Limited for the year ended 31 March 2024 which comprise of the income statement and comprehensive income, the statement of changes in equity, the statement of financial position, the cashflow statement 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 UK adopted international accounting standards.

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 February 2024 to audit the financial statements for the year ended 31 March 2024 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 6 years, covering the years ended 31 March 2019 to 31 March 2024. We remain independent of the Company 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 Company.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to Note 2B to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern as the directors are in the process of winding down the activities of the Bank and pursuing Members' Voluntary Liquidation (solvent liquidation). Accordingly the financial statements have been prepared on a basis other than that of a going concern as described in Note 2B. Our opinion is not modified in respect of this matter.

AXIS BANK UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXIS BANK UK LIMITED FOR THE YEAR ENDED 31 MARCH 2024

Overview

Key audit matters	Valuation of Loans and Advances to Corporate Customers – Held for Sale	2024 ✓	2023 ✓
	Materiality		
	\$700,000 (2023: \$729,000) based on 1.25% (2023: 1.25%) of Net Assets.		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

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.

AXIS BANK UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXIS BANK UK LIMITED FOR THE YEAR ENDED 31 MARCH 2024

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Valuation of Loans and advances to Corporate Customers – Held for Sale</p> <p>As disclosed in Note 3 F of the accounting policies, in Financial instruments - Classification and measurement, the Company applies certain criteria in determining the classification of its assets and subsequent measurement thereof.</p>	<p>The Company is being wound down following approval obtained from the regulators. As part of this the loans and advances to Corporate Customers – Held for Sale (“corporate loan book”) is marketed for sale. There is a risk that the corporate loan book of the Company, may not be valued correctly within the Statement of Financial Position.</p> <p>The Company measures its corporate loan book at fair value using non-observable market data valuation techniques. Given there is significant judgement exercised in the assessment of the Company’s measurement of its corporate loan book assets, we have identified this as a key audit matter.</p> <p>We have reviewed and assessed management’s accounting treatment for corporate loan book against the requirements of the accounting framework and in light of the Company’s business model.</p> <p>We have consulted with our internal valuation experts and we have reviewed management’s Valuation Methodology document.</p> <p>We tested the reasonableness of key valuation inputs and assumptions such as Country Risk Premium, Guarantor Credit Risk Premium and Credit Adjustment Factor with reference to market data, where available, and industry practice.</p> <p>We have performed an independent valuation of a sample of the loans and compared these to the valuations generated by management.</p> <p>We tested other inputs used in the valuation, such as the expected value and timing of cash flows, by agreeing these to underlying loan agreements</p> <p>Key observations:</p> <p>We have not identified any indicators that the judgements made in the valuation of Loans and advances to corporate customers Held for Sale issued by the Company are not reasonable.</p>

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:

AXIS BANK UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXIS BANK UK LIMITED FOR THE YEAR ENDED 31 MARCH 2024

	Company financial statements	
	2024 \$	2023 \$
Materiality	700,000	729,000
Basis for determining materiality	1.25% of Net Assets	1.25% of Net Assets
Rationale for the benchmark applied	We determined that Net Assets was the most appropriate benchmark due to the ongoing wind down of the Company and the expected close down of its business in the foreseeable future (i.e. in less than 12 months of signing of the financials). Therefore the key indicator for the stakeholders would be the net breakup value of the Company which is represented by Net assets. The percentage for 2024 remains consistent based on the circumstances of the Company and our assessment of the risk.	
Performance materiality	525,000	547,000
Basis for determining performance materiality	75% of materiality	75% of materiality
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 \$14,000 (2023: \$15,000). 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 annual 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.

AXIS BANK UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXIS BANK UK LIMITED FOR THE YEAR ENDED 31 MARCH 2024

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: <ul style="list-style-type: none">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; andthe 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 Company 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: <ul style="list-style-type: none">adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; orthe Company financial statements are not in agreement with the accounting records and returns; orcertain disclosures of Directors' remuneration specified by law are not made; orwe have not received all the information and explanations we require for our audit.

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 Company'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 Company 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.

AXIS BANK UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXIS BANK UK LIMITED FOR THE YEAR ENDED 31 MARCH 2024

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 Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be licence conditions and supervisory requirements of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), Companies Act 2006, UK adopted international accounting standards and relevant tax legislation.

Our procedures in respect of the above included:

- We made inquiries of Directors, the Audit Committee and those responsible for legal and compliance matters about their own identification and assessment of the risks of irregularities and known fraud cases;
- We corroborated our inquiries through our review of compliance monitoring findings during the year, key correspondence with the Financial Conduct Authority and Prudential Regulation Authority, minutes of the Board and Board Risk Management Committee;
- Involvement of tax specialists in the audit; and
- Review of financial statement disclosures and agreeing to supporting documentation.

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 regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company'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 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;
- 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 posting inappropriate journal entries to manipulate the financial results and management bias in accounting estimates.

AXIS BANK UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXIS BANK UK LIMITED FOR THE YEAR ENDED 31 MARCH 2024

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- We reviewed the nature of the industry and sector, assessed the Bank's internal controls and tested the operating effectiveness of these controls designed to prevent and detect irregularities and fraud;
- Involvement of forensic specialists in the audit to attend engagement team discussion and provide expertise insights into areas which may be susceptible to fraud; and
- We challenged assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the fair value determined on corporate loans and advances – held for sale.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities 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.

DocuSigned by:

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Stefan Beyers (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 14 May 2024

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

AXIS BANK UK LIMITED
INCOME STATEMENT AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 USD	2023 USD
Interest and similar income	2	2,101,122	1,044,483
Interest income from loans and advances to customers held for sale	2	1,398,283	1,472,367
Interest and similar expense	3	(345)	(346,625)
Net Interest Income		3,499,060	2,170,225
Fee and commission income/(expense)	4	26,080	117,878
Net gain on other financial instruments at FVTPL		117,528	273,579
Other operating income		5,547	16,414
Net impairment credit on financial assets		-	(2,436)
Fair value gains on loans and advances to corporate customers held for sale	12	160,989	(135,654)
Total Income		3,809,204	2,440,006
Personnel costs	5	(1,277,058)	(2,219,008)
Depreciation	14	-	(244,021)
Other general operating expenses	7	(1,292,886)	(2,191,468)
Profit/(Loss) Before Tax		1,239,260	(2,214,491)
Corporation tax		-	-
Profit/(Loss) for the year and total comprehensive profit/(loss)		1,239,260	(2,214,491)

The notes on pages 28 to 55 form part of these financial statements

AXIS BANK UK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

	Issued capital	Retained earnings	Total equity
	USD	USD	USD
Balance at 1 April 2022	55,000,002	5,526,677	60,526,679
	55,000,002	5,526,677	60,526,679
Total comprehensive income for the year			
Loss for the year	-	(2,214,491)	(2,214,491)
Balance at 31 March 2023	55,000,002	3,312,186	58,312,188
Balance at 1 April 2023	55,000,002	3,312,186	58,312,188
Dividends Paid	-	(3,310,000)	(3,310,000)
	55,000,002	2,186	55,002,188
Total comprehensive income for the year			
Profit for the year	-	1,239,260	1,239,260
Balance at 31 March 2024	55,000,002	1,241,446	56,241,448

The notes on pages 28 to 55 form part of these financial statements

AXIS BANK UK LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2024

BALANCE SHEET

	Notes	2024 USD	2023 USD
Assets			
Cash and balances with banks	10	50,957,101	34,654,492
Derivative financial Instruments	11	367,448	2,154
Loans and advances to corporate customers – held for sale	12&13	4,862,609	24,997,608
Prepayments, accrued income and other assets	16	1,653,566	2,577,522
Total assets		57,840,724	62,231,776
Liabilities			
Derivative financial Instruments	11	-	325,552
Deposits from customers	17	186,659	2,220,543
Provisions	19	922,927	434,551
Accruals and other liabilities	20	489,690	938,942
Total liabilities		1,599,276	3,919,588
Equity attributable to equity holders			
Equity share capital	21	55,000,002	55,000,002
Retained earnings		1,241,446	3,312,186
Total equity		56,241,448	58,312,188
Total liabilities and equity		57,840,724	62,231,776

The financial statements were approved by the Board of Directors and authorised for issue on 13 May 2024.

Rajiv Anand Digitally signed
by Rajiv Anand
Date: 2024.05.14
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Rajiv Anand
Chairman
Company Registration No 07554558
14 May 2024



Harjot Singh
Chief Financial Officer and Company Secretary

The notes on pages 28 to 55 form part of these financial statements

AXIS BANK UK LIMITED
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2024

	2024 USD	2023 USD
Cash flows for the year		
Profit/(Loss) before tax	1,239,260	(2,214,491)
Adjustments to reconcile profit from operations		
Depreciation, amortisation & impairment of fixed assets	-	244,021
Fair value gain/(loss) on loans and advances to customers held for sale	(160,989)	135,654
Net impairment loss	-	2,436
Net exchange rate differences	573,317	(570,669)
Cash flows before changes in operating activities	1,651,588	(2,403,049)
Changes in operating activities:		
Net (increase)/decrease in other receivables	923,956	(1,620,994)
Net increase/(decrease) in other payables	39,124	(49,028)
Net decrease in loans and advances to corporate customers	14,346,988	7,485,738
Net increase/(decrease) in deposit by customers	(2,033,884)	(20,345,730)
Net (increase)/decrease in derivative financial instruments	(690,846)	297,090
Net inflows/(outflows) from operating activities	12,585,338	(14,232,924)
Corporate tax	-	-
Net cash outflows from operating activities (A)	14,236,926	(16,635,973)
Cash flows from investing activities:		
Proceeds from sale of loans and advances to corporate customers	5,949,000	-
Net cash flows from investing activities (B)	5,949,000	-
Cash flows from financing activities:		
Repayment of lease liabilities	-	(199,451)
Dividend paid	(3,310,000)	-
Net cash outflows from financing activities (C)	(3,310,000)	(199,451)
Net increase/(decrease) cash and cash equivalents (A+B+C)	16,875,926	(16,835,424)
Net exchange rate differences	(573,317)	570,669
Cash and cash equivalent as at the beginning of the year	34,654,492	50,919,247
Cash and cash equivalents as at the end of the year	50,957,101	34,654,492

Interest received was USD3,575,986 (2023: USD2,457,162) and interest paid was USD21,445 (2023: USD544,804).

The notes on pages 28 to 55 form part of these financial statements

AXIS BANK UK LIMITED

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2024

1. Reporting entity

Axis Bank UK Limited (Registration no. 07554558) (The Bank) is a private limited company (limited by shares) domiciled and incorporated in the United Kingdom under the Companies Act 2006. The Bank is a wholly-owned subsidiary of Axis Bank Limited, one of the leading private sector banks of India. The address of the Bank's registered office is Regus Offices Unit No. G.06, 167 City Road, London EC1V 1AW.

2. Basis of preparation

A. Statement of compliance

The financial statements of the Bank are prepared in accordance with UK adopted international accounting standards.

The Bank's financial statements for the year ended 31 March 2024 were authorised for issue on XX May 2024.

B. Going concern

The Board of Axis Bank UK Limited ("the Bank"), in its meeting held on 18 October 2019 agreed to conduct a review of options through which an orderly exit of operations could be executed. Subsequently, the Board of the Bank in its meeting held on 12 November 2020 approved the decision to pursue the sale of the Bank to a third party. Accordingly, Axis Bank Limited entered into a sale and purchase agreement to divest its entire shareholding of the Bank to a third party – OpenPayd Holdings Limited (OpenPayd). The change in control was subject to regulatory approval by the Prudential Regulation Authority ("PRA").

While the process for change-in-control was being pursued, OpenPayd, based on their internal review, conveyed to Axis Bank Limited about their intention to terminate the SPA in light of low probability of obtaining the regulatory approvals before the long-stop date of 30 September 2022. Axis Bank Limited, in consultation with Axis Bank UK Limited, evaluated the proposed termination within the purview of SPA and concurred with OpenPayd. Axis Bank Limited and OpenPayd concluded necessary legal process on 3 August 2022. With the termination of SPA, the Bank reverted to the strategy of winding down of its operations.

The Bank is in the advanced stage of winding down its activities with major portion of deposits and loans and advances closed. The Bank submitted its application for revocation of banking license on 7 December 2023 and the same is under process with the PRA and FCA. Once the revocation of banking license is approved by the regulators, the Company will pursue Members' Voluntary Liquidation (solvent liquidation) as per UK guidelines. Accordingly, the financial statements of the Bank have been prepared on the basis "Other than that of a Going Concern".

There are no material adjustments made to the financial statements as a result of preparing them on the basis of other than that of a going concern, except for making a provision of USD0.80 million towards onerous contracts in compliance with IAS 37.

C. Basis of preparation

The financial statements of the Bank are prepared on the historical cost basis or the fair value basis where the fair value of relevant assets and liabilities has been applied in accordance with UK adopted international accounting standards. The Bank is in the process of winding down its operations to be followed by solvent liquidation, which will include realisation of residual assets and settlement of all residual liabilities. The wind down plan entails sale of corporate loans and the same are expected to be realised at fair value. Other financial assets, which include margins paid, derivatives, receivables, etc., are expected to be realised at the book value on respective due

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dates. The liabilities are considered as current liabilities and the Bank has adequate liquidity to settle the same as per respective terms. As stated above, the assets and liabilities are expected to be realised / settled at the book value, thus no further adjustments/reclassification are required in the disclosed values.

D. Functional and presentation currency

The financial statements of the Bank are presented in US Dollars (USD), which is the presentation and functional currency of the Bank as it represents the primary currency of the underlying transactions, assets, funding and revenues. Amounts are rounded to the nearest whole number, unless otherwise stated.

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. The rates of exchange used for translation are the rates in force at close of business in Mumbai, India at the balance sheet date.

E. Changes in accounting policy

The financial statements are prepared consistent with UK adopted international accounting standards, but amended to reflect that the going concern assumption is not appropriate. The accounting policies have, unless otherwise stated, been applied consistently to all periods.

3. Material accounting policies

The Bank's significant accounting policies are set out below. The accounting policies have, unless otherwise stated, been applied consistently to all periods presented in the financial statements

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.

A. Interest and similar income and expense

Interest income/expenses for all interest-bearing financial instruments measured at amortised cost are recognised 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 and 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.

The Bank issued notices for pre-closure of deposits with interest payment up to the contractual maturity of respective deposit and the customers were given option to close the deposit at any point of time. The Bank had thus recognised the interest payable on outstanding term deposits up

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their respective maturities as interest expense during previous year and necessary provision was create in the accounts as at year. The provision was utilised for interest payments during the year.

B. 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.

Contractual commitments may become onerous because of a decision to go for liquidation of the Bank. Provision is made for wind down cost (classified as restructuring cost), including the costs of redundancy, when the Bank has a constructive obligation to restructure. An obligation exists when the Bank has a detailed formal plan for the restructuring and has raised a valid expectation in those affected by starting to implement the plan or by announcing its main features. If the Bank has a contract that is onerous, it recognises the present obligation under the contract as a provision. An onerous contract is one where the unavoidable costs of meeting the Bank's contractual obligations exceed the expected economic benefits.

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.

C. Financial instruments - Classification and measurement

IFRS 9 requires financial assets to be classified on the basis of two criteria:

- i) The business model within which financial assets are managed; and
- ii) Their contractual cash flow characteristics (whether the cash flows represent solely payments of principal and interest' (SPPI).

Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through profit and loss if they are held for trading or held within a business model whose objective is to realise the asset through sales as opposed to holding the asset to collect the contractual cash flows.

Business models were determined on initial application of IFRS 9. Factors considered by the Bank in determining the applicable business model for a group of assets include (i) past experience of how the cash flows for these assets were collected and (ii) how the assets' performance and risks are evaluated, managed and reported to key management personnel.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent SPPI. In assessing whether contractual cash flows are SPPI compliant, interest is defined as consideration primarily for the time value of money and the credit risk of the principal outstanding. The time value of money is defined as the element of interest that provides consideration only for the passage of time and not consideration for other risks or costs associated

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with holding the financial asset. Terms that could change the contractual cash flows so that it would not meet the condition for SPPI are considered, including: (i) contingent and leverage features, (ii) non-recourse arrangements and (iii) features that could modify the time value of money.

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

- Financial assets/liabilities classified at amortised cost;
- Financial assets measured at fair value through other comprehensive income; and
- Financial assets/liabilities measured at fair value through profit and loss.

i) Financial assets measured at amortised cost

Financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. This includes lending arrangements which results in contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost relate to loans and advances to customers and banks.

Financial assets measured at amortised cost are initially recognised at fair value, representing the cash consideration to originate the financial instrument, 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 as part of 'Net impairment charges' in the income statement.

Following the Bank's decision to sell the corporate banking book, the portfolio has subsequently been reclassified as fair value through profit and loss, as a result of the change in business model.

ii) Financial liabilities measured at amortised cost

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 customer deposits, 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.

iii) Financial assets/liabilities measured at fair value through profit and loss

Financial assets are classified at fair value through profit or loss where they do not meet the criteria to be measured at amortised cost or fair value through other comprehensive income or where they are designated at fair value through profit or loss to reduce an accounting mismatch. The Bank's derivative financial instruments and the corporate banking portfolio are carried at fair value.

iv) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an

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ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

D. De-recognition of financial assets and financial liabilities

i) 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.

ii) 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.

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iii) Reclassification of financial assets and liabilities

The Bank reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. In the financial year FY2020-21, the Bank reclassified its corporate loan and BTL portfolio from amortised cost to fair value through profit and loss. Reclassifications were made at fair value as of the reclassification date.

Following the decision to sell down, the corporate loans continue to be classified as held for sale since the carrying amount will be recovered principally through a sale transaction rather than to collect the contractual cash flows. In accordance with the applicable provisions of IFRS9, the portfolios which were measured at amortised cost prior to FY 2020-21, have been measured at fair value through profit and loss in subsequent years and a gain or loss arising from the difference between the previous amortised cost value and fair value is recognised in income statement as fair value gain on loans to corporate customers.

E. Assets held for sale

Assets and non-current assets are classified as held for sale ('HFS') when their carrying amounts will be recovered principally through sale rather than through continuing use. HFS assets are generally measured at the lower of their carrying amount and fair value less cost to sell. Immediately before the initial classification as held for sale, the carrying amounts of the relevant assets are measured in accordance with applicable IFRSs.

F. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, the bank currently has a legally enforceable 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 at gross value in the balance sheet.

G. Cash and cash equivalents

Cash and cash equivalents include 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. Critical accounting judgements and key sources of estimation uncertainty

In the 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 underlying assumptions are reviewed on an ongoing 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.

The following are the critical judgements that the Directors have made in the process of applying the Bank's accounting policies and that have the most significant effect on the amount recognised in the financial statements.

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ACCOUNTING POLICIES (CONTINUED)
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A) Valuation of the Corporate Loans portfolio

The basis to value the Corporate Banking portfolio is at its fair value amount. The valuation of the Corporate Banking portfolio involves a significant degree of judgement and complexity. The valuation of the book is derived based upon a discounted cash flow model, where the expected cash flows for each exposure under the terms of the contract are discounted back to a present value. The valuation methodology consists of two key components;

- Forecast contractual interest and principal cash flows for the term of the facility, with haircuts to principal receipts if a loss is deemed highly probable; and
- A risk-adjusted yield, incorporating the theoretical discount margin and requisite IBOR curve, to calculate the present value of the facility cashflows. The key factors impacting the theoretical discount margin include the following:
 - External credit rating of the borrower; and
 - The country risk associated with the exposure.

The valuation methodology applied differs depending on the staging of the assets which is detailed below:

Performance Category	Valuation methodology applied
Stage 1 assets	Present value of contractual cash flows at risk-adjusted yield (IBOR/SONIA/SOFR + theoretical discount margin)
Stage 1 (watchlist) and Stage 2 assets	Present value of expected future cash flows discounted at the risk-adjusted yield (IBOR/SONIA/SOFR + theoretical discount margin)
Stage 3 assets	Valuation is dependent on either: i) management's assessment of the recovery process and final recoveries or ii) Present value of expected future cash flows discounted at the risk-adjusted yield

B) Provisions

The reporting of provision in terms of identifying whether a present obligation exists and estimating the probability, timing, and quantum of outflows arising from past events requires a significant degree of judgement and can be complex. The amount that is recognised as a provision can be sensitive to the assumptions made in calculating it. This gives rise to a large range of potential outcomes which requires judgement in determining an appropriate provision level.

For the Board's decision to revert to winding down the operations to be followed by solvent liquidation, the Bank has recognised a provision for the anticipated cost of restructuring including consultancy and liquidation costs. The amount that is recognised is based upon management's estimate of the expected completion of underlying activities.

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1. Principal Activity

The principal activities of the Bank are described in the Directors' Report on page 14.

	2024	2023
	USD	USD
2. Interest and similar income		
Cash and balances with central bank	813,666	379,992
Short-term funds- margin & placements	1,287,456	664,491
Interest income from loans and advances to customers held for sale:		
Interest income from loans and advances to corporate customers held for sale	1,398,283	1,472,367
	3,499,405	2,516,850
3. Interest and similar expense		
Deposit from customers	345	345,791
Interest expense of lease liability	-	834
	345	346,625
4. Net fees and commission income		
Fees and commission income		
Bank guarantee fees	26,080	117,878
	26,080	117,878
Fees and commission expenses	-	-
	-	-
Net fees and commission income/(expenses)	26,080	117,878

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	2024 USD	2023 USD
5. Personnel costs		
Wages and salaries	1,107,240	1,942,264
Social security costs	153,655	241,185
Pension costs – Defined contribution plan	16,163	35,559
	1,277,058	2,219,008
The average number of persons employed by the Bank	7	12
There are no share-based payments made by Axis Bank UK Limited		
Average employees classification by functions		
Core Banking	3	6
Operations and admin	4	6
	2024 USD	2023 USD
6. Directors' emoluments		
(Included in wages and salaries. Emoluments includes all payment made to Directors)		
Emoluments	512,569	581,282
The gross emoluments* of the highest paid Director were USD 396,425 (2023: USD 442,581).		
*Gross emoluments include salary, benefits and awarded bonus		
Key Management Personnels' emoluments – other than directors	367,287	311,942
(Included in wages and salaries. Emoluments includes all payments)		
	2024 USD	2023 USD
7. Other general operating expenses		
Consultancy, legal & professional fees	115,274	94,836
Administrative, restructuring, and other charges	1,159,114	2,000,575
Bank charges, rates and taxes	18,498	96,057
	1,292,886	2,191,468
8. Auditor's remuneration	2024 USD	2023 USD
Fees payable to the Company's Auditor for the audit of the company's Annual Accounts:		
Statutory audit fees – current year	241,983	165,272
	241,983	165,272

AXIS BANK UK LIMITED
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
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9. Corporation tax

The components of corporation tax expense for the years ended 31 March are:

	2024	2023
	USD	USD
Current tax expense		
Adjustment in respect of prior periods	-	-
	-	-
Reconciliation of corporation tax credit to accounting Loss		
Profit/(Loss) before tax	1,239,261	(2,214,491)
Tax at the domestic corporation tax rate of 25% (2023: 19%)	309,815	(420,753)
Adjustments in respect of current period	14,390	41,209
Adjustment in respect of prior periods	34,894	18,393
Exchange differences	-	-
Deferred tax not recognised	(315,104)	396,045
Tax charge not recognised	(43,995)	(34,894)
Tax (credit) using effective rate	-	-
Deferred tax is composed of the tax impact of the following:		
Short term timing difference- Fixed assets	(132,470)	(161,549)
Losses and other deductions	(15,132)	(14,329)
Deferred tax assets	(147,602)	(175,878)
Deferred tax liability		
Other short term differences	147,602	175,878
Deferred tax liability relating to short term differences	147,602	175,878
Tax effective rate	-	-

For the period 1st April 2023 to 31st March 2024 the corporation tax rate is 25% (2023:19%). No deferred tax has been recognised for gross losses of USD17,004,490 as at 31 March 2024 (March 2023: USD18,277,781).

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NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

	2024 USD	2023 USD
10. Cash and balance with Bank		
Cash at bank		
Barclays Bank Main GBP Account	538,201	1,546,552
Barclays Agency GBP Account	52,723	109,943
Barclays Bank Residual Deposit GBP Account	79,336	-
Barclays Bank EUR Account	41,886	259,956
Barclays Frankfurt EUR Account	69,626	70,347
Citi Bank USD Account	777,573	104,548
Axis Bank Limited INR Account	4,011	7,567
Total cash at bank	1,563,356	2,098,913
Central bank	49,393,745	32,555,579
	50,957,101	34,654,492

11. 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.

	31 March 2024			
	Asset USD	Notional amount USD	Liabilities USD	Notional amount USD
Derivatives used as:				
FX swaps	367,448	52,005,120	-	51,631,587
	367,448	52,005,120	-	51,631,587

	31 March 2023			
	Asset USD	Notional amount USD	Liabilities USD	Notional amount USD
Derivatives used as:				
FX swaps	2,154	44,816,192	325,552	45,096,723
	2,154	44,816,192	325,552	45,096,723

12. 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.

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NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
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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 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, including discounted cash flows. 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.

i. Fair value hierarchy

As at March 2024, the fair values of assets and liabilities measured on a recurring and non-recurring basis by level of input were as follows:

	31 March 2024		
	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	-	367,448	-
Loans and advances to customers	-	-	4,862,609
Total	-	367,448	4,862,609
Financial Liabilities			
Derivative financial instruments	-	-	-
Total	-	-	-

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NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
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31 March 2023

	Quoted market prices (Level1) USD	Valuation techniques using observable market data (Level 2) USD	Valuation techniques using non-observable market data (Level 3) USD
Financial assets			
Derivative financial instruments	-	2154	-
Loans and advances to customers	-	-	24,997,608
Total	-	2,154	24,997,608
Financial Liabilities			
Derivative financial instruments	-	325,552	-
Total	-	325,552	-

ii. Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 March 2024.

Assets and liabilities	Loan and advances to corporate customers USD	Total assets USD
Balance as of 1 Apr 2023	24,997,608	24,997,608
Realised/unrealised gains/losses	160,989	160,989
Settlements/repayments	(20,099,623)	(20,099,623)
Impact of foreign exchange movements	(196,365)	(196,365)
As at 31 March 2024	4,862,609	4,862,609

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NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

The following table presents the changes in level 3 items for the periods ended 31 March 2023.

	Loan and advances to corporate customers	Total assets
Assets and liabilities	USD	USD
Balance as of 1 Apr 2022	32,621,436	32,621,436
Realised/unrealised gains/losses	(135,654)	(135,654)
Disbursement	550,483	550,483
Settlements/repayments	(7,772,203)	(7,772,203)
Impact of foreign exchange movements	(266,454)	(266,454)
As at 31 March 2023	24,997,608	24,997,608

iii. Valuation techniques used to determine fair values

The table below summarises the specific valuation techniques and unobservable inputs for level 3 assets and liabilities.

	31 March 2024 Fair value	Valuation technique	Unobservable input	Range (weighted average)
Assets	USD			
Loans and advances to customers	4,862,609	Discounted Cash flow	Credit spread	0.65% - 4.89%

	31 March 2023 Fair value	Valuation technique	Unobservable input	Range (weighted average)
Assets	USD			
Loans and advances to customers	24,997,608	Discounted Cash flow	Credit spread	0.46% - 5.48%

The valuation techniques used, observability for the loans and advances to customers for level 3 assets, are described below.

Valuation: The valuation of the book is derived based upon a discounted cash flow model, where the expected cash flows for each exposure under the terms of the contract are discounted back to a present value. The discount factor was determined by incorporating a number factors such as funding costs (including a premium for illiquid conditions) as well as a country risk premium representing the domicile risk for each exposure.

Observability: Within the loans and advances to customers population, the credit spread is generally unobservable. Unobservable credit spreads are determined by incorporating funding costs, the level of comparable assets such corporate bonds, government bond yields and credit default swap spreads.

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NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
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iv. Assets and liabilities measured at fair value on a recurring basis – Level 3 – Gains and losses

	31 March 2024	31 March 2023
	USD	USD
Gains/(losses) included in net loss for the period	160,989	(138,090)
Where of change in unrealised gains/losses relating to assets and liabilities still held at the reporting date	9,254	(76,962)

v. Sensitivity analysis of level 3 measurements to changes in unobservable inputs

The credit spread is the key unobservable input used in the valuing the Corporate loans portfolio. This has been sensitised by 25 basis points in either direction to arrive at the following valuation changes:

	31 March 2024	
	Favourable changes	Unfavourable changes
	Income Statement	Income Statement
Assets	USD	USD
Loans and advances to customers	8,509	9,996
Total	8,509	9,996

	31 March 2023	
	Favourable changes	Unfavourable changes
	Income Statement	Income Statement
Assets	USD	USD
Loans and advances to customers	306,651	220,807
Total	306,651	220,807

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NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

vi. Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

	Carrying amount ¹		Fair value ²	
	31 March 2024 USD	31 March 2023 USD	31 March 2024 USD	31 March 2023 USD
Financial assets				
Cash and balances with banks	50,957,101	34,654,492	50,957,101	34,654,492
Other Assets (Only Financial Instruments)	1,653,566	2,577,522	1,653,566	2,577,522
Total	52,610,667	37,232,014	52,610,667	37,232,014
Financial liabilities				
Deposit from Customers	186,659	2,220,543	186,659	2,220,543
Other Liabilities	489,690	938,942	489,690	938,942
Total	676,349	3,159,485	676,349	3,159,485

13. Loans and advances to Corporate Customers held for sale

Loans to Corporate Customers
Fair value adjustment

	2024 USD	2023 USD
Loans to Corporate Customers	4,871,863	24,920,646
Fair value adjustment	(9,254)	76,962
	4,862,609	24,997,608

¹ Balances are net of any amortised fees

² The financial assets and liabilities with the exception of cash balances are classified as level 3 financial instruments.

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NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

14. Property, Plant and equipment

	Computer (incl. software) USD	Other fixed assets USD	Total USD
Cost:			
At 1 April 2022	3,200,999	147,097	4,451,220
Additions	-	-	-
Write off	-	-	-
At 31 March 2023	3,200,999	147,097	4,451,220
Additions	-	-	-
Write off	-	-	-
At 31 March 2024	3,200,999	147,097	4,451,220
At 1 April 2023	(3,200,999)	(147,097)	(4,451,220)
Depreciation charge for the year	-	-	-
At 31 March 2024	(3,200,999)	(147,097)	(4,451,220)
Net book value:			
At 31 March 2023	-	-	-
At 31 March 2024	-	-	-

15. Right of Use Assets

The Bank's right of use assets predominantly related to the leasehold premises at 4 Chiswell Street. The Bank opted for the lease break in October 2022. Thus, right of use assets were fully depreciated and disposed off by September 2022.

At 31 March 2024, the non-cancellable commitments relating to short-term leases is USD52,478 (2023: USD47,046), which pertains to present office premises.

AXIS BANK UK LIMITED
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

	2024 USD	2023 USD
16. Prepayments, accrued income and other assets		
Deposits	1,376,546	1,374,479
Other receivables	277,020	1,167,657
Other prepayments	-	35,386
	1,653,566	2,577,522

	2024 USD	2023 USD
17. Deposit from customers		
Current accounts		
Retail	78,091	162,126
Corporate	108,549	832,514
Savings accounts	19	1,967
Fixed term deposits	-	1,037,893
Other deposits	-	186,043
	186,659	2,220,543

18. Lease Liabilities	Leasehold-property USD	Office Equipment USD	Total USD
At 1 April 2023	-	-	-
Interest charged during the year	-	-	-
Payment	-	-	-
At 31 March 2024	-	-	-

	Leasehold-property USD	Office Equipment USD	Total USD
At 1 April 2022	195,263	4,188	199,451
Interest charged during the year	849	33	882
Payment	(166,946)	(3,596)	(170,542)
Impact of exchange movement	(29,166)	(625)	(29,791)
At 31 March 2023	-	-	-

The lease liability matured during FY 2022-23 as the Bank opted for lease break in October 2022.

AXIS BANK UK LIMITED
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

19. Provisions	Onerous Contracts USD	Restructuring USD	Total USD
At 1 Apr 2023	235,284	199,267	434,551
Additions	796,932	-	796,932
Amount utilised	(235,284)	(75,494)	(310,778)
Impact of exchange movement	-	2,222	2,222
As at 31 March 2024	796,932	125,995	922,927

Provisions	Onerous Contracts USD	Restructuring USD	Total USD
At 1 Apr 2022	-	410,232	410,232
Additions	235,284	162,789	398,073
Amount utilised	-	(371,549)	(371,549)
Impact of exchange movement	-	(2,205)	(2,205)
As at 31 March 2023	235,284	199,267	434,551

The restructuring provisions predominantly relates to various consultancy costs arising from the ongoing wind down plan and accrual of costs of onerous contracts in compliance with guidance on onerous contracts in IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. All provisions are expected to settle within 12 months.

20. Accruals and other liabilities	2024 USD	2023 USD
Other payables and accrued liabilities	489,690	938,942
	489,690	938,942

21. Equity share capital	2024 USD	2023 USD
Authorised, issued and fully-paid share capital		
1 ordinary share of GBP 1	2	2
55 Million ordinary shares of USD 1 each	55,000,000	55,000,000
Total equity capital	55,000,002	55,000,002

As at 31 March 2024 the issued share capital comprises 55,000,000 ordinary shares with a par value of USD1 each and 1 ordinary share of GBP1 as in previous accounting year.

The Bank has paid dividend of USD3,310,000 during the year (March 2023: NIL). The Bank has not cancelled and extinguished any share capital during the year (March 2023: NIL).

AXIS BANK UK LIMITED
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

The holders of ordinary shares are entitled to receive dividends as declared by the Bank and are entitled to one vote per share at the meetings of the Bank. All shares rank equally with regards to residual assets of the Bank.

The directors regard share capital and reserves as its capital for the capital management purposes where the objective is to ensure it is sufficient to participate in lines of business and to meet the PRA's capital requirements. In order to maintain or adjust the capital structure, the Bank may issue new shares or sell assets. Please refer to the strategic report for further information on capital management.

22. Related party transactions

Ultimate controlling party

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.

The Company's immediate and ultimate parent, controlling party, and parent of the largest and smallest group in which the Company's results are consolidated, is Axis Bank Limited, a Company incorporated in India. Copies of the consolidated financial statements of Axis Bank Limited are available from its registered address Trishul, 3rd floor, Opp Samartheshwar Temple, Law garden, Ellisbridge, Ahmedabad, Gujarat – 380 006, India.

As on 31 March 2024, the assets and liabilities outstanding to the related parties are as below:

	2024	2023
	USD	USD
1. Cash and balances with Axis Bank Ltd	4,011	7,567
2. Receivable for providing of services	-	6,387

The related party transactions for the financial year 2022-2023 is set out below.

Items	2024	2023
	USD	USD
1. Outsourcing charges paid	(94,880)	(147,612)
2. Dividend paid	(3,310,000)	-
3. Proceeds from sale of corporate loans	5,949,000	-
4. Re-imburement of expenses paid	19,221	25,549

The company enters into commercial transactions with its parent company in the ordinary course of business. The amounts outstanding are unsecured and interest free and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Other transactions with related parties (including remuneration paid to the Directors) are disclosed in Note 6.

AXIS BANK UK LIMITED

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

23. Overview of the Bank's risk management

The Risk Management plays a pivotal role in the Bank's current strategy by verifying that the Bank falls within its risk appetite threshold and assumes a level of risk that is individually and in aggregate acceptable to the Board. The Board also acknowledges the fact that during the wind-down (earlier during entity sale) process, the portfolio imbalances would necessitate re-alignment of internal risk appetite in a manner that it does not lead to excess risk taking. Though there is no incremental business accruing to the Balance Sheet, since the portfolio exits are planned over a period of time, the existing risk measurement, monitoring and mitigation remains in place.

Credit Risk Management

The credit risk management processes are guided by policies, independent risk oversight and periodical monitoring through the committees of the Board. The Risk Management Committee(RMC) is a committee of the Board and is responsible for the risk management framework and monitoring the risks arising from the businesses undertaken by the Bank and to advise the Board on the following matters:

- i.** the maintenance and development of a supportive culture, in relation to the management of risk, appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact on the whole organisation of their actions and decisions in winding down.
- ii.** ensuring the risk management framework aligns strategy with the Board's risk appetite;
- iii.** systems of risk management, internal control and compliance to identify, measure, aggregate, control and report risks.

To maintain the maximum transparency in the credit processes, various functional areas have been duly segregated.

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. 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, even during winding down.

The objectives of the Bank's credit risk management framework in the present business scenario are to:

- set credit limits in line with the Bank's stated risk appetite;
- provide a credit approval process appropriate to the corporate banking activities envisaged by the present strategy;
- maintain a healthy credit portfolio by managing risk concentrations within the portfolio; and
- monitor compliance with the above through appropriate credit metrics prepared and managed by an arms-length risk management function.

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

From a structural perspective, the Credit Policy of the Bank is split between standardised and bespoke lending activities. However, this has very limited applicability as the Bank is not onboarding any new business and the credit activity is limited to winding down the existing corporate banking book. The sale of individual account is approved by appropriate authority.

AXIS BANK UK LIMITED
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Note 23 (continued)

The Credit Policy of the Bank comprises three components reflected in the following documents:

- a) the Credit Risk Policy (Risk Appetite) which governs the control elements of credit policy including all credit limits;
- b) a Credit Policy which sets out the Bank's lending strategy, pricing criteria, approach and methodologies for bespoke transactions; and
- c) a Non-Performing Assets (NPA) policy which governs the determination and management of credit delinquency.

The policies are adhered to the extent applicable in the present business scenario of winding down. 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 and Letters of Credit.
5. Fixed Assets (Movable and 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 (USD'000)		Collateral Value (USD'000)		% of Exposure	
	Retail	Non-Retail	Retail	Non-Retail	Retail	Non Retail
Current Assets	-	1,997	-	7,887	-	394%
Bank Guarantees and Letter of Credit	-	42	-	42	-	100%
Fixed Assets (Moveable & Immovable)	-	2,832	-	2,917	-	103%
Total	-	4,871	-	10,846	-	223%

Collateral Type	Loans and Advances to Customers (USD'000)		Collateral Value (USD'000)		% of Exposure	
	Retail	Non-Retail	Retail	Non-Retail	Retail	Non Retail
Current Assets	-	1,999	-	6,476	-	324%
Bank Guarantees and Letter of Credit	-	232	-	232	-	100%
Fixed Assets (Moveable & Immovable)	-	23,787	-	24,418	-	103%
Total	-	26,018	-	31,126	-	120%

AXIS BANK UK LIMITED
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Note 23 (continued)

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 risk exposure is based on the domicile of the legal entity. The following table provides a summary of exposures by counterparty as of 31 March 2024:

Countries	2024		2023	
	Exposure (USD'000)	% of Total Exposure	Exposure (USD'000)	% of Total Exposure
Australia	1,407	2.37%	896	1.42%
Belgium	-	-	-	-
Germany	69	0.12%	9,323	14.73%
India	4	0.01%	918	1.45%
Singapore	-	-	1,250	1.97%
UK	56,795	95.85%	43,310	68.42%
US	980	1.65%	7,604	12.01%
Total	59,255	100%	63,301	100%

The exposure in above table includes on balance sheet assets of USD 57,841k (2023:USD 62,232k) and off balance exposure (converted with credit conversion factor) of USD 1,411k (2023: USD 1,069k).

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 Bank has determined that due to the modest size of its balance sheet, FX risks will be managed through a combination of limits on:

- daylight positions;
- net Overnight positions; and
- forward Gaps.

All FX exposures are subject to individual counterparty limits (including settlement limits) and to the portfolio limits applicable to countries and economic sectors in addition to any cap on exposures imposed by the regulator.

Interest Rate Risk (IRR) is defined as the risk of loss due to fluctuations in Interest Rates. Interest Rate Risk may arise in any one or more of the following ways:

- (i) Mismatch (re-pricing) risk.
- (ii) Basis risk.
- (iii) Yield curve risk.
- (iv) Optionality.

The Bank expects IRR to predominantly arise from mismatches in the asset/liability mix of the book. Corporate and wholesale assets and liabilities will either be:

- priced off LIBOR maximising the effectiveness of mismatch limits in managing and controlling IRR in the Banking Book; or
- fixed rate over a defined period.

AXIS BANK UK LIMITED
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Note 23 (continued)

As at 31 December 2021, the GBP LIBOR ceased as a benchmark rate. During the financial year, the Bank has successfully migrated the affected corporate loan portfolio linked to GBP LIBOR to an alternative reference rate (SONIA). With respect to the USD currency, the key LIBOR rates for tenors such as overnight, 1M, 3M and 6M are expected to be published until June 2023 and thereafter it will continue to be published under synthetic methodology until September 2024. As the Bank is in the process of selling off its corporate loan portfolio, the portfolio affected by the LIBOR changes are scheduled to be off-loaded prior to the September 2024.

Basis risk is expected to manifest itself principally in the retail portfolio. Basis risk in the retail book is expected to be de minimis in the near term.

Yield curve risk is regarded as a subset of re-pricing risk and is addressed through the stress testing process where the gaps are subject to non-parallel shifts in the yield curve.

Optionality risk is not expected to be a material concern given the vanilla nature of the Bank's business.

The Bank recognises that IRR will manifest itself both through its impact on earnings and through economic value as the market value of interest rate sensitive instruments such as gilts/treasuries, bonds and other government or corporate issued paper will rise and fall as a result of interest rate moves.

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 Duration of Equity (DoE) and Earnings at risk (EAR) limits. 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:

Particulars	Up to 1M	1 – 3M	3 – 6M	6 – 12M	1-3Yr	> 3 Yr	All in USD'000	
							Non Sensitive Category	2024 Total
Cash and bank	49,394	-	-	-	-	-	1,563	50,957
Derivative financial instruments	356	11	-	-	-	-	-	367
Other assets	-	-	-	-	-	-	1,654	1,654
Loans – customers	-	4,863	-	-	-	-	-	4,863
Total assets	49,750	4,874	-	-	-	-	3,217	57,841
Derivative financial instrument	-	-	-	-	-	-	-	-
Deposits – customers	-	-	-	-	-	-	187	187
Other liabilities	-	-	-	-	-	-	1,413	1,413
Total equity and Liabilities	-	-	-	-	-	-	1,600	1,600
Interest Rate Gap	49,750	4,874	-	-	-	-	1,617	56,241
Impact of Interest increase of 2%	(42)	(85)	-	-	-	-	-	(127)

AXIS BANK UK LIMITED
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Note 23 (continued)

Particulars	Up to 1M	1 – 3M	3 – 6M	6 – 12M	1-3Yr	> 3 Yr	All in USD'000 2023	
							Non Sensitive Category	Total
Cash and bank	32,555	-	-	-	-	-	2,099	34,654
Derivative financial instruments	2	-	-	-	-	-	-	2
Other assets	-	-	-	-	-	-	1,480	1,480
Loans – customers	10,350	14,849	904	-	-	-	-	26,103
Total assets	42,907	14,849	904	-	-	-	3,579	62,239
Derivative financial instrument	47	279	-	-	-	-	-	326
Deposits – customers	1,040	-	-	-	-	-	1,181	2,221
Other liabilities	-	-	-	-	-	-	1,357	1,357
Total equity and Liabilities	1,087	279	-	-	-	-	2,538	3,904
Interest Rate Gap	41,820	14,570	904	-	-	-	1,041	58,335
Impact of Interest increase of 2%	(44)	(88)	(6)	-	-	-	-	(138)

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 0.129m. 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 Duration of Equity (DOE) is assessed on a 200 basis points shift in Interest rates is 0.25% of CET1 capital.

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 revalued daily and any change in their fair value is recognised immediately in profit and loss.

The open position of the Bank as on 31 March 2024 is as follows:

Currency	Open Position FCY '000	2024
		USD Equivalent USD'000
Indian Rupee	335	4
Pound Sterling	(71)	(90)
Euro	105	113
Total Long Position in US Dollars		117
Total Short Position in US Dollars		(90)

Upward or downward movement of exchange rate by 10% may impact profitability of the Bank by USD 1,988.

2023

AXIS BANK UK LIMITED
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Note 23 (continued)

Currency	Open Position FCY '000	USD Equivalent USD'000
Indian Rupee	622	8
Pound Sterling	(194)	(239)
Euro	103	112
Total Long Position in US Dollars		120
Total Short Position in US Dollars		(239)

Upward or downward movement of exchange rate by 10% may impact profitability of the Bank by USD 13,412.

Liquidity Risk Management:

It is the stated policy of the Bank to manage the liquidity risks of the Bank so as to comply at all times with:

- the regulatory rules and requirements set out in the PRA Handbook and other statutory instruments applicable to the Bank; and
- the risk appetite set by the Board to achieve the strategy agreed with the shareholder.

The Bank's retail deposits portfolio comprises small components of current and savings accounts which are on-demand in nature. The Bank's ALCO regularly monitors the liquidity implications of the wind-down and a special task force is created to monitor the developments closely.

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 ACRMC 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.

Bank has been maintaining the funds in Bank of England reserve account to the extent of outstanding retail deposits, which ensures that there are sufficient liquid assets to meet prepayment of all deposit accounts during the wind down process.

Liquidity Monitoring - The Treasury function is responsible for ensuring it has reports delivered in a timely manner, sufficient to enable it to manage the liquidity risks of the Bank. The Risk Management function is responsible for monitoring compliance with the risk and business limits set out in this policy and will work in close association with the Finance function who have responsibility for regulatory reporting and ensuring compliance with all regulatory limits. The liquidity profile as at reporting date is as shown below:

AXIS BANK UK LIMITED
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Note 23 (continued)

	All in USD'000						
As at 31 March 2024	Up to 1M	1-3 M	3-12 M	1-5Yr	Over 5Yr	Undated	Total
Cash and bank	50,957	-	-	-	-	-	50,957
Derivative financial instruments	357	11	-	-	-	-	368
Other assets	-	1,654	-	-	-	-	1,654
Loans and Adv. – customers	-	2,380	2,655	-	-	-	5,035
Total assets	51,314	4,045	2,655	-	-	-	58,014
Derivative financial instruments	-	-	-	-	-	-	-
Deposits from customers	-	-	-	-	-	187	187
Other liabilities	-	1,413	-	-	-	-	1,413
Total equity and Liabilities	-	1,413	-	-	-	187	1,600
Net liquidity gap	51,314	2,632	2,655	-	-	(187)	56,414
Cumulative Liquidity Gap	51,314	53,946	56,601	56,601	56,601	56,414	

	All in USD'000						
As at 31 March 2023	Up to 1M	1-3 M	3-12 M	1-5Yr	Over 5Yr	Undated	Total
Cash and bank	34,654	-	-	-	-	-	34,654
Derivative financial instruments/other assets	2	2,578	-	-	-	-	2,580
Loans and Adv. – customers	20	3,330	3,622	18,026	-	-	24,998
Total assets	34,676	5,908	3,622	18,026	-	-	62,232
Derivative financial instruments	47	279	-	-	-	-	326
Deposits from customers	2,221	-	-	-	-	-	2,221
Other liabilities	-	1,373	-	-	-	-	1,373
Total equity and Liabilities	2,268	1,651	-	-	-	-	3,920
Net liquidity gap	32,408	4,257	3,622	18,026	-	-	58,312
Cumulative Liquidity Gap	32,408	36,664	40,286	58,312	58,312	58,312	

Operational Risk Management

The Bank has put in place an Operational Risk Management (ORM) policy to manage operational risk in an effective, efficient and proactive manner. The primary objective of the ORM 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, processes and services offered 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.

AXIS BANK UK LIMITED

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Note 23 (continued)

The Bank has adopted a measured approach to the creation of its Risk Register which it believes is appropriate to the scale and complexity of the operations. The Risk Register comprises an analysis of the risks under the risk headings contained in the Risk Management Framework. These risks have been identified by the management team and in each case subjective judgements have been made as to the frequency with which these risks would arise and their financial impact in the absence of controls. Appropriate controls are identified and the impact and frequency reassessed on the basis of those controls being operative.

The risk register therefore determines the Bank's risk management priorities and where the Bank seeks to apply the risk resources. It influences how the Bank determines its risk appetite and sets a useful benchmark against which to measure the incidence and impact of actual events. The risk register has been updated to reflect the risks posed by wind-down plan. The Operational Risk Capital Charge for the Bank's own internal calculation under its ICAAP process is also derived from this process.

24. Other commitments and contingencies

The Bank had no other commitments and contingencies at the year-end other than bank guarantee USD **1.8 million** (2023: USD 1.8 million). The Bank has provided performance guarantee on behalf of one its customer to a third party for timely payment of rent to the beneficiary of the guarantee. The beneficiary of the guarantee can invoke the guarantee in case of default in payment by Bank's customer and the Bank will have to make the payment towards demand as per terms of guarantee. The facility is fully secured as per terms of sanction.

25. Events after balance sheet date

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