IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR INTO OR WITHIN THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, OR INTO THE UNITED STATES OR, FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE OFFERING CIRCULAR MAY NOT BE DOWNLOADED, FORWARDED OR DISTRIBUTED IN WHOLE OR IN PART TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY SUCH DOWNLOADING, FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE APPLICABLE PRICING SUPPLEMENT AND TERMS AND CONDITIONS OF THE NOTES. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE OFFERING CIRCULAR.

Confirmation of your representation: In order to be eligible to view the Offering Circular, recipients must not be a U.S. person (within the meaning of Regulation S under the Securities Act). You have accessed the Offering Circular on the basis that you have confirmed to us that, by accepting the electronic mail ("**e-mail**") attaching the Offering Circular and accessing the Offering Circular: (1) you are not located in the United States of America, its territories and possessions, any State of the United States and the District of Columbia, you are not, and you are not acting for the account or benefit of, a U.S. person, as defined in Regulation S under the Securities Act, and the e-mail address that you gave us and to which the e-mail attaching the Offering Circular has been delivered is not located in the United States; and (2) you consent to delivery of the Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular, electronically or otherwise, to any other person.

The materials relating to any offering of the securities described in the Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer (both as defined in the Offering Circular) in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of ICICI Bank UK PLC or J.P. Morgan Securities plc (the "**Arranger**"), the Dealers (as defined in the Offering Circular), the Trustee (as defined in the Offering Circular), or the Agents (as defined in the Offering Circular), or any person who controls any of them, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates, accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and any hard copy version.

Actions that you May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply via e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. Your use of e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

ICICI BANK UK PLC

(incorporated with limited liability in England and Wales)

U.S.$2,000,000,000
Medium Term Note Programme

Under this U.S.$2,000,000,000 Medium Term Note Programme (the "**Programme**"), ICICI Bank UK PLC (the "**Issuer**" or the "**Bank**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.$2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to the Dealer specified under "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an on-going basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

Approval-in-principle has been granted for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST (the "**Official List**"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. The approval-in-principle from the SGX-ST, the admission to the Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of, the issue date and maturity date of, Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a pricing supplement (the "**Pricing Supplement**") which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. The relevant Pricing Supplement in respect of any series of Notes will specify whether or not such Notes will be listed on the SGX-ST or on any other stock exchange.

The Issuer may agree with any Dealer and the Trustee (as defined herein) that the Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes intended to be listed on the SGX-ST) a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Each Series (as defined in the Terms and Conditions of the Notes) may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). Bearer Notes will be represented on issue by a temporary global note in bearer form (each a "**Temporary Global Note**") or a permanent global note in bearer form (each a "**Permanent Global Note**" and together with the Temporary Global Note, the "**Global Notes**"). Registered Notes will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of the entire holding of Registered Notes of one Series for each holder of Notes (each such holder a "**Noteholder**"). Registered Notes will initially be represented by a registered global Certificate (each a "**Global Certificate**") without interest coupons. Global Notes and Global Certificates may be deposited on the issue date with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in Global Notes or Global Certificates held in book-entry form through Euroclear or Clearstream will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear or Clearstream.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States, or for the account or benefit of, U.S. persons. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale*".

Investing in Notes issued under the Programme involves certain risks. If in doubt, investors should consult his or her legal, financial, tax or other professional adviser. Prospective investors should have regard, inter alia, to the factors described under the section headed "*Investment Considerations*" in this Offering Circular.

The Programme is rated "Baa2"and "Ba1" in respect of the Senior Notes and the Subordinated Notes, respectively, by Moody's Investors Services, Inc. Such rating of the Programme does not constitute a recommendation to buy, sell or hold the Notes as may be issued under the Programme and may be subject to revision or withdrawal at any time by such rating organisation. Each such rating should be evaluated independently of any other rating of the Programme.

Arranger

J.P. Morgan

Dealer

J.P. Morgan

The date of this Offering Circular is 4 October 2023

NOTICE TO INVESTORS

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything that would make the statements therein, in light of the circumstances, which they were made, misleading.

Investors should only rely on the information contained in this Offering Circular. The information contained in this Offering Circular is given only as at the date of this Offering Circular. The business, financial condition, results of operations and prospects of the Issuer may have changed since that date.

The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the Programme and the issue and offering of the Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Offering Circular are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts the omission of which would, in the context of the Programme and the issue and offering of the Notes, make this Offering Circular as a whole or any of such information contained herein or the expression of any such opinions or intentions misleading in any material respect. The Issuer accepts responsibility accordingly.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer, the Arranger and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States, or for the account or benefit of U.S. persons. Distribution of this Offering Circular by any person outside the United States to any person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such person within the United States is prohibited.

Each Tranche of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Terms and Conditions of the Notes**" or the "**Conditions**") as amended and/or supplemented by the Pricing Supplement specific to such Tranche. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement.

No person is or has been authorised to give any information or to make any representations other than those contained in this Offering Circular in connection with the Programme or the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Dealers or the Arranger, Deutsche Trustee Company Limited as trustee (the "**Trustee**") or any of the Agents (as defined in the Agency Agreement referred to herein), or any person who controls any of them, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates. Save as expressly stated in this Offering Circular, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any). Neither this Offering Circular nor any other document or information or any part thereof, delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute an offer of, such solicitation or invitation by or on behalf of the Issuer, the Arranger and Dealers, the Trustee or the Agents, or any person who controls any of them, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates, to subscribe for or purchase the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.

The distribution and publication of this Offering Circular or any such other document or information and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Offering Circular or any such other document or information or into whose possession this Offering Circular or any such other document or information comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes (as defined herein) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States. Registered Notes are subject to certain restrictions on transfer. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom), India, Singapore, Japan and Hong Kong (see "*Subscription and Sale*").

This Offering Circular and/or any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall not be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger, the Dealers, the Trustee or the Agents, or any person who controls any of them, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates to subscribe for, or purchase, any Notes. This Offering Circular and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Notes from time to time to be issued pursuant to the Programme. Recipients of this Offering Circular shall not reissue, circulate or distribute this Offering Circular or any part thereof in any manner whatsoever.

None of the Arranger, the Dealers, the Trustee or any of the Agents, or any person who controls any of them, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates has separately verified the information contained in the Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers, the Trustee or any of the Agents, or any person who controls any of them, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or of any other information supplied in connection with the Notes or the Programme. Each person receiving this Offering Circular acknowledges that such person has not relied on the Arranger, the Dealers, the Trustee or any of the Agents, nor on any person who controls any of them, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates in connection with its investigation of the accuracy of such information or its investment decision.

This Offering Circular is not intended to provide the basis of any credit or other evaluation, nor should it be considered as a recommendation by any of the Issuer, the Arranger, the Dealers, the Trustee or any of the Agents, or any person who controls any of them, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates that any recipient of this Offering Circular should purchase the Notes. Each potential investor of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such independent investigations and consultations with its own tax, legal and business advisers as it deems necessary. See "*Investment Considerations*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

Neither the delivery of this Offering Circular (or any part thereof) nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger, the Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Offering Circular shall (without any liability or responsibility on the part of the Issuer, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Offering Circular is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to purchase or subscribe for any of the Notes consult their own tax adviser, legal adviser, financial adviser and business adviser as to tax, legal, financial, business and related matters concerning the acquisition, ownership or disposal of the Notes.

EEA RETAIL INVESTORS

If the Pricing Supplement in respect of any Notes includes the legend "*Prohibition of Sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK RETAIL INVESTORS

If the Pricing Supplement in respect of any Notes includes a legend entitled "*Prohibition of Sales to UK Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE/TARGET MARKET

The Pricing Supplement in respect of any Notes will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE/TARGET MARKET

The Pricing Supplement in respect of any Notes may include a legend entitled "*UK MiFIR Product Governance/Professional investors and ECPs only target market*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

SINGAPORE SFA PRODUCT CLASSIFICATION

In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

CERTAIN DEFINITIONS

All references in this document to "**U.S. dollars**" and "**U.S.$**" refer to United States dollars and to "**Rupees**" and "**Rs.**" refer to Indian Rupees. In addition, references to "**Sterling**" and "**£**" refer to pounds sterling, to "**euro**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended and to "**SGD**" and "**S$**" refers to Singapore dollars.

Except as otherwise stated in this Offering Circular, all financial information of ICICI Bank Limited (the "**Parent**") set out herein has been translated from Indian rupees to U.S. dollars based on the Foreign Exchange Dealers Association of India ("**FEDAI**") rate of 31 March 2023, which was Rs. 82.17 per U.S.$1.00. No representation is made that the Indian rupee amounts have been, could have been or could be converted into U.S. dollars at such a rate or any other rate.

Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

In this Offering Circular, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or a provision as extended, amended or re-enacted.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The Bank has included statements in this Offering Circular which contain words or phrases such as will, would, aim, aimed, will likely result, is likely, are likely, believe, expect, expected to, will continue, will achieve, anticipate, estimate, estimating, intend, plan, contemplate, seek to, seeking to, trying to, target, propose to, future, objective, goal, project, should, can, could, may, will pursue and similar expressions or variations of such expressions, that are "forward-looking statements". Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the Bank's expectations with respect to, but not limited to, its ability to successfully implement its strategy, its ability to integrate recent or future mergers or acquisitions into its operations, its ability to attract and retain professionals, its ability to compete effectively, future levels of non-performing assets and restructured assets, its growth and expansion, the adequacy of its provision for credit and investment losses, technological changes, investment income, financial performance, its ability to market new products, cash flow projections, the outcome of any accounting, legal or regulatory proceedings it is or becomes a party to, the future impact of new accounting standards, its ability to pay dividends, its ability to roll over its short-term funding sources, its exposure to risks (including but not limited to exchange rate, reputational, systemic, operational, credit, market, liquidity and interest rate risks and exchange controls), the occurrence of any force majeure events, any downgrade of India's credit rating or the Parent's credit rating and the market acceptance of and demand for Internet banking services.

Any forward-looking statements contained in this Offering Circular speak only as at the date of this Offering Circular. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Offering Circular any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statements are based.

TABLE OF CONTENTS

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes of the Series of which such Tranche forms part at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular:

(a) the most recently published audited financial statements of the Issuer and the most recently published unaudited interim financial results of the Issuer (if any) (see "*General Information*" *for a description of the financial statements currently published by the Issuer*"); and

(b) all supplements or amendments to this Offering Circular circulated by the Issuer from time to time,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its office set out at the end of this Offering Circular. In addition, such documents will be available free of charge from the principal office in London of Deutsche Bank AG, London Branch (the "**Principal Paying Agent**") for the Notes listed on the SGX-ST.

The Issuer will, in connection with the listing of Notes on the SGX-ST, so long as any Note remains outstanding and listed on such exchange, in the event of any material change in the condition of the Issuer which is not reflected in this Offering Circular, prepare a supplement to this Offering Circular or publish a new offering circular for use in connection with any subsequent issue of the Notes to be listed on the SGX-ST.

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency, subject to as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*".

This Offering Circular and any supplement will only be valid for listing Notes on the SGX-ST in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.$2,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

(a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;

(b) the U.S. dollar equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and

(c) the U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this summary.

Issuer:	ICICI Bank UK PLC The Issuer is a locally incorporated bank offering retail banking and corporate and investment banking services in the United Kingdom and Europe. The Issuer is a wholly owned subsidiary of ICICI Bank Limited
Issuer Legal Entity Identifier (LEI):	2138002XB6T14IGKGU43
Description:	Medium Term Note Programme
Arranger:	J.P. Morgan Securities plc
Dealers:	J.P. Morgan Securities plc and any other Dealers appointed in accordance with the Programme Agreement. The Issuer may from time to time appoint one or more additional Dealers in accordance with the terms of the Dealer Agreement. Any such appointment of a Dealer may be in respect of a single Series, Tranche or the whole Programme. References in this Offering Circular to "Permanent Dealers" are to all Dealers other than those appointed as such solely in respect of one or more specified Tranches (and whose appointment has not been terminated) and references to "Dealers" are to all Permanent Dealers and any other Dealer that is appointed to the Programme
Principal Paying Agent:	Deutsche Bank AG, London Branch
Registrar:	Deutsche Bank Luxembourg S.A.
CMU Lodging Agent:	Deutsche Bank AG, Hong Kong Branch
Programme Size:	Up to U.S.$2,000,000,000 (or its equivalent in other currencies calculated as described under "*General Description of the Programme*") outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Method of Issue:	The Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest, if any), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in one or more tranches (each, a "**Tranche**"), on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Currencies:	Subject to any applicable legal or regulatory restrictions, notes may be denominated in Euro, Sterling, U.S. dollars, yen and any other currency agreed between the Issuer and the relevant Dealer.
Redenomination:	The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro.
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. *Subordinated Notes must have a maturity date falling at least five years after the Issue Date of such Subordinated Notes.*
Issue Price:	Notes may be issued on a fully-paid or (in the case of the Notes other than Subordinated Notes) a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer or registered form as described in "Form of the Notes". Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions or the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (as published by ISDA as at the Issue Date of the first Tranche of the Notes of the relevant Series) as specified in the applicable Pricing Supplement; or

(b) by reference to EURIBOR, HIBOR, CNH HIBOR, SONIA Benchmark or SOFR Benchmark (or such other benchmark as may be specified in the applicable Pricing Supplement) as adjusted for any applicable margin.

Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.
Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:	Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Benchmark Discontinuation:	If so specified in the applicable Pricing Supplement for a Series of Notes, then in the event that a Benchmark Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Pricing Supplement, then the Issuer may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Notes and, potentially, the application of an adjustment spread (which could be positive or negative)). See Condition 5.12 for further information.

Redemption:	The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or (in relation to Subordinated Notes only) if they cease to be included in the Issuer's tier 2 capital or pursuant to a winding up of the Issuer following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. The applicable Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions*" above.
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the United Kingdom, subject as provided in Condition 8. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted. All payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to FATCA, as provided in Condition 6.2 (*Payments Subject to Fiscal and Other Laws*).
Negative Pledge:	The terms of the Senior Notes will contain a negative pledge provision as further described in Condition 4.
Events of Default for Senior Notes:	Events of default for Senior Notes are set out in Condition 10.1.
Cross Default:	The terms of the Senior Notes will contain a cross default provision as further described in Condition 10.1.
Status of the Senior Notes:	The Senior Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 4, unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Status, Events of Default and other terms of Subordinated Notes:	The status of the Subordinated Notes and events of default applicable to Subordinated Notes are set out in Conditions 3.2 and 10.2, respectively. Subordinated Notes do not have the benefit of a negative pledge or cross default provision.
Listing:	Approval-in-principle has been granted for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes if traded, will be traded on the SGX-ST in a minimum board lot size of S$200,000, or its equivalent in foreign currencies. Unlisted Notes may also be issued. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time including the following restrictions applicable at the date of this Offering Circular: the United States, the European Economic Area (including the United Kingdom), India, Singapore, Japan and Hong Kong. See "*Subscription and Sale*".
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C/TEFRA D/TEFRA not applicable, as specified in the applicable Pricing Supplement.
Clearing Systems:	The CMU Service, Euroclear, Clearstream and/or any other clearing system as specified in the applicable Pricing Supplement, see "*Form of the Notes*".

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached.

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will be initially issued in the form of a temporary bearer global note (a "**Temporary Bearer Global Note**") or, if so specified in the applicable Pricing Supplement, a permanent bearer global note (a "**Permanent Bearer Global Note**", together with any Temporary Bearer Global Note, the "**Bearer Global Notes**") which, in either case, will be delivered on or prior to the original issue date of the Tranche to (i) a common depositary (the "**Common Depositary**") for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") or (ii) a sub-custodian for the Hong Kong Monetary Authority (the "**HKMA**"), as operator of the Central Moneymarkets Unit Service (the "**CMU Service**").

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream and/or the CMU Lodging Agent and (in the case of a Temporary Bearer Global Note delivered to a Common Depositary for Euroclear and Clearstream) Euroclear and/or Clearstream, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent (as defined in "*Terms and Conditions of the Notes*").

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Bearer Global Note of the same Series or (b) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given. The CMU Service may require that any such exchange for a Permanent Global Bearer Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service) have so certified. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

In respect of a Bearer Global Note held through the CMU Service, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited, as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service (each, an "**Accountholder**"), which notification shall be conclusive and binding evidence (save in the case of manifest error) of (i) the identity of any Accountholder and, (ii) for so long as the Bearer Global Note is held by or on behalf of the Hong Kong Monetary Authority or its successor as operator of the CMU Service (the "**CMU Operator**"), the instruction of the bearer of the Bearer Global Note to make such payments of principal and interest (if any) to such Accountholders, and, save in the case of final payment, no presentation of the relevant Bearer Global Note shall be required for such purpose.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days' written notice (a), in the case of Notes held by a Common Depositary for Euroclear and/or Clearstream, from Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein and/or (b), in the case of Notes held through a sub-custodian for the CMU Service, from the relevant account holders therein to the CMU Lodging Agent as described therein; or (ii) only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream have and, in the case of Notes cleared through the CMU Service, the CMU Service has, been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bearer Notes represented by the Permanent Bearer Global Note in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes held by a Common Depositary for Euroclear or Clearstream, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) and/or, (b) in the case of Notes held through a sub-custodian for the CMU Service, the relevant account holders therein, may give notice to the Principal Paying Agent or, as the case may be, the CMU Lodging Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent or, as the case may be, the CMU Lodging Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent or, as the case may be, the CMU Lodging Agent.

The following legend will appear on all Permanent Bearer Global Notes and definitive Bearer Notes, receipts and interest coupons relating to the Notes where TEFRA D is specified in the applicable Pricing Supplement:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream or the CMU Service, as the case may be.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a "**Registered Global Note**", together with any Bearer Global Note, the "**Global Notes**"). Prior to expiry of the distribution compliance period (as defined in Regulation S), if any, applicable to each Tranche of Notes, beneficial interests in a Registered Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear, Clearstream or the CMU Service and such Registered Global Note will bear a legend regarding such restrictions on transfer.

Registered Global Notes will either (i) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream or (ii) be deposited with a sub-custodian for the HKMA as operator of the CMU Service, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4) as the registered holder of the Registered Global Notes. None of the Issuer, the Trustee, the Principal Paying Agent, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without Receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes registered in the name of a nominee for a Common Depositary for Euroclear and/or Clearstream, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Registered Global Note) and/or (b) in the case of Notes held through a sub-custodian for the CMU Service, the relevant account holders therein, may give notice to the Registrar or, as the case may be, the CMU Lodging Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) of the definition of such, the Issuer may also give notice to the Registrar or, as the case may be, the CMU Lodging Agent requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar or, as the case may be, the CMU Lodging Agent.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear, Clearstream and the CMU Service, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent or, as the case may be, the CMU Lodging Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CMU instrument number which are different from the common code, ISIN and CMU instrument number assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act), if any, applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear, Clearstream and/or the CMU Service each person (other than Euroclear, Clearstream and/or the CMU Service) who is for the time being shown in the records of Euroclear, Clearstream or the CMU Service as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream and/or the CMU Service as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purposes the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Trustee and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly. Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU Service, any payment that is made in respect of such Note shall be made to, or to the order of, the bearer or at the direction of the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

Any reference herein to Euroclear and/or Clearstream and/or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Trustee.

No Noteholder, Receiptholder or Couponholder (as defined under "*Terms and Conditions of the Notes*") shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, (i) fails so to do within a reasonable period or (ii) is unable for any reason so to do, and the failure or inability shall be continuing.

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 5, 6, 7 (except Condition 7.2), 11, 12, 13, 14 (insofar as such Notes are not listed or admitted to trade on any stock exchange) or 18, they will not necessitate the preparation of a supplement to this Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Offering Circular will be prepared, if appropriate.

So long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Note representing such Notes is exchanged for definitive Notes. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme, subject only to the deletion of non-applicable provisions.

[**MiFID II product governance/Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*.] Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR product governance/Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in the UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

Singapore Securities and Futures Act Product Classification – Solely for the purpose of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and [Excluded Investment Products]/[Specified Investment Products] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).[1]

[Date]

ICICI Bank UK PLC

Legal entity identifier (LEI) 2138002XB6T14IGKGU43

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the U.S.$2,000,000,000

Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 4 October 2023. This Pricing Supplement contains the pricing supplement of the Notes and must be read in conjunction with such Offering Circular.

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [*original date*]. This Pricing Supplement contains the pricing supplement of the Notes and must be read in conjunction with the Offering Circular dated 4 October 2023, save in respect of the Conditions which are extracted from the Offering Circular dated [*original date*] and are attached hereto.]

1 For any Notes to be offered to investors in Singapore, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement*]

1	Issuer:		ICICI Bank UK PLC
2	(a)	Series Number:	[●]
	(b)	Tranche Number:	[●] (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3	Specified Currency or Currencies:		[●]
4	Aggregate Nominal Amount:		
	(a)	Series:	[●]
	(b)	Tranche:	[●]
5	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
6	(a)	Specified Denominations: (*in the case of Registered Notes, this means the minimum integral amount in which transfers can be made*)	[●] *(Note – where multiple denominations above [€100,000] or equivalent are being used with respect to Bearer Notes, the following sample wording should be followed:* *"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]."* *However, appropriate amendments should be made for different currencies.)* *(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Regulation the [€100,000] minimum denomination is not required.)*
	(b)	Calculation Amount (in relation to calculation of interest in global form see Conditions):	[●]

		(If only one Specified Denomination, insert the Specified Denomination. *If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7	(a) Issue Date:	[●]
	(b) Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
8	Maturity Date:	[*Specify date or for Floating rate notes – Interest Payment Date falling in or nearest to [specify month and year*]] (*N.B. in the case of Subordinated Notes this must be at least five years after the Issue Date.*)
9	Interest Basis:	[[●] per cent. Fixed Rate] [[●] month [EURIBOR/HIBOR/CNH HIBOR/SOFR Benchmark/SONIA Benchmark/] +/- [●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*]
11	Change of Interest Basis or Redemption/Payment Basis:	[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*] [Not Applicable]
12	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)] [Not Applicable]
13	(a) Status of the Notes:	[Senior/Subordinated]

	(b) Date [Board] approval for issuance of Notes obtained:	[●] [and [●], respectively]]/[None required] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)
14	Listing:	[Singapore Exchange Securities Trading Limited/Other (specify)/None] (*N.B. Consider disclosure requirements under the EU Prospectus Regulation applicable to securities admitted to an EU regulated market*)
15	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Rate(s) of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/other (specify)] in arrear] (*If payable other than annually, consider amending Condition 5*)
	(b) Interest Period:	[●]
	(c) Interest Payment Date(s):	[[●] in each year up to and including the Maturity Date]/[specify other] (*N.B. This will need to be amended in the case of long or short coupons*)
	(d) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[●] per Calculation Amount
	(e) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/[Not Applicable]
	(f) Day Count Fraction:	[Actual/Actual/Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA] [Other]

	(g)	[Determination Date(s):	[[●] in each year]/[Not Applicable] (*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon* *N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration* *N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*)]
	(h)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*Give details*]
17		Floating Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[As specified in the Conditions]/[●][, subject to adjustment in accordance with the Business Day Convention set out in (c) below/, not subject to any adjustment, as the Business Day Convention in (c) below is specified to be Not Applicable]
	(b)	First Interest Payment Date:	[●]
	(c)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]]
	(d)	Additional Business Centre(s):	[●]
	(e)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/*specify other*]
	(f)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[●] (the Calculation Agent)
	(g)	Screen Rate Determination:	
		• Reference Rate:	[●] (*EURIBOR, HIBOR, CNH HIBOR, SOFR Benchmark, SONIA Benchmark or specify other Reference Rate*)

•	Interest Determination Date(s):	[●] *(Second day on which the T2 system is open prior to the start of each Interest Period if EURIBOR)* (*To be a minimum of 5 Business Days lookback period for any backward-looking rate*)
•	Relevant Screen Page:	[●] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
(h)	SOFR Benchmark:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
•	SOFR Benchmark:	[Compounded Daily SOFR/Compounded SOFR Index]
•	Observation Method:	[Not Applicable/SOFR Observation Lag/SOFR Observation Shift/SOFR Lockout] (*Only applicable where the Reference Rate is Compounded Daily SOFR*)
•	[Lookback Days]/[SOFR Observation Shift Days]:	[Not Applicable/[●] U.S. Government Securities Business Day(s)] *(Only applicable in the case of Compounded Daily SOFR)* (*N.B. When setting the Lookback Period (p) or the Observation Shift Period, the practicalities of this period should be discussed with the Calculation Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms. It is anticipated that '(p)' will be no fewer than 5 U.S. Government Securities Business Days unless otherwise agreed with the Calculation Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms, in relation to the relevant issuance*)
•	SOFR Rate Cut-Off Date:	[Not Applicable/The day that is the [●] U.S. Government Securities Business Day(s) prior to the end of each Interest Accrual Period] *(Only applicable for SOFR Lockout)* *(N.B. To be a minimum of 5 Business Days)*
•	Term SOFR Rate:	[Not Applicable/[●] Month Term SOFR/specify other] *(Only applicable in the case of Term SOFR)* *(If not applicable, delete the remaining subparagraphs of this paragraph)*

	• Interest Determination Date:	[In accordance with the Condition 5.2(c)(iii)/specify other]
	• Reference Time:	[In accordance with the Condition 5.2(c)(iii)(III)/specify other]
	• Term SOFR Conventions:	[●] (*Include any Term SOFR Conventions recommended by the ARRC or otherwise used by the market generally regarding the determination of the Term SOFR rate*)
(i)	SONIA Benchmark:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	• SONIA Benchmark:	[Compounded Daily SONIA/SONIA Index/*specify other*]
	• SONIA Observation Method:	[SONIA Observation Lag/SONIA Observation Shift/SONIA Lockout/Not Applicable/specify other] (*Only applicable where the Reference Rate is Compounded Daily SONIA*) (*N.B. When setting the Lag Lookback Period (p) or the Observation Shift Period, the practicalities of this period should be discussed with the Calculation Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms. It is anticipated that '(p)' will be no fewer than 5 London Banking Days unless otherwise agreed with the Calculation Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms, in relation to the relevant issuance*)
	• "*x*":	[*specify number*]
(j)	ISDA Determination:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	• Designated Maturity:	[●]
	• Reset Date:	[●]
	• Compounding:	[Applicable/Not Applicable] *(If not applicable, delete the remaining items of this subparagraph)*

	• Compounding Method:	[Compounding with Lookback Lookback: [[●] Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]] [Compounding with Observation Period Shift Observation Period Shift: [●] Observation Period Shift Business Days Observation Period Shift Additional Business Days: [[●]/[Not Applicable]] /[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]] [Compounding with Lockout Lockout: [●] Lockout Period Business Days Lockout Period Business Days: [[●]/[Applicable Business Days]]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]
	• ISDA Definitions:	[2006 ISDA Definitions]/[2021 ISDA Definitions]
	• Floating Rate Option:	[●]
(k)	Margin(s):	[+/-] [●] per cent. per annum
(l)	Minimum Rate of Interest:	[●] per cent. per annum
(m)	Maximum Rate of Interest:	[●] per cent. per annum
(n)	Day Count Fraction:	[Actual/Actual/Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA] [Other]
(o)	Rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]

	(p)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[Benchmark Discontinuation (General)/Benchmark Discontinuation (SOFR)/*specify other if different from those set out in the Conditions*)]
18		Zero Coupon Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Accrual Yield:	[●] per cent. per annum
	(b)	Reference Price:	[●]
	(c)	Any other formula/basis of determining amount payable:	[●]
	(d)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 7.6(b) and 7.11 apply/specify other] (Consider applicable day count fraction if not U.S. dollar denominated)
19		Index Linked Interest Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Index/Formula:	[*Give or annex details*]
	(b)	Calculation Agent:	[*give name*]
	(c)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent):	[●] (the "**Calculation Agent**")
	(d)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(e)	Specified Period(s)/Specified Interest Payment Dates:	[●]

	(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
	(g)	Additional Business Centre(s):	[●]
	(h)	Minimum Rate of Interest:	[●] per cent. per annum
	(i)	Maximum Rate of Interest:	[●] per cent. per annum
	(j)	Day Count Fraction:	[●]
20	Dual Currency Interest Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate of Exchange/method of calculating Rate of Exchange:	[*Give or annex details*]
	(b)	Party, if any, responsible for calculating the principal and/or interest due (if not the Principal Paying Agent):	[●] (the "**Calculation Agent**")
	(c)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(d)	Person at whose option Specified Currency(ies) is/are payable:	[●]

PROVISIONS RELATING TO REDEMPTION

21	Issuer Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[●] per Calculation Amount/*specify other/see Appendix*]
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[●]
		(ii) Maximum Redemption Amount:	[●]
	(d)	Notice period (if other than as set out in the Conditions):	[●] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee*) (*N.B. the Issuer Call may be exercised not earlier than five years from the date of issue in respect of Notes which constitute Tier 2 Capital*)
22	Investor Put:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/*specify other/see Appendix*]

	(c)	Notice period (if other than as set out in the Conditions):	[●] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee*)
23	Capital Disqualification Event Call:		[Applicable/Not Applicable]
24	Final Redemption Amount:		[●] per Calculation Amount/*specify other*/see Appendix]
25	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required):		[●] per Calculation Amount/*specify other*/see Appendix] (*N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26	Form of Notes:		[Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] [Bearer Notes: Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Bearer Notes: Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]] [Registered Notes: Registered Global Note ([●] nominal amount)] (*N.B. The exchange upon notice/at any time options for Bearer Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]". Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.*)

27	Additional Financial Centre(s) or other special provisions relating to Payment Days:	[Not Applicable/give details] (*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 17(d) and 19(g) relate*)
28	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
29	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details. N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]
30	Details relating to Instalment Notes:	
	(a) Instalment Amount(s):	[Not Applicable/*give details*]
	(b) Instalment Date(s):	[Not Applicable/*give details*]
31	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

32	(a) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(b) Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
33	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
34	U.S. Selling Restrictions:	[Regulation S, Category 2; TEFRA D/TEFRA C/TEFRA not applicable]
35	Additional selling restrictions:	[Not Applicable/give details]
36	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)

37	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] (*If Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)

OPERATIONAL INFORMATION

38	Any clearing system(s) other than Euroclear and Clearstream and the relevant identification number(s):	[CMU Service/Not Applicable/*give name(s) and number(s)*]
39	Delivery:	Delivery [against/free of] payment
40	Additional Paying Agent(s) (if any):	[●]
41	ISIN:	[●]
42	Common Code:	[●]
43	CFI:	[[See/[[*include code*][2], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
44	FISN:	[[See/[[include code][2], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(insert here any other relevant codes such as CMU instrument number)

[STABILISATION

In connection with this issue, [insert name of Stabilising Manager] (the "**Stabilising Manager**") (or persons acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or overallotment must be conducted by the relevant Stabilising Manager (or persons acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.]

2 The actual code should only be included where the Issuer is comfortable that it is correct.

INVESTMENT CONSIDERATIONS

There are significant risks associated with the Notes including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor's particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

[LISTING APPLICATION

This Pricing Supplement comprises the pricing supplement required to list the issue of Notes described herein pursuant to the U.S.$2,000,000,000 Medium Term Note Programme of ICICI Bank UK PLC.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

[The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. Approval in-principle from, the admission of the Notes to the Official List of, and the listing and quotation of the Notes on, the SGX-ST are not to be taken as indications of the merits of the Issuer, the Programme or the Notes.]

Signed on behalf of the Issuer:

By: ____________________________

Duly authorised

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. All capitalised terms that are not defined in these Terms and Conditions will have the meanings given to them in the applicable Pricing Supplement. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the contents of the applicable Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by ICICI Bank UK PLC (the "**Issuer**") constituted by an amended and restated trust deed dated 4 October 2023 made between the Issuer and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include any successor as Trustee).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the currency specified herein or, if none is specified, the currency in which the Notes are denominated (the "**Specified Currency**");

(b) any Global Note in bearer form (each a "**Bearer Global Note**");

(c) any Global Notes in registered form (each a "**Registered Global Note**");

(d) any definitive Notes in bearer form ("**Definitive Bearer Notes**") issued in exchange for a Global Note in bearer form; and

(e) any definitive Notes in registered form ("**Definitive Registered Notes**") (whether or not issued in exchange for a Global Note in registered form).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 4 October 2023 and made between the Issuer, the Trustee, Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent) and as initial calculation agent (the "**Calculation Agent**," which expression shall include any additional or successor calculation agent), as exchange agent (the "**Exchange Agent**," which expression shall include any successor exchange agent), and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), Deutsche Bank AG, Hong Kong Branch as CMU lodging agent (the "**CMU Lodging Agent**", which expression shall include any successor CMU lodging agent) and Deutsche Bank Luxembourg S.A. as registrar (the "**Registrar**", which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the "**Transfer Agent**", which expression shall include any additional or successor transfer agents). For the purposes of these Terms and Conditions (the "**Conditions**"), all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Principal Paying Agent shall, with respect to a Series of Notes to be held in the CMU Service (as defined below), be deemed to be a reference to the CMU Lodging Agent and all such references shall be construed accordingly.

Interest bearing Definitive Bearer Notes have interest coupons ("**Coupons**") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Definitive Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in the Pricing Supplement attached to or endorsed on this Note which supplement these Terms and Conditions (the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the "**applicable Pricing Supplement**" are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean (in the case of Definitive Bearer Notes) the holders of the Notes and (in the case of Definitive Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the coupons and shall, unless the context otherwise requires, include the holders of the Talons.

The Trustee acts for the benefit of the Noteholders (which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below), the Receiptholders and the Couponholders in accordance with the provisions of the Trust Deed.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue (as set out in the applicable Pricing Supplement).

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee being at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom and at the specified office of each of the Paying Agents. Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of each of the Paying Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable during normal business hours at the specified office of each of the Paying Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the Trustee or, as the case may be, and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, all the provisions of the Agency Agreement and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

In the Conditions, "**euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended.

1 FORM, DENOMINATION AND TITLE

The Notes are issued in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Notes in bearer form may not be exchanged for Notes in registered form and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

This Note may also be a Senior Note or a Subordinated Note, as indicated in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to Definitive Bearer Notes, Receipts and Coupons will pass by delivery and title to Definitive Registered Notes will pass upon registration of transfers in accordance with the provisions of the Trust Deed and the Agency Agreement. The Issuer, the Paying Agents, the Trustee, the Registrar and the Transfer Agents will (except as otherwise required by law) deem and treat the bearer of any Definitive Bearer Note, Receipt or Coupon and the registered holder of any Definitive Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes, but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**") and/or a sub-custodian for the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU Service**"), each person (other than Euroclear, Clearstream or the CMU Service) who is for the time being shown in the records of Euroclear, Clearstream or the CMU Service as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream or the CMU Service as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Registrar, the Trustee and the Transfer Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, any Paying Agent, the Registrar, the Trustee and any Transfer Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly. Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the bearer or at the direction of the registered holder (to whose order such payments are to be made) to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) ("**CMU Accountholders**") and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream and the CMU Service, as the case may be.

References to Euroclear and/or Clearstream and/or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Trustee.

2 TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear, Clearstream or the CMU Service, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing system acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear, Clearstream or the CMU Service, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for Euroclear, Clearstream or the CMU Service shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of Euroclear, Clearstream or the CMU Service or to a successor of Euroclear, Clearstream or the CMU Service or such successor's nominee.

2.2 Transfers of Definitive Registered Notes

Subject as provided in Condition 2.5 below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (i) the holder or holders must (A) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 3 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Definitive Registered Note in definitive form of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Definitive Registered Note, or part of a Definitive Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 Exchanges and transfers of Definitive Registered Notes generally

Holders of Definitive Registered Notes may exchange such Notes for interests in a Registered Global Note of the same type at any time.

3 STATUS OF THE NOTES

3.1 Status of the Senior Notes

Notes the status of which is specified in the applicable Pricing Supplement as Senior (the "**Senior Notes**") and any relevant Receipts and Coupons are direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as provided above) rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3.2 Status of the Subordinated Notes

*This Condition 3.2 applies only to Notes specified in the applicable Pricing Supplement as Subordinated Notes (the "**Subordinated Notes**").*

If the Notes are specified as Subordinated Notes in the applicable Pricing Supplement, the Subordinated Notes and the relevant Receipts and Coupons will rank *pari passu* and without any preference among themselves. The claims in respect of principal and interest in respect of the Subordinated Notes (and any relevant Receipts and Coupons) will, in the event of the winding up or dissolution of the Issuer:

(a) be subordinated in right of payment in the manner provided in the Trust Deed to all Senior Claims;

(b) rank at least *pari passu* with claims in respect of obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital; and

(c) rank in priority to claims in respect of obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Additional Tier 1 Capital or Common Equity Tier 1 Capital and in priority to any other claims ranking, or expressed to rank, junior to the Subordinated Notes.

Any amounts paid to the Trustee in the winding-up of the Issuer as aforesaid will be held on trust for distribution in satisfaction of the claims of unsubordinated creditors to the extent (if any) not fully paid and thereafter in or towards payment of the amounts due under the Subordinated Notes and the relevant Receipts and Coupons.

The provisions of this Condition 3.2 apply only to the principal and interest in respect of the Subordinated Notes and nothing in this Condition 3.2 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

Subject to applicable law, no Noteholder, Receiptholder or Couponholder may exercise, claim or plead any right of set-off, compensation, counter-claim or retention in respect of any amount owned to it by the Issuer in respect of, or arising under or in connection with the Subordinated Notes, the relevant Receipts, the Coupons or the Trust Deed and each Noteholder, Receiptholder and Couponholder shall, by virtue of being the holder of any Subordinated Note (or any beneficial interest therein), Receipt or Coupon, be deemed, to the fullest extent permitted under applicable law, to have waived all such rights of such set-off, compensation, counter-claim or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder, Receiptholder or Couponholder by the Issuer in respect of, or arising under or in connection with the Subordinated Notes is discharged by set-off, such Noteholder, Receiptholder or Couponholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

For the purpose of this Condition:

"**Senior Claims**" means the aggregate amount of all claims admitted in the winding up of the Issuer which are (i) claims of creditors in respect of unsubordinated obligations of the Issuer; and (ii) claims of creditors in respect of subordinated obligations of the Issuer other than claims (x) in respect of obligations which constitute, or would but for any applicable limitation on the amount of such capital, constitute, Tier 1 Capital or Tier 2 Capital or (y) which otherwise rank, or are expressed to rank, *pari passu* with, or junior to, the claims in respect of the Subordinated Notes.

"**Tier 1 Capital**", "**Common Equity Tier 1 Capital**", "**Additional Tier 1 Capital**" and "**Tier 2 Capital**" have the respective meanings given thereto (or to a successor or equivalent term) in the Regulatory Capital Requirements.

4 NEGATIVE PLEDGE (SENIOR NOTES ONLY)

So long as any of the Senior Notes and the relevant Receipts or Coupons remain outstanding (as defined in the Trust Deed), the Issuer will not create or permit to be outstanding any mortgage, charge, pledge or other security interest upon the whole or any part of its properties, assets or revenues to secure any Relevant Indebtedness without according to the Notes and any relevant Receipts or Coupons, to the satisfaction of the Trustee, the same security or such other security as the Trustee, in its absolute discretion, shall deem not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders in the manner and to the extent provided in the Trust Deed.

"**Relevant Indebtedness**" means all obligations, including guarantees or indemnities, of the Issuer in respect of bonds, debentures, notes or other debt securities which are quoted, listed or ordinarily dealt in on any stock exchange or over-the-counter or other securities market.

5 INTEREST

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are Definitive Bearer Notes, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Definitive Bearer Notes where a Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(a) in the case of Fixed Rate Notes which are Definitive Registered Notes or represented by a Global Note, the aggregate outstanding nominal amount of such Definitive Registered Notes or the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(b) in the case of Fixed Rate Notes that are Definitive Bearer Notes, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the aggregate outstanding nominal amount of Fixed Rates Notes which are Definitive Registered Notes or the Calculation Amount in the case of Fixed Rate Notes which are Definitive Bearer Notes) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note which is a Definitive Bearer Note comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

(a) if "**Actual/Actual (ICMA)**" is specified in the applicable Pricing Supplement:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; or

(b) if "**30/360**" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; or

(c) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Accrual Period divided by 365.

In these Conditions:

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions "**Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

(b) Business Day Convention

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(i) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

(ii) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(iii) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(iv) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(c) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes for each Interest Accrual Period will be determined in the manner specified in the applicable Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Pricing Supplement.

(i) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate provided that in any circumstances where under the ISDA Definitions the Calculation Agent would be required to exercise any discretion, including the selection of any reference banks and seeking quotations from reference banks, when calculating the relevant ISDA Rate, the relevant determination(s) which require the Calculation Agent to exercise its discretion shall instead be made by the Issuer or its designee. For the purposes of this Condition 5.2(c)(i), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the Calculation Agent (if any is specified in the applicable Pricing Supplement), as applicable under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(I) if the Pricing Supplement specifies either "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions:

(A) the Floating Rate Option (as defined in the relevant ISDA Definitions) is as specified in the applicable Pricing Supplement;

(B) the Designated Maturity (as defined in the relevant ISDA Definitions), if applicable, is a period specified in the applicable Pricing Supplement;

(C) the relevant Reset Date (as defined in the relevant ISDA Definitions) is as specified in the applicable Pricing Supplement;

(D) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the relevant ISDA Definitions), Compounding is specified to be applicable in the relevant Pricing Supplement and:

(i) Compounding with Lookback is specified as the Compounding Method in the applicable Pricing Supplement, Lookback is the number of Applicable Business Days (as defined in the relevant ISDA Definitions) specified in the applicable Pricing Supplement;

(ii) Compounding with Observation Period Shift is specified as the Compounding Method in the applicable Pricing Supplement, (a) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the relevant ISDA Definitions) specified in the applicable Pricing Supplement and (b) Observation Period Shift Additional Business Days (as defined in the relevant ISDA Definitions), if applicable, are the days specified in the applicable Pricing Supplement; or

(iii) Compounding with Lockout is specified as the Compounding Method in the applicable Pricing Supplement, (a) Lockout is the number of Lockout Period Business Days (as defined in the relevant ISDA Definitions) specified in the Pricing Supplement and (b) Lockout Period Business Days, if applicable, are the days specified in the applicable Pricing Supplement; and

(E) if the specified Floating Rate Option is an Index Floating Rate Option (as defined in the relevant ISDA Definitions) and Index Provisions are specified to be applicable in the relevant Pricing Supplement, the Compounded Index Method with Observation Period Shift shall be applicable and (I) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the relevant ISDA Definitions) specified in the applicable Pricing Supplement and (II) Observation Period Shift Additional Business Days (as defined in the relevant ISDA Definitions) are the days, if applicable, specified in the applicable Pricing Supplement);

(F) references in the relevant ISDA Definitions to:

(i) "**Confirmation**" shall be deemed to be references to the applicable Pricing Supplement;

(ii) "**Calculation Period**" shall be deemed to be references to the relevant Interest Accrual Period;

(iii) "**Termination Date**" shall be deemed to be references to the Maturity Date; and

(iv) "**Effective Date**" shall be deemed to be references to the Interest Commencement Date; and

(II) if the Pricing Supplement specifies "2021 ISDA Definitions" as the applicable ISDA Definitions:

(A) Administrator/Benchmark Event shall be disapplied; and

(B) if the Temporary Non-Publication Fallback for any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions, the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate".

For the purposes of this Condition 5.2(c)(i), "Floating Rate", "Calculation Agent" (except as provided in sub paragraph (i)), "Compounding with Lookback", "Compounding with Observation Period Shift", "Compounding with Lockout" and "Compounded Index Method with Observation Period Shift" have the meanings given to those terms in the applicable ISDA Definitions.

(ii) *Screen Rate Determination for Floating Rate Notes where the Reference Rate is not specified as SOFR Benchmark or SONIA Benchmark*

(I) Subject to Condition 5.5, where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (Brussels time, in the case of EURIBOR or Hong Kong time in the case of HIBOR) or if, at or around that time it is notified that the fixing will be published at 2:30 p.m. (Hong Kong time), then as of 2:30 p.m. (in the case of CNH HIBOR) on the Interest Determination Date in question as determined by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement). If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement), for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than EURIBOR, HIBOR or CNH HIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(II) If the Relevant Screen Page is not available or if, sub-paragraph (ii)(I)(A) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (ii)(I)(B) above applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) shall promptly inform the Issuer and the Issuer shall use its best endeavours to appoint an Independent Investment Bank and procure such Independent Investment Bank to request, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR or CNH HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Independent Investment Bank and the Calculation Agent (through the Issuer or the Independent Investment Bank appointed by the Issuer) (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is EURIBOR, at approximately 11:00 a.m. (Brussels time), or if the Reference

Rate is HIBOR, at approximately 11:00 a.m. (Hong Kong time) or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time) or if, at or around that time it is notified that the fixing will be published at 2:30 p.m. (Hong Kong time), then as of 2:30 p.m. on the Interest Determination Date in question. If two or more of the Reference Banks provide the Independent Investment Bank and the Calculation Agent (through the Issuer or the Independent Investment Bank appointed by the Issuer (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement)) with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(III) If sub-paragraph (ii)(II) above applies and the Calculation Agent (through the Issuer or the Independent Investment Bank appointed by the Issuer) (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) has received quotations from fewer than two Reference Banks, subject as provided below, (x) the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated at the request of the Independent Investment Bank to the Independent Investment Bank and the Calculation Agent (through the Issuer or the Independent Investment Bank appointed by the Issuer) (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, at approximately 11:00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11:00 a.m. (Hong Kong time) or, if the Reference Rate is CNH HIBOR, at approximately 11:15 a.m. (Hong Kong time) or if, at or around that time it is notified that the fixing will be published at 2:30 p.m. (Hong Kong time), then as of 2:30 p.m. on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, or, (y) if fewer than two of the Reference Banks provide the Independent Investment Bank and the Calculation Agent (through the Issuer or the Independent Investment Bank appointed by the Issuer (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement)) with such offered rates referred to in (x) above, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11:00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11:00 a.m. (Hong Kong time) or, if the Reference Rate is CNH HIBOR, at approximately 11:15 a.m. (Hong Kong time) or if, at or around that time it is notified that the fixing will be published at 2:30 p.m. (Hong Kong time), then as of 2:30 p.m., on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Independent Investment Bank suitable for such purpose) informs the Independent Investment Bank and the Calculation Agent (through the Issuer or the Independent Investment Bank appointed by the Issuer) (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) it is quoting to leading banks in, if the

Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this sub-paragraph (B)(iii), the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

For the purposes of this Condition 5.2(c)(ii), "**Independent Investment Bank**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise (which shall not be the Calculation Agent) appointed by (and at the expense of) the Issuer for the purposes of this Condition 5.2(c)(ii) and notified in writing by the Issuer to the Calculation Agent and the Trustee.

(iii) *Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as SOFR Benchmark*

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined where the Reference Rate is SOFR Benchmark, the Rate of Interest for each Interest Period will, subject as provided below, be equal to the relevant SOFR Benchmark plus or minus the Margin (if any) in accordance with Condition 5.4, all as determined by the Calculation Agent on the relevant Interest Determination Date. The "**SOFR Benchmark**" will be determined based on Compounded Daily SOFR, SOFR Index or Term SOFR, as follows (subject to Condition 5.12(b)):

(I) If Compounded Daily SOFR is specified in the applicable Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Accrual Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant Interest Accrual Period (where "SOFR Observation Lag" or "SOFR Lockout" is specified in the applicable Pricing Supplement to determine Compounded Daily SOFR) or the SOFR Observation Period (where "SOFR Observation Shift" is specified in the applicable Pricing Supplement to determine Compounded Daily SOFR).

"**Compounded Daily SOFR**" shall be calculated by the Calculation Agent in accordance with one of the formulas referenced below depending upon which is specified as applicable in the applicable Pricing Supplement:

(A) where SOFR Observation Lag is specified as the Observation Method in the applicable Pricing Supplement:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{SOFR_{i-xUSBD}\times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

"**$SOFR_{i\text{-}xUSBD}$**" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, is equal to the SOFR reference rate for the U.S. Government Securities Business Day falling the number of Lookback Days prior to that U.S. Government Securities Business Day(i);

"**Lookback Days**" means five U.S. Government Securities Business Days (or such other number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement);

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d_0**" for any Interest Accrual Period, means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

"i" means a series of whole numbers ascending from one to d_0, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period (each a "**U.S. Government Securities Business Day(i)**");

"**n_i**" for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day; and

"**SOFR Observation Period**" means, in respect of an Interest Accrual Period, the period from (and including) the date falling the number of Lookback Days prior to the first day of such Interest Accrual Period to (but excluding) the date falling the number of Lookback Days prior to the Interest Period Date for such Interest Accrual Period.

(B) where SOFR Observation Shift is specified as the Observation Method in the applicable Pricing Supplement:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{SOFR_{i-\times USBD}\times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant SOFR Observation Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i);

"**SOFR Observation Period**" means, in respect of an Interest Accrual Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Accrual Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Accrual Period;

"**SOFR Observation Shift Days**" means five U.S. Government Securities Business Days (or such other number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement);

"**d**" means the number of calendar days in the relevant SOFR Observation Period;

"**d_0**" for any SOFR Observation Period, means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

"***i***" means a series of whole numbers ascending from one to d_0, representing each U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**n_i**" for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

(C) where SOFR Lockout is specified as the Observation Method in the applicable Pricing Supplement:

$$\left(\prod_{i=1}^{d_0}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i), except that the $SOFR_i$ for any U.S. Government Securities Business Day(i) in respect of the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Interest Period Date for such Interest Accrual Period shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date;

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d_0**" means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

"*i*" means a series of whole numbers ascending from one to d_0, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period (each a "**U.S. Government Securities Business Day(i)**");

"**n_i**" for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day; and

"**SOFR Rate Cut-Off Date**" means the date that is a number of U.S. Government Securities Business Days prior to the end of each Interest Accrual Period, the Maturity Date or the relevant redemption date, as applicable, as specified in the applicable Pricing Supplement.

The following defined terms shall have the meanings set out below for purpose of this Condition 5.2(c)(iii)(I):

"**Bloomberg Screen SOFRRATE Page**" means the Bloomberg screen designated "SOFRRATE" or any successor page or service;

"**Reuters Page USDSOFR=**" means the Reuters page designated "USDSOFR=" or any successor page or service;

"**SOFR**" means, with respect to any U.S. Government Securities Business Day, the reference rate determined by the Calculation Agent in accordance with the following provision:

(i) the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Bloomberg Screen SOFRRATE Page; the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Reuters Page USDSOFR=; or the Secured Overnight Financing Rate published at the SOFR Determination Time on the SOFR Administrator's Website;

(ii) if the reference rate specified in (i) above of this definition does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the SOFR reference rate shall be the reference rate published on the SOFR Administrator's Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator's Website;

(iii) in the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement), subject to Condition 5.12, the Rate of Interest shall be:

(1) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest (as specified in the applicable Pricing Supplement) relating to the relevant Interest Accrual Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period); or

(2) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Accrual Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period); or

(iv) if the reference rate specified in (i) above of this definition does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5.12 shall apply; and

"**SOFR Determination Time**" means approximately 3:00 p.m. (New York City time) on the immediately following U.S. Government Securities Business Day.

(II) If Compounded SOFR Index ("**Compounded SOFR Index**") is specified in the applicable Pricing Supplement, the SOFR Benchmark for each Interest Accrual Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant SOFR Observation Period as calculated by the Calculation Agent as follows:

$$\left(\frac{\text{SOFR Index}_{\text{End}}}{\text{SOFR Index}_{\text{Start}}} - 1\right) \times \left(\frac{360}{d_C}\right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

"**SOFR Index**" means, in respect of a U.S. Government Securities Business Day, the SOFR Index value as published on the SOFR Administrator's Website at the SOFR Index Determination Time on such U.S. Government Securities Business Day, *provided that*:

(A) in the event that the value originally published is subsequently corrected and such corrected value appears on the SOFR Administrator's Website on the original date of publication, then such corrected value, instead of the value that was originally published, shall be deemed the SOFR Index in relation to such U.S. Government Securities Business Day;

(B) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the "SOFR Index" shall be calculated on any Interest Determination Date with respect to an Interest Accrual Period, in accordance with the Compounded Daily SOFR formula described above in Condition 5.2(c)(iii)(I)(B) "SOFR Observation Shift"; or

(C) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5.12 shall apply;

"**SOFR Index$_{\text{End}}$**" means, in respect of an Interest Accrual Period, the SOFR Index value on the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Accrual Period (or in the final Interest Accrual Period, the Maturity Date);

"**SOFR Index$_{\mathbf{Start}}$**" means, in respect of an Interest Accrual Period, the SOFR Index value on the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Accrual Period;

"**SOFR Index Determination Time**" means, in relation to any U.S. Government Securities Business Day, approximately 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day;

"**SOFR Observation Period**" means, in respect of an Interest Accrual Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Accrual Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Accrual Period;

"**SOFR Observation Shift Days**" means five U.S. Government Securities Business Days (or such other number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement); and

"$\mathbf{d_c}$" means the number of calendar days in the applicable SOFR Observation Period.

(III) If Term SOFR ("**Term SOFR**") is specified as applicable in the relevant Pricing Supplement, the SOFR Benchmark for each Interest Period shall be equal to the Term SOFR Rate as specified in the applicable Pricing Supplement that is published by the Term SOFR Administrator on the Term SOFR Administrator's Website at the Reference Time on the Interest Determination Date in question as determined by the Calculation Agent after giving effect to the Term SOFR Conventions.

The following defined terms shall have the meanings set out below for purpose of this Condition 5.2(c)(iii)(III):

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Period, the date specified as such in the relevant Pricing Supplement or, if none is so specified, where SOFR Benchmark is specified in the relevant Pricing Supplement as the Reference Rate and where Term SOFR is specified as applicable in the relevant Pricing Supplement, the fifth U.S. Government Securities Business Day prior to the start of each Interest Period;

"**Reference Time**" with respect to any determination of Term SOFR means (i) if the benchmark is Term SOFR, the time as specified in the applicable Pricing Supplement, and (ii) if the Issuer or its designee determines, in accordance with Condition 5.12, that a Benchmark Transition Event or Benchmark Event (as applicable) and its related Benchmark Replacement Date have occurred, the time as agreed between the Issuer and the Calculation Agent after giving effect to the Benchmark Replacement Conforming Changes in accordance with Condition 5.12;

"**Relevant Governmental Body**" means the Federal Reserve and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve and/or the Federal Reserve Bank of New York or any successor thereto;

"**Term SOFR**" means the forward-looking term rate for the applicable period based on SOFR that has been selected or recommended by the Relevant Governmental Body and published by the Term SOFR Administrator;

"**Term SOFR Administrator**" means the CME Group or any other entity designated by the Relevant Governmental Body as the administrator of Term SOFR (or any successor administrator);

"**Term SOFR Conventions**" means any determination, decision, or election with respect to any technical, administrative or operational matter (including with respect to the manner and timing of the publication of the Term SOFR Rate, or changes to the definition of "Interest Period", timing and frequency of determining the Term SOFR Rate with respect to each Interest Period and making payments of interest, rounding of amounts or tenors, and other administrative matters) as set out in the applicable Pricing Supplement which reflects the use of the Term SOFR Rate as the SOFR Benchmark in a manner substantially consistent with market practice; and

"**Term SOFR Rate**" means, in respect of an Interest Period, the Term SOFR Rate as published on the Term SOFR Administrator's Website at the Reference Time on the relevant Interest Determination Date, provided that:

(A) if the value specified above does not appear and a Benchmark Transition Event or Benchmark Event (as applicable) and its related Benchmark Replacement Date have not occurred, the "Term SOFR Rate" shall be calculated on any Interest Determination Date (for this purpose, such term as defined in Condition 5.2(c)(iii)(III)) with respect to an Interest Period, in accordance with the SOFR Index formula described above in Condition 5.2(c)(iii)(II); or

(B) if the value specified above does not appear and a Benchmark Transition Event or Benchmark Event (as applicable) and its related Benchmark Replacement Date have occurred, the provisions set forth in Condition 5.12 shall apply as specified in the applicable Pricing Supplement.

For the avoidance of doubt, if any of the foregoing provisions concerning the calculation of the Rate of Interest and interest payments during the Interest Period are inconsistent with any of the Term SOFR Conventions (as set out in the applicable Pricing Supplement), then the relevant Term SOFR Conventions (as set out in the applicable Pricing Supplement) will apply. Furthermore, if the Issuer or its designee determines, in accordance with Condition 5.12, that a Benchmark Transition Event or Benchmark Event (as applicable) and its related Benchmark Replacement Date have occurred with respect to Term SOFR at any time when any of the Notes are outstanding, then the foregoing provisions concerning the calculation of the Rate of Interest and interest payments will be modified in accordance with the relevant benchmark transition provisions set out in Condition 5.12.

(IV) The following defined terms shall have the meanings set out below for purpose of this Condition 5.2(c)(iii):

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period:

(A) (where "SOFR Lockout" is specified as the Observation Method in the applicable Pricing Supplement) the U.S. Government Securities Business Day immediately following the SOFR Rate Cut-Off Date; and

(B) (in all other circumstances) the U.S. Government Securities Business Day immediately following the SOFR Observation Period,

unless otherwise specified in the relevant Pricing Supplement;

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York (currently, being *https://www.newyorkfed.org/markets/reference-rates/sofr-averages-and-index*), or any successor source;

"**SOFR Benchmark Replacement Date**" means the date of occurrence of a Benchmark Event with respect to the then-current Benchmark;

"**SOFR Benchmark Transition Event**" means the occurrence of a Benchmark Event with respect to the then-current Benchmark; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(V) If the relevant Series of Notes becomes due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such Notes became due and payable (with corresponding adjustments being deemed to be made to the SOFR formula) and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(iv) *Screen Rate Determination for Floating Rate Notes where the Reference Rate is SONIA Benchmark*

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined where the Reference Rate is SONIA Benchmark, the Rate of Interest for each Interest Period will, subject as provided below, be equal to the relevant SONIA Benchmark plus or minus the Margin (if any) in accordance with Condition 5.4, all as determined by the Calculation Agent on the relevant Interest Determination Date.

The "**SONIA Benchmark**" will be determined based on Compounded Daily SONIA or SONIA Index as follows (subject to Condition 5.12(a)):

(I) If Compounded Daily SONIA is specified in the applicable Pricing Supplement as the relevant SONIA Benchmark, Compounded Daily SONIA shall be calculated by the Calculation Agent on the relevant Interest Determination Date in accordance with the formula referenced below:

"**Compounded Daily SONIA**" means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily Sterling Overnight Index Average ("**SONIA**") rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SONIA_i \times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

"**Applicable Period**" means, in relation to an Interest Accrual Period:

(1) where "SONIA Observation Lag" or "SONIA Lockout" is specified as the SONIA Observation Method in the applicable Pricing Supplement, such Interest Accrual Period; or

(2) where "SONIA Observation Shift" is specified as the SONIA Observation Method in the applicable Pricing Supplement, the SONIA Observation Period relating to such Interest Accrual Period;

"**d**" means the number of calendar days in the relevant Applicable Period;

"$\mathbf{d_0}$" means, for the relevant Applicable Period, the number of London Business Days in such Applicable Period;

"i" means, for the relevant Applicable Period, a series of whole numbers from one to d_0, each representing the relevant London Business Day in chronological order from (and including) the first London Business Day in such Applicable Period;

"**London Business Day**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"$\mathbf{n}_i$", for any London Business Day "i", means the number of calendar days from and including such London Business Day "i" up to but excluding the following London Business Day;

"**Non-Reset Date**" means each London Business Day "$_i$" in an Applicable Period which falls on or after the SONIA Rate Cut-Off Date (if any);

"**SONIA$_i$**" means, in respect of any London Business Day "$_i$" in the Applicable Period, the SONIA Reference Rate for the SONIA Determination Date in relation to such London Business Day "$_i$", provided that where "SONIA Lockout" is specified as the Observation Method, SONIA$_i$ in respect of each Non-Reset Date (if any) in an Applicable Period shall be SONIA$_i$ as determined in relation to the SONIA Rate Cut-Off Date;

"**SONIA Determination Date**" means, in respect of any London Business Day "$_i$":

(1) where "SONIA Observation Lag" is specified as the SONIA Observation Method in the applicable Pricing Supplement, the London Business Day falling "*x*" London Business Days prior to such London Business Day "$_i$"; and

(2) otherwise, such London Business Day "$_i$";

"**SONIA Observation Period**" means, for the relevant Interest Accrual Period, the period from (and including) the date falling "*x*" London Business Days prior to the first day of such Interest Accrual Period (and the first Interest Accrual Period shall begin on and include the Interest Commencement Date) and ending on (but excluding) the date falling "*x*" London Business Days prior to the Interest Period Date at the end of such Interest Accrual Period (or the date falling "*x*" London Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**SONIA Rate Cut-Off Date**" means:

(1) (where "SONIA Lockout" is specified as the SONIA Observation Method in the applicable Pricing Supplement) in relation to any Interest Accrual Period, the date falling "*x*" London Business Days prior to the Interest Period Date in respect of the relevant Interest Accrual Period (or the date falling "*x*" London Business Days prior to such earlier date, if any, on which the Notes become due and payable); and

(2) in any other circumstances, no SONIA Rate Cut-Off Date shall apply;

"**SONIA Reference Rate**" means, in respect of any London Business Day, a reference rate equal to the daily SONIA rate for such London Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Business Day immediately following such London Business Day); and

"***x***" means five London Business Days (or such other number of London Business Days as specified in the applicable Pricing Supplement).

(II) If SONIA Index ("**SONIA Index**") is specified in the applicable Pricing Supplement as the relevant SONIA Benchmark, the SONIA Benchmark for each Interest Accrual Period shall be equal to the rate of return of a daily compound interest investment during the SONIA Observation Period corresponding to such Interest Accrual Period (with the daily SONIA rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left(\frac{\text{SONIA Compounded Index}_{\text{END}}}{\text{SONIA Compounded Index}_{\text{START}}} - 1\right) \times \left(\frac{365}{\text{d}}\right)$$

provided, however, that, subject to Condition 5.12(a), if the SONIA Compounded Index Value is not available in relation to any Interest Accrual Period on the Relevant Screen Page for the determination of either or both of SONIA Compounded Index$_{\text{START}}$ and SONIA Compounded Index$_{\text{END}}$, the Rate of Interest shall be calculated for such Interest Accrual Period on the basis of Compounded Daily SONIA and using the "SONIA Observation Shift" method (as set out in Condition 5.2(c)(iv)(I)).

In the formula above:

"***d***" means the number of calendar days in the relevant SONIA Observation Period;

"**London Business Day**", means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**SONIA Observation Period**" means, in respect of an Interest Accrual Period, the period from and including the date falling "*x*" London Business Days prior to the first day of such Interest Accrual Period (and the first Interest Accrual Period shall begin on and include the Interest Commencement Date) and ending on (but excluding) the date which is "*x*" London Business Days prior to the Interest Period Date for such Interest Accrual Period (or the date falling "*x*" London Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**SONIA Compounded Index**" means, in respect of an Interest Accrual Period, the index known as the SONIA Compounded Index administered by the Bank of England (or any successor administrator thereof);

"**SONIA Compounded Index$_{\mathbf{START}}$**" means the SONIA Compounded Index Value on the date which is "*x*" London Business Days preceding the first day of such Interest Accrual Period (or in the first Interest Accrual Period, the Interest Commencement Date);

"**SONIA Compounded Index$_{\mathbf{END}}$**" means, in respect of an Interest Accrual Period, the SONIA Compounded Index Value on the date which is "*x*" London Business Days preceding (i) the Interest Period Date of such Interest Accrual Period, (ii) in the final Interest Accrual Period, the Maturity Date (in the case of a final Interest Accrual Period ending on the Maturity Date), or (iii) the date on which the relevant Series of Notes becomes due and payable;

"**SONIA Compounded Index Value**" means, in relation to any London Business Day, the value of the SONIA Compounded Index as published by authorised distributors on the Relevant Screen Page on such London Business Day or, if the value of the SONIA Compounded Index cannot be obtained from such authorised distributors, as published on the Bank of England's Website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA Compounded Index) on the next following London Business Day, provided, however, that in the event that the value originally published is subsequently corrected and such corrected value is published by the Bank of England, as the administrator of SONIA (or any successor administrator of SONIA) on the original date of publication, then such corrected value, instead of the value that was originally published, shall be deemed the SONIA Compounded Index Value in relation to such London Business Day; and

"*x*" means, for any Interest Accrual Period, five London Business Days (or such other number of London Business Days as specified in the applicable Pricing Supplement).

(III) If, subject to Condition 5.12(a), in respect of any London Business Day in the relevant Applicable Period, the SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be:

(A) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5:00 p.m. (or, if earlier, close of business) on the relevant London Business Day; plus

(B) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

(IV) Notwithstanding the paragraph above, and without prejudice to Condition 5.12(a), in the event the Bank of England publishes guidance as to:

(A) how the SONIA Reference Rate is to be determined; or

(B) any rate that is to replace the SONIA Reference Rate,

the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest as specified in the applicable Pricing Supplement, and in consultation with the Issuer) shall, to the extent that it is reasonably practicable, follow such guidance in order to determine the SONIA rate for the purpose of the relevant Series of Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.

(V) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement), subject to Condition 5.12(a), the Rate of Interest shall be:

(A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest (as specified in the applicable Pricing Supplement) relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period); or

(B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Accrual Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period).

(VI) If the relevant Series of Notes becomes due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such Notes became due and payable (with corresponding adjustments being deemed to be made to the SONIA formula) and the Rate of Interest on such Notes shall, for so long as any such Notes remains outstanding, be that determined on such date.

(VII) The following defined term shall have the meanings set out below for the purpose of this Condition 5.2(c)(iv):

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period:

(A) (where "SONIA Lockout" is specified as the Observation Method in the applicable Pricing Supplement) the London Banking Day immediately following the Rate Cut-off Date; and

(B) (in all other circumstances) the London Banking Day immediately following the SONIA Observation Period,

unless otherwise specified in the relevant Pricing Supplement.

5.3 Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

5.4 Margin, Maximum/Minimum Rates of Interest, Instalments Amounts and Redemption Amounts and Rounding

(a) If any Margin is specified in the applicable Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5.2 above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to Condition 5.4(ii).

(b) If any Maximum Rate of Interest or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the applicable Pricing Supplement, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(c) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency.

5.5 Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the applicable Pricing Supplement, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

5.6 Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts

The Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) may be required to calculate any rate or amount or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount and/or Instalment Amount or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount and/or Instalment Amount, to be notified to the Trustee, the Issuer, each of the Paying Agents and any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information (and, if the Notes are listed and/or admitted to trading on a stock exchange and the rules of such exchange or other relevant authority so require, the Issuer shall, as soon as practicable, notify such exchange or other relevant authority) as soon as practicable after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5.2(b), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 5 but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon the Noteholders and all parties.

5.7 Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**Business Day**" means:

(a) in the case of a currency other than euro, a day (other than a Saturday, a Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(b) in the case of euro, any day on which T2 is open for the settlement of payments in euro (a "**TARGET Business Day**"); and/or

(c) in the case of a currency and/or one or more Business Centres a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Specified Denomination of such Note as shown on the face thereof;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(a) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(b) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;

(c) if "**Actual/365 (Sterling)**" is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(d) if "**Actual/360**" is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;

(e) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360\ x\ (Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(f) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360\ x\ (Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30; and

(g) if "**30E/360 (ISDA)**" is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(h) if "**Actual/Actual-ICMA**" is specified in the applicable Pricing Supplement,

(i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(ii) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date;

"**Determination Date**" means the date(s) specified as such in the applicable Pricing Supplement or, if none is so specified, the Interest Payment Date(s);

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

"**Interest Amount**" means:

(a) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the applicable Pricing Supplement, shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable Pricing Supplement as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(b) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the applicable Pricing Supplement;

"**Interest Determination Date**" means, with respect to a Rate of Interest (other than where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined where the Reference Rate is SOFR Benchmark or SONIA Benchmark) and Interest Accrual Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified, (i) the first day of such Interest Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi other than where the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR or (ii) the day falling two business days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars nor Singapore dollars nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (iv) the day falling two business days in Hong Kong prior to the first day of such Interest Accrual Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR;

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified in the applicable Pricing Supplement;

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the applicable Pricing Supplement;

"**ISDA Definitions**" means (i) if "2006 ISDA Definitions" is specified in the applicable Pricing Supplement, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), as amended and updated as at the Issue Date of the first Tranche of the Notes; or (ii) if "2021 ISDA Definitions" is specified in the applicable Pricing Supplement, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions, including any Matrices referred to therein, as published by ISDA as at the Issue Date of the first Tranche of the Notes;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the applicable Pricing Supplement;

"**Reference Banks**" means the institutions specified in the applicable Pricing Supplement or, if none, three major banks selected by the Issuer in the interbank market that is most closely connected with the Benchmark;

"**Reference Rate**" means the rate specified as such in the applicable Pricing Supplement;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Pricing Supplement (or any successor or replacement page, section, caption, column or other part of a particular information service);

"**Specified Currency**" means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the Notes are denominated; and

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor system.

5.8 Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.9 Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Pricing Supplement and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount, Instalment Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5.10 Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

5.11 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

5.12 Benchmark Discontinuation

(a) Benchmark Discontinuation (General)

The following provisions shall apply if Benchmark Discontinuation (General) is specified as applicable in the applicable Pricing Supplement.

(i) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate prior to the relevant Interest Determination Date when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5.12(a)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5.12(a)(ii)). In making such determination, the Independent Adviser appointed pursuant to this Condition 5.12(a) shall act in good faith and in a commercially reasonable manner as an expert (in consultation with the Issuer). In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Principal Paying Agent, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 5.12.

If (x) the Issuer is unable to appoint an Independent Adviser; or (y) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5.12(a)(i) prior to the date falling 10 Business Days before the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5.12(a)(i).

(ii) Successor Rate or Alternative Rate

If the Independent Adviser determines that:

(I) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5.12(a)); or

(II) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5.12(a)).

(iii) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser (in consultation with the Issuer) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5.12(a) and the Independent Adviser (in consultation with the Issuer) determines (x) that amendments to these Conditions, the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (y) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5.12(a)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and the Agents of a certificate in English signed by an Authorised Signatory of the Issuer pursuant to Condition 5.12(a)(v), the Trustee and the Agents shall (at the request of the Issuer and at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed or document supplemental to or amending the Trust Deed and/or the Agency Agreement) (and the Trustee and the Agents shall not be liable to the Issuer, any Noteholder or any other person for any consequences thereof), provided that the Trustee and the Agents shall not be obliged so to concur if in the opinion of the Trustee or the relevant Agent, as applicable, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee or, as the case may be, the relevant Agent in these Conditions, the Trust Deed and/or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed or supplemental agency agreement) in any way or if they impact the operational feasibility of the Trustee or the Agents (or any of them) in any way.

In connection with any such variation in accordance with this Condition 5.12(a)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments as determined under this Condition 5.12(a) will be notified promptly before the relevant Interest Determination Date by the Issuer to the Trustee and the Agents and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee and the Agents of the same, the Issuer shall deliver to the Trustee and the Agents a certificate in English signed by an Authorised Signatory of the Issuer:

(I) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate, (3) the applicable Adjustment Spread and (4) the specific terms of any Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5.12(a); and

(II) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee and the Agents shall be entitled to rely conclusively on such certificate (without liability to any person) as sufficient evidence thereof and none of them shall be liable to the Issuer, the Noteholders, the Couponholders or any other person for so doing. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's or the relevant Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Agents and the Noteholders.

Notwithstanding any other provision of this Condition 5, if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5, the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 5.12(a)(i), 5.12(a)(ii), 5.12(a)(iii) and 5.12(a)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 5.12(a) will continue to apply unless and until each of the Trustee and the Calculation Agent has been notified of the occurrence of the Benchmark Event, and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 5.12(a)(v).

(vii) Definitions

As used in this Condition 5.12(a):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(I) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;

(A) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(B) (if the Independent Adviser (in consultation with the Issuer) determines that no such spread is customarily applied) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5.12(a)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes;

"**Benchmark Amendments**" has the meaning given to it in Condition 5.12(a)(iv);

"**Benchmark Event**" means:

(I) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(II) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(III) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(IV) the making of a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

(V) it has become unlawful for the Principal Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate; or

(VI) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market, provided that (A) in the case of sub-paragraphs (II), (III) and (IV) of this definition, the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and (B) in the case of sub-paragraph (VI), the Benchmark Event shall occur on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement and, in each case of (A) and (B), not the date of the relevant public statement.

For the avoidance of doubt, none of the Trustee or the Agents shall have any responsibility for monitoring or determining whether or not a Benchmark Event has occurred or may occur and none of them shall be responsible or liable to the Issuer, the Noteholders, the Couponholders or any other person for not doing so;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by (and at the expense of) the Issuer under Condition 5.12(a)(i);

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(I) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(II) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(b) ***Benchmark Discontinuation (SOFR)***

The following provisions shall apply if Benchmark Discontinuation (SOFR) is specified as applicable in the applicable Pricing Supplement:

(i) *Benchmark Replacement*

If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the-then current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

(ii) *Benchmark Replacement Conforming Changes*

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time, and the Issuer shall deliver to the Trustee and the Agents a certificate in English signed by an Authorised Signatory of the Issuer:

(I) confirming that (1) a Benchmark Event has occurred and (2) the Benchmark Replacement, in each case as determined in accordance with the provisions of this Condition 5.12(b); and

(II) certifying that the Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement.

For the avoidance of doubt, the Trustee and any of the Agents shall, upon receipt of such certificate and (subject to the immediately succeeding paragraph) at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required to give effect to this Condition 5.12(b)(ii), provided that the Trustee and the Agents shall not be obliged so to concur if in the opinion of the Trustee or the relevant Agent, as applicable, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee or, as the case may be, the relevant Agent in these Conditions, the Trust Deed and/or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed or supplemental agency agreement) in any way or if they impact the operational feasibility of the Trustee or the Agents (or any of them) in any way. Noteholders' consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by the Trustee or any of the Agents (if required). Further, none of the Trustee, the Calculation Agent, Principal Paying Agent, the Registrar or the Transfer Agent shall be responsible or liable to the Issuer, the Noteholders, the Couponholders or any other person for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard. No such determination, decision or election shall be binding on the Trustee and the Agents and none of the Trustee and the Agents shall be obliged to concur in any consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required to give effect to this Condition 5.12(b) if in the opinion of the Trustee or the relevant Agent (as the case may be) it would impose more onerous obligations upon the Trustee or, as the case may be, the relevant Agent or expose the Trustee or, as the case may be, the relevant Agent to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee or, as the case may be, the relevant Agent in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) or the Agency Agreement (including, for the avoidance of doubt, any supplemental agency agreement) (as the case may be) or if they impact the operational feasibility of the Trustee or the Agents (or any of them) in any way.

(iii) Decisions and Determinations

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 5.12(b), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (i) will be conclusive and binding absent manifest error, (ii) will be made in the sole discretion of the Issuer or its designee, as applicable, and (iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

(iv) Definitions

The following defined terms shall have the meanings set out below for purpose of this Condition 5.12(b):

"**Benchmark**" means, initially, the relevant SOFR Benchmark specified in the applicable Pricing Supplement; provided that if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the relevant SOFR Benchmark (including any daily published component used in the calculation thereof) or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement;

"**Benchmark Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(I) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(II) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(III) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(I) the sum of:

(A) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof); and

(B) the Benchmark Replacement Adjustment;

(II) the sum of:

(A) the ISDA Fallback Rate; and

(B) the Benchmark Replacement Adjustment; or

(III) the sum of:

(A) the alternate reference rate that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) for U.S. dollar-denominated floating rate Notes at such time; and

(B) the Benchmark Replacement Adjustment;

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(I) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(II) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(III) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(I) in the case of sub-paragraph (I) or (II) of the definition of "Benchmark Event", the later of:

(A) the date of the public statement or publication of information referenced therein; and

(B) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(II) in the case of sub-paragraph (III) of the definition of "Benchmark Event", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"**designee**" means a designee as selected and separately appointed by the Issuer in writing;

"**ISDA Definitions**" means (i) where "2006 ISDA Definitions" are specified in the applicable Pricing Supplement, the 2006 ISDA Definitions or (ii) where "2021 ISDA Definitions" are specified in the applicable Pricing Supplement, the 2021 ISDA Interest Rate Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Reference Time**" with respect to any determination of the Benchmark means (1) if the Benchmark is the SOFR Benchmark, the SOFR Determination Time (where Compounded Daily SOFR is specified as applicable in the applicable Pricing Supplement) or SOFR Index Determination Time (where SOFR Index is specified as applicable in the applicable Pricing Supplement), or (2) if the Benchmark is not the SOFR Benchmark, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes;

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

5.13 Regulatory Capital/Eligible Liabilities

Notwithstanding any other provision of this Condition 5, no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any Benchmark Amendments be effected, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Series of Notes as Tier 2 Capital.

6 PAYMENTS

6.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment in any jurisdiction, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to section 871(m) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto.

6.2 Presentation of Definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of Definitive Bearer Notes not held in the CMU Service will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of Definitive Bearer Notes not held in the CMU Service, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Definitive Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form not held in the CMU Service (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form not held in the CMU Service becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A Long Maturity Note is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

In the case of Definitive Bearer Notes held in the CMU Service, payment will be made to the person(s) for whose account(s) interests in the relevant Definitive Bearer Note are credited as being held with the CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging Agent by the CMU Service in a relevant CMU Instrument Position Report or any relevant notification by the CMU Service (each, an "**Accountholder**"), which notification shall be conclusive and binding evidence (save in the case of manifest error) of (i) the identity of any Accountholder and, (ii) for so long as the Definitive Bearer Global Note is held by or on behalf of the CMU Operator, the instruction of the bearer of the Definitive Bearer Global Note to make such payments of principal and interest (if any) to such Accountholders, and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment. If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

6.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note (i) in the case of a Bearer Global Note lodged with the CMU Service, to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited as being held by the CMU Service in accordance with the CMU Rules as notified to the CMU Lodging Agent by the CMU Service in a relevant CMU Instrument Position Report or any relevant notification by the CMU Service (each, an "**Accountholder**"), which notification shall be conclusive and binding evidence (save in the case of manifest error) of (a) the identity of any Accountholder and, (b) for so long as the Bearer Global Note is held by or on behalf of the CMU Operator, the instruction of the bearer of the Bearer Global Note to make such payments of principal and interest (if any) to such Accountholders, or (ii) in the case of a Bearer Global Note not lodged with the CMU Service, against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made (in the case of a Bearer Global Note not lodged with the CMU Service) on such Bearer Global Note by the Paying Agent to which it was presented or (in the case of a Global Note lodged with the CMU Service) on withdrawal of the Bearer Global Note by the CMU Lodging Agent, and in each case, such record shall be prima facie evidence that the payment in question has been made.

6.4 Payments in respect of Definitive Registered Notes and Registered Global Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Definitive Registered Note and each Registered Global Note will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Note appearing in the register of holders of the Notes in registered form maintained by the Registrar (the "**Register**") (i) where in global form at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, a day on which Euroclear and Clearstream are open for business and, in respect of Notes clearing through the CMU Service, a day on which CMU Services is open for business) before the relevant due date and (ii) where in definitive form at the close of business on the fifth business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Definitive Registered Note and each Registered Global Note will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Note in registered form appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**") at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest or an instalment of principal (other than the final instalment) in respect of a Note in registered form, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Notes in registered form which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Note in registered form on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Note. In the case of Definitive Registered Note or Registered Global Note held through the CMU Service, payment will be made at the direction of the registered holder to the CMU Accountholders and such payment shall discharge the obligations of the Issuer in respect of that payment.

Holders of Notes in registered form will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Note in registered form as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holder by the Registrar in respect of any payments of principal or interest in respect of Notes in registered form.

None of the Issuer, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.5 General provisions applicable to payments

Payments in respect of Notes represented by a Global Note should be made to the holder of the Global Note (if the Global Note is not lodged with the CMU Service) or (if the Global Note is lodged with the CMU Service) the person(s) for whose account(s) interests in such Global Note are credited as being held in the CMU Service in accordance with the CMU Rules as notified to the CMU Lodging Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (each, an "**Accountholder**") which notification, in either case, shall be conclusive and binding evidence (save in the case of manifest error), of, in the case of Bearer Global Notes, (i) the identity of any Accountholder and, (ii) for so long as the Bearer Global Note is held by or on behalf of the CMU Operator, the instruction of the bearer of the Bearer Global Note to make such payments of principal and interest (if any) to such Accountholders. The holder of the Global Note shall be the only person entitled to receive payments (or, in the case of a Global Note lodged with the CMU Service, to direct to whom payment should be made) in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note or such person(s) for whose account(s) interests in such Global Note are credited as being held in the CMU Service (as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream or the CMU Service as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream or the CMU Lodging Agent, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer or Bearer Global Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

6.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):

    (i) in the case of Notes in definitive form only, in the relevant place of presentation;

    (ii) in each Additional Financial Centre (other than T2) specified in the applicable Pricing Supplement;

(b) if T2 is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which the T2 or any successor system is open; and

(c) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the T2 or any successor system is open.

6.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in instalments, the Instalment Amounts; and

(f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7 REDEMPTION AND PURCHASE

The Issuer shall not be at liberty to redeem or purchase the Notes, except in accordance with the following provisions of this Condition.

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

7.2 Redemption for tax reasons

(a) Subject, in the case of Subordinated Notes, to Condition 7.12 below, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that either: on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective (i) in the case of Senior Notes on or after the date on which agreement is reached to issue the first Tranche of the Note or (ii) in the case of Subordinated Notes, on or after the date on which the Notes are issued; or

(b) (in the case of Subordinated Notes only) interest payments under or with respect to the Subordinated Notes are no longer (partly or fully) deductible for tax purposes in the United Kingdom and such treatment has arisen as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which the Notes are issued,

and provided that each of the following is satisfied:

(a) such obligation referred to in (a) above or treatment referred to in (b) above, as the case may be, cannot be avoided by the Issuer taking reasonable measures available to it; and

(b) in the case of redemption pursuant to (a) above, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to giving any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the requirement referred to in (a) above will apply on the occasion of the next payment due under the Notes or that the requirement referred to in or (b) above will apply on the next Interest Payment Date (as the case may be) and cannot be avoided by the Issuer taking reasonable measures available to it and an opinion of independent legal advisers of recognised standing to the effect that the conditions precedent set out above have been satisfied, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3 Redemption following the occurrence of a Capital Disqualification Event

This Condition 7.3 is applicable only in relation to Notes specified in the applicable Pricing Supplement as being Subordinated Notes and references to ***Notes*** *and* ***Noteholders*** *shall be construed accordingly.*

Where a Capital Disqualification Event Call is specified as being applicable in the Pricing Supplement, if immediately prior to the giving of the notice referred to below, a Capital Disqualification Event has occurred and is continuing, the Issuer may (subject to Condition 7.12), at its option and having given no less than the minimum period and not more than the maximum period of notice specified in the applicable Pricing Supplement (ending, in the case of Notes which bear interest at a floating rate, on any Interest Payment Date) to the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall, save as provided in Condition 7.12, be irrevocable), redeem all (but not some only) of the outstanding Notes at their Early Redemption Amount as may be specified in, the applicable Pricing Supplement together (if appropriate) with interest accrued to (but excluding) the date of redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 7.12, be bound to redeem the Notes accordingly.

In these Conditions:

A "**Capital Disqualification Event**" is deemed to have occurred if there is a change (which has occurred or which the Relevant Regulator considers to be sufficiently certain) in the regulatory classification of the relevant series of Subordinated Notes which becomes effective after the Issue Date and that results, or would be likely to result, in some of or the entire principal amount of such Subordinated Notes ceasing to be included in the Tier 2 Capital of the Issuer and for the avoidance of doubt, any amortisation of such Subordinated Notes pursuant to Article 64 of the CRD Regulation (or any equivalent or successor provision) shall not comprise a Capital Disqualification Event.

"**CRD Regulation**" means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013, as amended and as it forms part of retained EU law (as defined in the EUWA), as amended or replaced from time to time.

"**EUWA**" means the European Union (Withdrawal) Act 2018.

"**Relevant Regulator**" means the United Kingdom Prudential Regulation Authority or such other additional or successor authority having primary supervisory authority with respect to prudential and/or resolution matters concerning the Issuer.

"**Tier 2 Capital**" has the meaning given to it (or any successor term) by the Relevant Regulator from time to time.

7.4 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, (subject, in the case of Subordinated Notes, to Condition 7.12) having given:

(a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and

(b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Trustee and the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall, save as provided in Condition 7.12, be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.4 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

7.5 Redemption at the option of the Noteholders other than holders of Subordinated Notes (Investor Put)

If this Note is a Senior Note and Investor Put is specified in the applicable Pricing Supplement, then, if and to the extent specified in the applicable Pricing Supplement, upon the holder of this Note giving to the Issuer, in accordance with Condition 14, not less than 15 nor more than 30 days' notice (or such other notice period as is specified in the applicable Pricing Supplement) (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Pricing Supplement in whole (but not in part) such Note on the Optional Redemption Date and at the relevant Optional Redemption Amount as specified in, or determined in the manner specified in, the applicable Pricing Supplement, together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Pricing Supplement.

If this Note is in definitive form, to exercise the right to require redemption of this Note, the holder of this Note must deliver such Note on any Business Day (as defined in Condition 5) falling within the notice period at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes), accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream or the CMU Service, to exercise the right to require redemption of this Note, the holder of this Note must, within the notice period, give notice to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear, Clearstream and the CMU Service (as appropriate) (which may include notice being given on his instruction by Euroclear or Clearstream or any common depositary, as the case may be, for them to the Principal Paying

Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means or notice being given to the CMU Lodging Agent) in a form acceptable to Euroclear, Clearstream, the CMU Service and the CMU Lodging Agent from time to time and, if this Note is represented by a Global Note held through Euroclear or Clearstream, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) for notation accordingly. If this Note is represented by a Global Note held through the CMU Service, such notation will be made on withdrawal of such Global Note by the CMU Lodging Agent.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream or the CMU Service given by a holder of any Note pursuant to this Condition 7.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 10 in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph.

7.6 Early Redemption Amounts

For the purpose of Condition 7.2 above and Condition 10.1 (if this Note is a Senior Note) or Condition 10.2 (if this Note is a Subordinated Note):

(a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and

(b) each Zero Coupon Note will be redeemed, at its Early Redemption calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = RP \times (1+AY)^{y}$$

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**y**" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360, or on such other calculation basis as may be specified in the applicable Pricing Supplement.

7.7 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 7.6.

7.8 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

7.9 Purchases

The Issuer or any of its Subsidiaries (as defined in section 736 of the Companies Act 2006) may (subject, in the case of Subordinated Notes, to Condition 7.12, in the circumstances permitted by Regulatory Capital Requirements), at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

7.10 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.9 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7.11 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.4 or 7.5 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.6(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

7.12 Conditions to Redemption, Purchase, Substitution and Variation of Subordinated Notes

*This Condition 7.12 is applicable only in relation to Notes specified in the applicable Pricing Supplement as being Subordinated Notes and references to "**Notes**" and "**Noteholders**" shall be construed accordingly.*

Any redemption or purchase of Subordinated Notes in accordance with Conditions 7.2, 7.3, 7.4 or 7.9 or any substitution or variation of Subordinated Notes in accordance with Condition 7.13, is subject to:

(a) the Issuer obtaining prior Supervisory Permission therefor;

(b) in the case of any redemption or purchase, if and to the extent then required under prevailing Regulatory Capital Requirements, either: (A) the Issuer has (or will on or before the relevant redemption or purchase date, have) replaced the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (B) the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the own funds and eligible liabilities of the Issuer would, following such redemption or purchase, exceed its minimum capital requirements (including any capital buffer requirements) by a margin (calculated in accordance with prevailing Regulatory Capital Requirements) that the Relevant Regulator considers necessary at such time; and

(c) in the case of any redemption prior to the fifth anniversary of the Issue Date, if and to the extent then required under prevailing Regulatory Capital Requirements (A) in the case of redemption pursuant to Condition 7.2, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the relevant change or event is material and was not reasonably foreseeable by the Issuer as at the Issue Date or (B) in the case of redemption upon the occurrence of a Capital Disqualification Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the relevant change in the regulatory classification of the Subordinated Notes was not reasonably foreseeable as at the Issue Date.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Regulatory Capital Requirements permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above, the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 7, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant Qualifying Tier 2 Securities comply with the definition thereof.

In these Conditions:

"**Authorised Signatories**" means any two authorised signatories of the Issuer in accordance with the Trust Deed;

"**ITA 2007**" means the United Kingdom Income Tax Act 2007, and references to sections thereof are to the same as may be amended from time to time and to any provision, statute or statutory instrument replacing the same from time to time;

"**Qualifying Tier 2 Securities**" means securities issued directly by the Issuer or issued indirectly by a Subsidiary of the Issuer and guaranteed by the Issuer (on a subordinated basis equivalent to the subordination set out in Condition 3.2 and in the Trust Deed) that:

(a) have terms not materially less favourable to an investor than the terms of the Subordinated Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certificate to such effect (including as to such consultation) of two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which (1) contain terms which comply with the then current requirements of the Relevant Regulator in relation to Tier 2 Capital; (2) include terms which provide for the same Interest Rate and Interest Payment Dates from time to time applying to the relevant Subordinated Notes and do not provide for interest cancellation or deferral; (3) rank *pari passu* with the ranking of the Subordinated Notes; (4) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Subordinated Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption and (5) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid; and

(b) are (i) both admitted to trading on the Mainboard of the Singapore Exchange Securities Trading Limited and officially listed in Singapore in accordance with provisions corresponding to those generally applicable in countries in the European Economic Area or (ii) listed on a recognised stock exchange within the meaning of section 1005 ITA 2007 (other than the Singapore Exchange Securities Trading Limited) or admitted to trading on a multilateral trading facility operated by a UK, Gibraltar or European Economic Area regulated recognised stock exchange within the meaning of sections 987 and 1005 ITA 2007 as selected by the Issuer and approved by the Trustee, such approval not to be unreasonably withheld or delayed.

"**Regulatory Capital Requirements**" means, at any time, any requirement contained in the laws, regulations, requirements, guidelines and policies of the Relevant Regulator (whether or not having the force of law), or of the United Kingdom, or of the European Parliament and Council, then in effect in the United Kingdom relating to capital adequacy (whether on a risk-weighted, leverage or other basis), prudential supervision (including the requisite features of own funds instruments) and/or resolution and applicable to the Issuer.

"**Supervisory Permission**" means, in relation to any action, such notice, permission, consent, approval, non-objection and/or waiver as is required therefor under prevailing Regulatory Capital Requirements (if any).

7.13 Substitution or Variation

*This Condition 7.13 is applicable only in relation to Notes specified in the applicable Pricing Supplement as being Subordinated Notes and references to "**Notes**" and "**Noteholders**" shall be construed accordingly.*

If a Capital Disqualification Event has occurred in respect of any Subordinated Notes, then the Issuer may, subject to Condition 7.12 above and having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice, save as provided in Condition 7.12, shall be irrevocable and shall specify the date for substitution or variation, as the case may be, of the Subordinated Notes) but without any requirement for the consent or approval of the Noteholders, at any time either substitute all (but not some only) of the Subordinated Notes for, or vary the terms of the Subordinated Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Securities, and the Trustee shall (subject to the following provisions of this Condition 7.13 and subject to the receipt by it of the certificates of the Authorised Signatories referred to in Condition 7.12 above and in the definition of Qualifying Tier 2 Securities) agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall, subject to Condition 7.12, either vary the terms of or substitute the Subordinated Notes in accordance with this Condition 7.13, as the case may be. The Trustee shall concur with the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Qualifying Tier 2 Securities and execute such documents that are required to effect such substitution or variation, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Qualifying Tier 2 Securities or the participation in or assistance with such substitution or variation would have the effect of (i) exposing the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction, (ii) changing, increasing or adding to the obligations or duties of the Trustee or (iii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under the Trust Deed, the Conditions and/or the Subordinated Notes. If the Issuer is unable to substitute the Notes as provided above, the Issuer may, subject as provided above, redeem the Subordinated Notes as provided in, as appropriate, Condition 7.2 or 7.3.

In connection with any substitution or variation in accordance with this Condition 7.13, the Issuer shall comply with the rules of any stock exchange on which such Subordinated Notes are for the time being listed or admitted to trading.

7.14 Write-down on a Trigger Event

*This Condition 7.14 is applicable only in relation to Notes specified in the applicable Pricing Supplement as being Subordinated Notes and references to "**Notes**" and "**Noteholders**" shall be construed accordingly.*

(a) If a Trigger Event occurs, the Issuer shall upon knowledge of such Trigger Event, and having obtained confirmation of non-objection from the Relevant Regulator to the Automatic Write-down of the Subordinated Notes, notify the Noteholders (in accordance with Condition 14) and the Trustee of the occurrence of the Trigger Event (such notice, a "**Write-down Notice**") and, on the Business Day following the occurrence of the Trigger Event, an Automatic Write-down shall occur. Any Write-down Notice shall be irrevocable. Such notice to the Trustee shall be accompanied by a certificate signed by two Authorised Signatories of the Issuer stating that the Trigger Event has occurred and giving details thereof, and the Trustee shall rely on such certificate without liability to any person. Any failure by the Issuer to give any such notice will not in any way impact the effectiveness of the Automatic Write-down or give any Noteholder any rights as a result of such failure.

(b) Effective upon, and following, the Automatic Write-down, the Noteholders shall not have any rights against the Issuer with respect to:

(i) repayment of the principal amount of the Subordinated Notes or any part thereof; or

(ii) the payment of any amount of interest in respect of the Subordinated Notes for any period; or

(iii) any other amounts arising under or in connection with the Subordinated Notes.

As a result, the full principal amount of the Subordinated Notes and any accrued and unpaid interest shall be written down to zero and the Noteholders shall lose their entire investment in the Subordinated Notes.

Once the principal amount of a Subordinated Note has been written down, it will not be restored in any circumstances, including where the Trigger Event ceases to continue. For the avoidance of doubt, the principal amount of a Subordinated Note may never be reduced below zero.

In these Conditions:

"**Automatic Write-down**" means the irrevocable and automatic (without the need for the consent of Noteholders) write-down of the full principal amount of the Subordinated Notes to zero and the cancellation of all accrued and unpaid interest and the cancellation of the Notes on the Business Day immediately following the occurrence of the Trigger Event, such write-down being referred to as a write-down, and written-down being construed accordingly.

For the avoidance of doubt, upon the automatic write-down of principal and interest and cancellation of the Subordinated Notes on the Business Day immediately following the occurrence of the Trigger Event, no Noteholder will have any rights against the Issuer with respect to repayment of the principal amount of the Subordinated Notes or the payment of any interest on such Subordinated Notes for any period. In addition and for the avoidance of doubt, nothing in these conditions shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

"**Parent Bank**" means ICICI Bank Limited and its successors from time to time.

"**Trigger Event**" means, in respect of the Issuer or the Parent Bank, the earlier of:

(a) a decision that a write-down, without which the Issuer or the Parent Bank (as the case may be) would become non-viable, is necessary, as determined by the Reserve Bank of India and provided that the Relevant Regulator does not object to such determination; and

(b) the decision to make a public sector injection of capital, or equivalent support, without which the Issuer or the Parent Bank (as the case may be) would have become non-viable, as determined by the Reserve Bank of India and provided that the Relevant Regulator does not object to such determination.

For the avoidance of doubt, any objection by the Relevant Regulator to a write-down may cause the write-down of the Notes not to occur, but shall not preclude the Reserve Bank of India declaring non-viability of the Parent Bank or any of the subsidiaries of the Parent Bank which are regulated by the Reserve Bank of India.

8 TAXATION

8.1 Payment without Withholding

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of (a) in the case of Senior Notes, principal and interest or (b) in the case of Subordinated Notes, interest (but not principal), in either case which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note, Receipt or Coupon:

(a) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Note, Receipt or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note, Receipt or Coupon; or

(b) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Payment Day (as defined in Condition 6.6).

As used in these Conditions, "**Relevant Date**" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 14.

8.2 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

9 PRESCRIPTION

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

10 EVENTS OF DEFAULT AND ENFORCEMENT

10.1 Events of Default relating to Senior Notes

With respect to the Senior Notes, the Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or put in funds to its satisfaction), give notice in writing to the Issuer that each Senior Note is, and each Senior Note shall thereupon immediately become, due and repayable at its principal amount, together with accrued interest as provided in the Trust Deed if any of the following events (each an Event of Default) shall occur:

(a) Non-Payment

if default is made in the payment of any principal or interest due in respect of the Senior Notes or any of them and such default continues for a period of seven days; or

(b) Breach of Other Obligations

the Issuer defaults in the performance or observance of or compliance with any of its other obligations set out in the Senior Notes or the Trust Deed which default is, in the opinion of the Trustee, incapable of remedy or, if in the opinion of the Trustee it is capable of remedy, is not, in the opinion of the Trustee, remedied within 30 days after notice requiring such default to be remedied shall have been received by the Issuer from the Trustee; or

(c) Cross Default

(i) any Indebtedness for Borrowed Money (as defined below) becomes due and payable prior to its stated maturity by reason of a default, and such acceleration shall not have been rescinded or annulled (by reason of a remedy, cure or waiver thereof, or with respect to the default upon which such acceleration is based); or

(ii) any Indebtedness for Borrowed Money is not paid when due or, as the case may be, within any applicable grace period originally provided for; or

(iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness for Borrowed Money, other than in circumstances where (I) the Issuer is prohibited from making payment of such amount by the order of a court having appropriate jurisdiction or (II) the Issuer is prohibited from making payment of such amount due to any administrative, legal or technical reason and the Issuer is contesting such reason in good faith in appropriate proceedings,

provided that no event described in this Condition 10.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relevant liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iii) above which have occurred and are continuing, amounts to at least U.S.$20,000,000 (or its equivalent in any other currency); or

(d) Enforcement Proceedings

a distress, attachment, execution or other legal process is levied or enforced upon or against any material part of the property, assets or revenues of the Issuer and is not either discharged or stayed within 120 days (or such longer period as the Trustee may agree in light of the jurisdiction concerned), unless, and for so long as, the Trustee is satisfied that such levy or enforcement is being contested in good faith and by appropriate proceedings; or *(e)* ***Security Enforced***

an encumbrancer takes possession or an administrative or other receiver, manager or other similar person is appointed over, or an attachment order is issued in respect of, the whole or any material part of the undertaking, property, assets or revenues of the Issuer and in any such case possession or appointment is not stayed or terminated or the debt on account of which such possession was taken or appointment was made is not discharged or satisfied within 120 days (or such longer period as the Trustee may agree in light of the jurisdiction concerned) of such possession, appointment or the issue of such order, unless, and for so long as, the Trustee is satisfied that such possession, appointment or attachment is being contested in good faith and by appropriate proceedings; or

(f) ***Insolvency***

the Issuer is declared by a court of competent jurisdiction insolvent or bankrupt or is unable to pay its debts, or stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts as they mature or applies for or consents to or suffers, or documents are filed with a court for, the appointment of an administrator, liquidator, administrative or other receiver, manager or other similar person in respect of the Issuer or over the whole or any material part of the undertaking, property, assets or revenues of the Issuer and such appointment is not discharged or stayed within 60 days of its taking effect or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or any arrangement or composition with or for the benefit of its creditors except, in any such case, (i) for the purpose of and followed by an amalgamation, merger or consolidation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or (ii) for the purpose of and followed by a merger, amalgamation or consolidation with an entity such that the credit rating of the merged entity from Moody's Investors Service Limited or Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. is at least equal to that of the Issuer immediately prior to the first announcement of such merger, amalgamation or consolidation, and such merged entity assumes all of the rights and liabilities of the Issuer under the Senior Notes, the related Coupons and the Trust Deed; or

(g) ***Winding-up Disposals***

an order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer, or the Issuer ceases to carry on all or substantially all of its business or operations, or the Issuer sells or disposes of all or substantially all of its assets or business whether as a single transaction or a number of transactions, related or not; except in any such case, (i) for the purpose of and followed by an amalgamation, merger or consolidation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or (ii) for the purpose of and followed by a merger, amalgamation or consolidation with any entity such that the credit rating of the merged entity from Moody's Investors Service Limited or Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. is at least equal to that of the Issuer immediately prior to the first announcement of such merger, amalgamation or consolidation, and such merged entity assumes all of the rights and liabilities of the Issuer under the Senior Notes, the related Coupons, the Agency Agreement and the Trust Deed; or *(h)* ***Expropriation***

any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets or shares of the Issuer without fair compensation, unless, and for so long as, the Trustee is satisfied that such compulsory purchase or expropriation is being contested in good faith and by appropriate proceedings; or

(i) ***Illegality***

it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Senior Notes or the Trust Deed; or

(j) ***Analogous Events***

any event occurs which, under the laws of the relevant jurisdiction, has or may have, in the Trustee's opinion (acting with impunity on the advice of counsel), an analogous effect to any of the events referred to in paragraph (d) to (i) above;

PROVIDED that, in the case of the occurrence of any of the events specified in Conditions 10.1(b), (c), (d), (e), (f), (g) (other than the winding up or dissolution of the Issuer), (h), (i) or (j), the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders.

For the purposes of this Condition:

"**Indebtedness for Borrowed Money**" means all indebtedness of the Issuer (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit.

10.2 Events of Default relating to Subordinated Notes

(a) If default is made in the payment of any principal or interest due in respect of the Subordinated Notes or any of them and such default continues for a period of ten days or more (in the case of payment of any principal) and 14 days or more (in the case of payment of any interest), in any case after the due date, the Trustee may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer in England, provided that the Issuer shall not be in default, however, if, in the case of principal, during, the ten days' grace period referred to above or, in the case of interest, during the 14 days grace period referred to above, it satisfies the Trustee that such sums were not paid in order to comply with the order of any United Kingdom court of competent jurisdiction provided always that such grace periods shall automatically start to run again upon any such order being discharged or revoked but may take no further action in respect of such default. For the purpose of this Condition, a payment otherwise due (in the case of principal) or compulsory (in the case of interest) shall be deemed so due or compulsory notwithstanding that the conditions for payment set out in Condition 3.2 are not satisfied.

(b) If an order is made by any competent court or resolution passed for the winding-up or dissolution of the Issuer, save for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders the Trustee may, subject as provided below, give notice to the Issuer that the Subordinated Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed.

10.3 Enforcement

(a) Without prejudice to Condition 10, if the Issuer fails to perform, observe or comply with any obligation, condition or provision relating to the Notes binding on it under these Conditions or the Trust Deed (other than any obligation of the Issuer for the payment of any principal or interest in respect of the Notes), the Trustee may, subject as provided below, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce such obligation, condition or provision provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or interest in respect of the Notes sooner than the same would otherwise have been payable by it.

(b) The Trustee shall not be bound to take action as referred to in Conditions 10.1, 10.2 and 10.3(a) or any other action under these Conditions or the Trust Deed unless (i) it shall have been so requested in writing by Noteholders holding at least 25% in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders and (ii) it shall have been indemnified and/or secured and/or put in funds to its satisfaction. No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, (i) fails so to do within a reasonable period, or (ii) is unable for any reason so to do, and such failure or inability is continuing.

(c) In the case of Subordinated Notes and subject to applicable laws, no remedy (including the exercise of any right of set-off or analogous event) other than those provided for in Condition 10.2 and Conditions 10.3(a) and 10.3(b) above or submitting a claim in the winding-up of the Issuer will be available to the Trustee or the Noteholders, Receiptholders or Couponholders.

(d) In the case of Subordinated Notes, no Noteholder, Receiptholder or Couponholder shall be entitled either to institute proceedings for the winding-up of the Issuer or to submit a claim in such winding-up, except that if the Trustee, having become bound to institute such proceedings as aforesaid, fails to do so, or, being able and bound to submit a claim in such winding-up, fails to do so, in each case within a reasonable period and such failure is continuing, then any such Noteholder or Couponholder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute proceedings for the winding-up of the Issuer and/or submit a claim in such winding-up to the same extent (but not further or otherwise) that the Trustee would have been entitled to do.

11 REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12 PRINCIPAL PAYING AGENT, REGISTRAR, PAYING AND TRANSFER AGENTS

The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Registrar and the other initial Transfer Agents are set out above.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent, Registrar or Transfer Agent and/or appoint additional or other Paying Agents, Registrars or Transfer Agents and/or approve any change in the specified office through any of the same acts, provided that:

(a) there will at all times be a Principal Paying Agent and a Registrar;

(b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Notes in bearer form) and a Registrar and Transfer Agent (in the case of Notes in registered form) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) so long as the Notes are listed on the SGX-ST, if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore unless the Issuer obtains an exemption from the SGX-ST.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.2. Notice of any variation, termination, appointment or change will be given to the Noteholders promptly by the Issuer in accordance with Condition 14.

In acting under the Agency Agreement, the Principal Paying Agent, the Paying Agents, the Registrar or the Transfer Agent act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency with, any Noteholder, Receiptholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

13 EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14 NOTICES

All notices regarding Notes in bearer forms will be deemed to be validly given if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Trustee may approve. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this condition.

All notices regarding Notes in registered form will be deemed to be validly given if (a) sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the third day after mailing and (b) if and for so long as the Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of (i) Euroclear and/or Clearstream, be substituted for such publication in such newspaper(s) or such website or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream for communication by them to the holders of the Notes or (ii) the CMU Service, be substituted for such publication in such newspaper(s) or such website or such mailing the delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU Service on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note and, in addition, in the case of both (i) and (ii) above, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the third day after the day on which the said notice was given to Euroclear and/or Clearstream and/or the persons shown in the relevant CMU Instrument Positions Report.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relevant Note or Notes, with the Principal Paying Agent (in the case of Notes in bearer form) or the Registrar (in the case of Notes in registered form). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, as the case may be, and/or, in the case of Notes lodged with the CMU Service, by delivery by such holder of such notice to the CMU Lodging Agent in Hong Kong, as the case may be, in such manner as the Principal Paying Agent, the Registrar, the CMU Lodging Agent and Euroclear and/or Clearstream and/or the CMU Service, as the case may be, may approve for this purpose.

15 MEETINGS OF NOTEHOLDERS AND MODIFICATIONS

The Trust Deed contains provisions for convening meetings of the Noteholders (including in a physical place or by any electronic platform (such as conference call or videoconference) or a combination of such methods) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons or the Trust Deed the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Receiptholders and Couponholders. The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Notification Event (as defined in the Trust Deed) shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. In addition, the Trustee shall be obliged to effect such modifications to the Trust Deed, the Agency Agreement and/or the Terms and Conditions of the Notes as may be required in order to give effect to Condition 5.5 (Benchmark Discontinuation) of the Notes in connection with effecting any Benchmark Amendments, subject to the provisions thereof, without the requirement for the consent or sanction of the Noteholders, the Receiptholders or the Couponholders. Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

Any variation or modification of the Subordinated Notes or (to the extent such variation or modification relates to Subordinated Notes which are outstanding) the Trust Deed in accordance with this Condition 15 is subject to the Issuer obtaining the permission therefor from the Relevant Regulator, provided that at the relevant time such permission is required.

16 SUBSTITUTION

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed (and in the case of Subordinated Notes, on a subordinated basis equivalent to that set out in Condition 3.2) of any other company being a subsidiary of the Issuer, subject to:

(a) the Notes being unconditionally and irrevocably guaranteed by the Issuer (provided that in the case of Subordinated Notes, the obligations of the Issuer under such guarantee shall be subordinated on the basis considered by the Trustee to be equivalent to that described in Condition 3.2);

(b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and

(c) certain other conditions set out in the Trust Deed being complied with.

Any substitution in relation to Subordinated Notes in accordance with this Condition 16 is subject to the Issuer obtaining the permission therefor from the Relevant Regulator, provided that at the relevant time such permission is required.

17 INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

17.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction.

17.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

18 FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon and the date from which interest starts to accrue) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders, the Receiptholders, the Couponholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

19 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20 GOVERNING LAW AND SUBMISSION TO JURISDICTION

20.1 Governing law

The Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons, the Talons and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law.

20.2 Submission to jurisdiction

The Issuer has in the Trust Deed agreed, for the exclusive benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with any of the foregoing) and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Trust Deed, the Notes, the Receipts and the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with any of the foregoing) may be brought in the English courts.

The Issuer has in the Trust Deed irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings (including any Proceeding relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons) arising out of or in connection with any of the foregoing in the courts of England and any claim that any such Proceedings have been brought in an inconvenient forum and has further irrevocably agreed in the Trust Deed that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its funding and general corporate purposes.

INVESTMENT CONSIDERATIONS

This Offering Circular contains forward-looking statements that involve risks and uncertainties. Prospective investors should carefully consider the risks and uncertainties described below as well as the other information contained in this Offering Circular prior to making an investment in the Notes. In making an investment decision, each investor must rely on its own examination of the Bank and the terms of the offering of the Notes. The Bank's business, prospects, financial condition, cash flows and results of operations could be materially adversely affected by any of these risks. There are a number of factors, including those described below, that may adversely affect the Bank's ability to make payment on the Notes. The risks described below are not the only ones that may affect the Notes. Additional risks not currently known to the Bank or that the Bank currently deems immaterial may also impair the Bank's business operations.

RISKS RELATING TO THE BANK'S BUSINESS

The Bank's business is subject to inherent risks concerning borrower credit quality as well as general global economic conditions. Adverse conditions in any major economy could cause profitability to decline

The Bank's business is subject to inherent risks regarding borrower credit quality as well as general economic conditions. Each of these can change the level of demand for, and supply of, the Bank's products and services. Changes in the credit quality of the Bank's borrowers and counterparties could reduce the value of the Bank's assets, and increase provisions for bad and doubtful assets. In addition, changes in global economic and other business conditions, including the interest rate environment in which the Bank operates, the capital markets in which it funds its operations, recession, unemployment and currency fluctuations may result in a deterioration in the value of security held against lending exposures and increase the risk of loss in the event of borrower default.

The outlook for the world economy and financial markets remains uncertain due to the current geopolitical situation. Tensions between Russia, the U.S. and a number of European states have heightened significantly as a result of Russia-Ukraine geopolitical conflicts. Although the Bank's exposure may be limited, the current crisis has the potential to escalate further and this could result in elevated geopolitical instability, trade restrictions, disruptions to global supply chains, increases in energy prices with knock-on global inflationary impacts, and a potential downturn in the global economy. The European Union, the UK and the U.S., in a coordinated effort joined by several other countries, imposed a variety of sanctions with respect to certain regions of Ukraine, Russia and various Russia-related parties. Such geopolitical risks may have a material adverse impact on macroeconomic factors which affect the Bank's business, financial condition and results of operations. Further, the continuing tensions between China and the U.S., including ongoing trade disputes and deterioration in diplomatic relations, have contributed to increased market volatility, weakened consumer confidence and diminished expectations for economic growth around the world. A rise in global trade protectionism will negatively impact the trade-dependent economies in Asia. Additionally, the interplay of U.S. fiscal and monetary policies and aggressive quantitative easing programmes in Japan and Europe may lead to more volatile global capital flows, which could in turn impact global growth.

Furthermore, the UK's remain-or-leave referendum on its membership within the EU was held in June 2016, the result of which favoured the exit of the UK from the EU ("**Brexit**"). On 31 January 2020, the UK officially exited the EU following a UK-EU Withdrawal Agreement signed in October 2019. The UK and the EU signed the Brexit trade deal on 30 December 2020 and the UK completed its separation from the EU with effect from 1 January 2021. While the UK and the EU reached a trade deal, there remains potential lingering uncertainties caused by the ongoing negotiations between the UK and the EU, especially with respect to the EU integration process and the relationship between the UK and the EU, and Brexit has and may continue to create a negative economic impact and increase volatility in the global market. These could include falls in stock exchange indices, a fall in the value of the key trading currencies such as the Euro and/or greater volatility of markets in general due to the increased uncertainty. The increasing inflationary pressures which have been triggered by a number of factors including liberal monetary policies, interruptions to the global supply chain caused by measures taken by various governments to control the spread of COVID-19, labour shortages and rising energy costs, may have severe consequences on the global economy such as increased costs of borrowing and production and lower business activities, which may in turn have a material adverse effect on the Bank's business, financial condition and results of operations. To the extent uncertainty regarding the economic outlook negatively impacts consumer confidence and consumer credit factors globally, the Bank's business and results of operations could likewise be significantly and adversely affected.

The Bank's banking and trading activities are particularly vulnerable to interest rate risk and any volatility in interest rates could adversely affect its net interest margin, its income from treasury operations, the quality of its loan portfolio and its financial performance

The Bank has historically relied on interest income as its primary revenue source. If the yield on the Bank's interest-earning assets does not increase at the same time or to the same extent as its cost of funds, or if the Bank's cost of funds does not decline at the same time or to the same extent as the decrease in yield on its interest-earning assets, the Bank's net interest income and net interest margin may be adversely impacted. Limitations on the Bank's ability to borrow from international financial markets could affect its funding costs and its ability to grow its business. The Bank is also exposed to interest rate risk through its treasury operations. A rise in interest rates and greater interest rate volatility would adversely affect the Bank's ability to grow in terms of its net interest margins, its net interest income, its income from treasury operations and the value of its fixed income securities portfolio. While hedge transactions are undertaken to reduce the interest rate risk, the Bank's profitability could be affected due to hedges becoming ineffective and the impact of mark-to-market valuation is taken through the profit and loss account.

As per the OECD Economic Outlook June 2023, published by the Organisation for Economic Co-operation and Development ("**OECD**") (the "**Report**"), recent economic and financial developments, and the materialisation of some downside risks, point to subdued global growth prospects. Global GDP growth in 2023 is projected to be 2.7 per cent., the lowest annual rate since the global financial crisis, with the exception of the 2020 COVID-19 pandemic period. A modest improvement to 2.9 per cent. is foreseen for 2024. Annual OECD GDP growth is projected to be below trend in both 2023 and 2024, although is expected gradually pick up through 2024 as inflation moderates and real incomes strengthen.

Significant uncertainty about economic prospects remain, and the major risks to the projections are on the downside. One key concern is that inflation could continue to be more persistent than expected. Significant additional monetary policy tightening may then be required to lower inflation, raising the likelihood of abrupt asset repricing and risk reassessments in financial markets. A related concern is that the strength of the impact from the monetary policy is difficult to gauge after an extended period of very accommodative policy and the speed at which policy interest rates have subsequently been raised. While a cooling of overheated markets and moderation of credit growth are standard channels through which monetary policy normally takes effect, the impact on economic growth could be stronger than expected if tighter financial conditions were to trigger stress in the financial system and undermine financial stability. Sharp changes in the market value of bond portfolios may further expose liquidity and duration risks. Rising household and corporate debt-service burdens and the greater potential for loan defaults also raise credit risks to banks and non-bank financial institutions, and could result in a further tightening of lending standards. Stringent global financial conditions could also intensify vulnerabilities in emerging-market economies, adding to debt servicing costs and capital outflows, and reducing credit availability for borrowers relying on foreign lenders. Another key downside risk to the outlook relates to the uncertain course of the Russia-Ukraine conflict and the associated risks of renewed disruptions in global energy and food markets.

GDP growth in the United States is projected to moderate to around 1.6 per cent. in 2023 and 1.0 per cent. in 2024 as the support from fiscal easing slowly fades. Growth in private consumption and investment is expected to moderate in response to the tightening in monetary and financial conditions and as savings are further depleted. As demand slows, employment is expected to fall and the unemployment rate is projected to gradually rise towards 4.5 per cent. in 2024. With respect to labour markets, wage growth is expected to moderate further, along with inflationary pressures.

In the United Kingdom, GDP is expected to grow moderately to 1 per cent. in 2024 from an expected 0.3 per cent. in 2023. Government consumption and investment is expected to continue to support the economy before gradual strengthening of private expenditure due to falling wholesale gas prices and improved global conditions. Inflation is projected to slow down due to declining energy prices and to reduce further in line with expected targets by the end of 2024. Core inflation is set to be more persistent due to strong services inflation, reducing to 3.2 per cent. in 2024. Unemployment is expected to rise, reaching 4.5 per cent. in 2024.

GDP growth in the euro area is projected to be slow in 2023, at 0.9 per cent. in 2023 and gradually strengthen to 1.5 per cent in 2024. Private consumption is expected to be supported by strong labour markets, but higher costs of financing and uncertainty is likely to weigh on private investment. The tight labour market is expected to continue to fuel wage growth in 2023, before wages start gradually easing in 2024. Lower energy and food prices will help reduce headline inflation in 2023, but core inflation will remain elevated. Risks remain tilted to the downside as another spike in energy prices could reignite the energy crisis, and restrictive monetary policy could expose existing financial sector vulnerabilities.

GDP growth in India is projected to reduce to 6.0 per cent. in FY2023 and then increase to 7.0 per cent. in FY2024, due to weak global demand and the effect of tightening monetary policies to manage inflationary pressures. Moderating inflation and easing of monetary policies in the second half of 2024 is expected to help discretionary household spending regain momentum. This, along with improved global conditions, is expected to help economic activity accelerate.

The occurrence or continuance of unexpected events resulting in significant market dislocation could have a material adverse effect on the Bank's financial condition and results of operations and, if severe or prolonged, its prospects. Failure to manage interest rate risks effectively may also have a material adverse effect on the Bank's financial condition and results of operations and, if such failure is significant or prolonged, its prospects.

If the Bank fails to maintain desired levels of customer deposits or loans, its business operations may be materially and adversely affected

Customer deposits are the Bank's primary source of funding. However, many factors affect the growth of deposits, some of which are beyond the Bank's control, such as economic and political conditions, availability of investment alternatives and retail customers who may change their perceptions toward savings. For example, retail customers may reduce their deposits and increase their investment in securities for higher returns, while small- and medium-sized enterprises ("**SMEs**") and mid-corporate customers may reduce their deposits in order to fund projects in a favourable economic environment. If the Bank fails to maintain its desired level of deposits, the Bank's liquidity position, financial condition and results of operations may be materially and adversely affected. In such a situation, the Bank may need to seek more expensive sources of funding. The Bank's ability to raise additional funds may be impaired by factors over which it has little or no control, such as poor market conditions or severe disruptions in the financial markets.

Conversely, the Bank may slowly reduce the interest rates it offers on deposits (if required) to protect the spread it enjoys if the banking system is showing a lower rate of credit growth. Further, the Bank must devise certain strategies to lend surplus funds to existing or new borrowers in order to earn interest income and protect its net interest margin. If the Bank cannot secure sufficient loan volumes or earn sufficient interest on its lending due to economic conditions or other factors, its ability to earn income and maintain and increase its net interest margin may be materially adversely affected.

Deterioration of the Bank's asset portfolio could lead to an increase in non-performing assets ("NPAs"). If NPAs increase, the Bank will be required to increase provisions, which could negatively impact profits. Any inadequacy in the Bank's provisioning coverage as a percentage of gross NPAs could adversely affect the price of the Notes

The Bank's gross impairment ratio represented 7.3 per cent. of its gross advances as at 31 March 2023. The Bank's net impairment ratio was 3.3 per cent. as at the date of this Offering Circular.

Provisions are created by a charge to expense and represent the Bank's estimate for loan losses and risks inherent in the credit portfolio. The determination of an appropriate level of loan losses and provisions required inherently involves a degree of subjectivity and requires that the Bank makes estimates of current credit risks and future trends, all of which may undergo material changes.

Although the Bank believes that its total impairment provisions will be adequate to cover losses in its asset portfolio, there can be no assurance that there will be no deterioration in the provisioning coverage as a percentage of future gross non-performing assets. In the event of any deterioration in the Bank's asset portfolio, there could be an adverse impact on its business, its future financial performance and the price of the Notes.

The Bank has high concentrations of exposure to certain customers, sectors and geographies and if any of these exposures were to become non-performing, the quality of the Bank's portfolio could be adversely affected and its ability to meet capital requirements could be jeopardised

The Bank has a concentration of loans to certain customers and sectors. If a substantial portion of these loans becomes non-performing, the overall quality of its loan portfolio, the Bank's business and the price of the Notes could be adversely affected. Credit losses or financial difficulties of these borrowers and sectors in the future could adversely affect the Bank's business and financial performance and the price of the Notes.

The Bank's internal counterparty exposure limit is within the PRA stipulated limits (i.e. 25% of Tier 1 capital and if the counterparty group includes only banks/financial institutions, the maximum PRA approved limit is GBP130.0 million). Should circumstances prevail such that the Bank proposes to take counterparty exposure or counterparty group exposure in excess of regulatory limits, such exposure is required to be specifically approved by the PRA.

If the Bank experiences a downturn in an industry in which it has concentrated exposure, its net profits will likely decline significantly and its financial condition may be materially adversely affected. Similarly, if the Bank experiences a downturn or recession in a geography in which it has concentrated exposure, its net profits will likely decline significantly and its financial condition may be materially adversely affected.

The Bank's level of restructured loans may increase. Accordingly, the failure of the Bank's previous restructured loans to perform as expected could affect the Bank's business. The Bank restructures loans based upon a borrower's potential to restore its financial health. There can be no assurance that the debt restructuring criteria approved by the Bank will be adequate or successful and that borrowers will be able to meet their obligations under restructured loans. Any resulting increase in delinquency levels may adversely impact the Bank's financial performance and the market price of the Notes.

The value of the collateral on loans may decrease or the Bank may experience delays in enforcing collateral when borrowers default on their obligations which may result in failure to recover the expected value of collateral security, exposing the Bank to a potential loss

The Bank has a collateral management policy which details the type of collateral, frequency of valuation and valuation adjustments. The security accepted by the Bank includes cash deposits, pledge/contractual comfort over equity shares (both listed and unlisted), charges over fixed assets for term loans, charges over current assets for working capital finance, charges on specific receivables with escrow arrangements, mortgages on residential/commercial property and assignment of underlying project contracts for project finance loans. The Bank also accepts corporate guarantees and related support undertakings from borrower group entities for mitigating credit risk.

Changes in asset prices may cause the value of the Bank's collateral to decline and it may not be able to realise the full value of the collateral as a result of delays in bankruptcy and foreclosure proceedings, defects in the perfection of collateral, fraudulent transfers by borrowers and other factors, including legislative changes and judicial pronouncements. Failure to recover the expected value of collateral could expose the Bank to potential losses, which could adversely affect its business and future financial performance and the price of the Notes.

The Bank is exposed to systemic risk resulting from failures by banks, other financial institutions and corporates

Within the financial services industry, the default of any institution or corporate could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions as the commercial soundness of many financial institutions may be closely correlated as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk", and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, other financial institutions and exchanges with whom the Bank interacts on a daily basis. In turn, the actual or perceived soundness of these institutions could have an adverse effect on the Bank's ability to raise new funding, including regulatory capital, and could have a material impact on the Bank's business, financial condition, results of operations and prospects.

The recent financial markets turmoil with the entry into receivership of Silicon Valley Bank, Signature Bank and First Republic Bank in the United States, and the acquisition of Credit Suisse by UBS, has resulted in higher uncertainty in the financial services industry and has raised questions about the viability of other financial services firms and the possibility of broader systemic risk. In addition, the response by government regulators and central banks to the recent financial markets turmoil, including the response by Swiss authorities in connection with the acquisition of Credit Suisse by UBS, has caused market participants to question how regulators and central banks would utilise resolution powers with respect to financial institutions or otherwise respond in the event of further turbulence or crises in financial markets. As a result, there is heightened uncertainty about the ability of financial institutions to raise regulatory capital, which could increase the Bank's cost of capital, or require the Bank to utilise different methods of raising regulatory capital than would have been used in the past, and could have a material impact on the Bank's business, financial condition, results of operations and prospects.

The Bank has exposure to emerging markets, particularly India, and is exposed to the risks associated with these economies

The Bank has an exposure to borrowers in India and other emerging markets. As a result, the Bank is exposed to the uncertainty in the political, economic and industrial environment in India and other emerging markets as well as risks of civil unrest, imposition of exchange controls and changes in laws in such economies. The above factors may affect the credit quality of the Bank's existing assets and could have an adverse impact on the Bank's business and future financial performance and the price of the Notes. The Bank has established specific limits on each country and has specific limits on exposures with countries of risk such as India as part of its risk appetite framework and the status of adherence to these limits is monitored on a daily basis.

The Bank's investment portfolio is exposed to interest rate risk and market risk and if the Bank's investments were to become non-performing, the Bank's business may be adversely affected

As at 31 March 2023, the Bank had an investment portfolio of U.S.$638.2 million (net of any mark-to-market movements) which comprised UK government treasury bills, other fixed income instruments and equity. In the event of a rise in interest rates or rise in credit spreads of such investments, the market value of such investments could be adversely affected which could, in turn affect the Bank's future performance and the market price of the Notes. As at 31 March 2023, the Bank's available for sale reserves for changes in market value of investments was U.S.$(0.05) million. The Bank may be required to set aside additional provisioning as may be appropriate, if any of such investments become impaired.

Fee, commission, exchange and brokerage income and profit on foreign exchange transactions have become important elements of the Bank's profitability and market conditions could cause these income streams to decline and adversely impact the Bank's financial performance

The Bank generates commission, exchange and brokerage income from a variety of activities, including syndication and financing services for corporate clients in respect of their acquisition and project financing and transaction banking. The Bank's commission, exchange and brokerage income is therefore closely linked to the level of corporate activities, the demand for retail financial products and the overall level of economic and trade activities. Similarly, the profit on foreign exchange transactions is dependent on foreign exchange market conditions and the risk management strategies relating to corporate clients. Volatility in the market and economic conditions could cause these income streams to decline and adversely impact the Bank's financial performance.

The Bank's funding is composed of medium to long term deposits, term borrowings and short term savings. If depositors and/or lenders do not roll over invested funds upon maturity, the Bank's business could be adversely affected

The Bank's funding requirements are met through a mix of short and medium to long term funding sources, primarily in the form of customer deposits, inter-bank deposits, German institutional deposits and loans from financial institutions. The Bank has been able to roll over a substantial portion of these deposits upon maturity over time and these have been a stable source of funding. No assurance can be given, however, that this experience will continue. The Bank therefore will face a liquidity risk in the case of a high volume of deposit withdrawals and a significant decline in deposits rolling over upon maturity, which could have an adverse impact on the Bank's liquidity position, business, future financial performance and the price of the Notes. The Bank also invests in liquid investment products to create liquidity for deposit withdrawals. This exposes the Bank to a greater degree of volatility in the market prices of bonds and securities. The Bank, in line with the current liquidity regime, has defined an Internal Liquidity Adequacy Assessment Process ("**ILAAP**"). The ILAAP analyses the liquidity profile of the Bank in terms of the key liquidity risk drivers and their behaviour and defines stress scenarios based on which the Bank estimates the High Quality Liquid Asset ("**HQLA**") that it needs to maintain to meet liquidity contingencies.

The Bank's risk management policies and procedures may leave the Bank exposed to unidentified or unanticipated risks, which could negatively affect its business or result in losses

The Bank's risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risk are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up to date or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. Although the Bank has established these policies and procedures, they may not be fully effective. See "*Description of the Issuer – Risk Management Framework*".

The Bank may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and harm its business or reputation

The Bank is required to comply with applicable anti-money-laundering ("**AML**") and anti-terrorism laws and other regulations in the UK and in other jurisdictions where it has operations. These laws and regulations require the Bank, among other things, to adopt and enforce "know-your-customer" ("**KYC**") policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions. While the Bank has adopted policies and procedures aimed at detecting and preventing the use of its banking networks for money-laundering activities and by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where the Bank may be used by other parties to engage in money-laundering and other illegal or improper activities. The Bank's business and reputation could suffer if any such parties use the Bank for money-laundering or illegal or improper purposes.

The Bank is subject to legal and regulatory risk which may adversely affect its business and the price of the Notes

The Bank is subject to a range of banking and financial services laws and regulations and a number of regulatory and enforcement authorities in the jurisdictions in which it operates, which exposes it to potentially significant litigation and regulatory compliance risks. Regulatory compliance risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry. The laws and regulations governing the banking and financial services industry have become increasingly complex, governing a wide variety of issues, including liquidity, capital adequacy, securitisation, investments, lending/deposit taking restrictions, product reviews, ethical issues, money laundering, data privacy, record keeping, outsourcing and marketing and selling practices, with sometimes overlapping jurisdictional or enforcement authorities.

In recent years there has been a substantial increase in the regulation and supervision of the financial services industry in order to seek to prevent future crises and otherwise ensure the stability of institutions, including the imposition of higher capital and liquidity requirements (including pursuant to Basel III and CRD V, as defined below), increased levies and taxes, requirements to centrally clear certain transactions, heightened disclosure standards, further development of corporate governance and employee compensation regimes and restrictions on certain types of transaction structures.

While there is growing international regulatory co-operation on supervision and regulation of international and EU and UK banking groups, the Bank is, and will continue to be, subject to the complexity of complying with existing and new regulatory requirements in each of the jurisdictions in which it operates. Where changes in regulation are implemented they may not be co-ordinated, potentially resulting in the Bank having to comply with different and possibly conflicting requirements.

Failure to comply with applicable regulations in various jurisdictions, including unauthorised actions by employees, representatives, agents and third party service providers (either in or outside the course of their services), failure of internal controls to keep pace with the growth in business, suspected or perceived failures and media reports, and future inquiries or investigations by regulatory and enforcement authorities, may result in regulatory action including financial penalties and restrictions on or suspension of the related business operations, administrative or judicial proceedings against the Bank (or its employees, representatives, agents and third party service providers), which could result, among other things, in suspension or revocation of one or more of the Bank's licences, cease and desist orders, fines, public remands, civil penalties, criminal penalties, enforced suspension of operations, (in extreme cases) withdrawal of authorisations to operate or other disciplinary action which could materially harm its reputation, results of operations and financial condition. Such actions may, amongst other consequences, impact the Bank's reputation, result in adverse media reports, lead to increased or enhanced regulatory or supervisory concerns, lead to additional costs, penalties, claims and expenses being incurred by the Bank or impact adversely its ability to conduct business owing to implications on business continuity, possible distraction, lack of proper attention or time by such employees, representatives, agents and third party service providers to their official roles and duties, or suspension or termination by the Bank of their services and having to find suitable replacements apart from personal liability, financial or other penalties and restrictions that may be imposed on or suffered by them including personal liability for criminal violation. It is not possible for the Bank to predict what regulatory proceedings may arise in the future. If the Bank fails to manage its legal and regulatory risk in the jurisdictions in which it operates, including some or all of the compliance failures, its business could suffer, its reputation could be harmed and it would be subject to additional legal risk. This could, in turn, increase the size and number of claims and damages asserted against the Bank or subject it to regulatory investigations, enforcement actions or other proceedings, or lead to increased regulatory or supervisory concerns. The Bank may also be required to spend additional time and resources on any remedial measures which could have an adverse effect on its business. The timing and form of any current or future regulatory or law enforcement initiatives is difficult to predict but the Bank would expect to cooperate with any such regulatory investigation or proceeding.

The Bank may from time to time be involved in various disputes and legal proceedings including litigation and regulatory investigations. Such cases are subject to many uncertainties and their outcome is often difficult to predict. Legal risk is higher in new areas of business where the law is often untested by the courts. The Bank seeks to minimise legal risk by using stringent legal documentation, employing procedures designed to ensure that transactions are properly authorised and consulting internal and external legal advisors.

The supervisory and compliance environment in the financial sector can lead to increased risks of regulatory action, whether formal or informal

The Bank is subject to a wide variety of banking, insurance and financial services laws, regulations and regulatory policies and a large number of regulatory and enforcement authorities in each of the jurisdictions in which it operates. Regulators regularly review the Bank's operations, and there can be no guarantee that any regulator will agree with the Bank's internal assessments of asset quality, provisions, risk management, capital adequacy, and management functioning, safety and soundness of operations or compliance with the applicable laws, regulations or regulatory policies. Regulators may find that the Bank is not in compliance with applicable laws, regulations or regulatory policies, or with the regulators' revised interpretations of such laws, regulations or regulatory policies, and may take formal or informal actions against the Bank. Such formal or informal actions might force the Bank to make additional provision for its non-performing assets, divest its assets, adopt new compliance programmes or policies, remove personnel, reduce dividend or executive compensation or undertake other changes to its business operations.

The Bank is responsible for contributing to compensation schemes in the UK in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers

The Financial Services and Markets Act 2000 (the "**FSMA**") established the Financial Services Compensation Scheme ("**FSCS**"), which pays compensation to eligible customers of authorised financial services firms which are unable, or likely to be unable, to pay claims against them. Claims on the FSCS are funded by levies on UK deposit-taking institutions. An institution's FSCS levy is linked to its share of the UK deposit market. The FSCS levy may have a material impact on the corporate profits of the Issuer. As a result of various claims under the FSCS, the Issuer, in common with all regulated UK deposit takers, has recently been subject to significantly increased FSCS levies. For the year ended 31 March 2023, the Bank charged U.S.$0.2 million to the income statement in respect of all statutory levies, which mainly include the Bank's share of the regular deposit protection charges.

There can also be no assurance that there will be no actions taken under the Banking Act 2009 that may lead to future claims against the FSCS, and concomitant increased FSCS levies payable by the Bank (and other regulated UK deposit takers). Any such increases in the Bank's costs and liabilities related to the levy may have a material adverse effect on its results and operations. Further costs and risks to the Bank may also arise from discussions at national and EU levels around the future design of financial services compensations schemes, including increasing the scope and level of protection and moving to pre-funding of compensation schemes.

In April 2014, the EU directive on deposit guarantee schemes ("**DGSD**") was adopted and EU Member States had until 3 July 2015 to implement it into national law, which the UK has done. The revised DGSD requires EU Member States to ensure that by 3 July 2024 the available financial means of the deposit guarantee schemes reach a minimum target level of 0.8 per cent. of the covered deposits of credit institutions and national schemes are to be funded through regular contributions before the event (ex-ante) to the deposit guarantee schemes. It is possible, as a result of these rules, that future FSCS levies on the Bank may differ from those at present, and such reforms could result in the Issuer incurring additional costs and liabilities, which may adversely affect its business, financial conditions and/or results of operations. From 30 January 2017, the deposit compensation limit is £85,000.

The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK banks, UK building societies, UK investment firms and UK recognised central counterparties which are considered to be at risk of failing. The exercise of any of these actions in relation to the Bank could materially adversely affect the value of any Notes

Under the Banking Act 2009 (the "**Banking Act**"), substantial powers are granted to HM Treasury, the Bank of England, the UK Prudential Regulation Authority ("**PRA**"), and the UK Financial Conduct Authority ("**FCA**"), (together, the "**Authorities**") as part of a special resolution regime (the "**SRR**"). These powers can be exercised, as applicable, by the Authorities in respect of a UK bank (such as the Bank), UK building society, UK investment firms or UK recognised central counterparty (each a "**relevant entity**") in circumstances in which the Authorities consider its failure has become likely and if certain other conditions are satisfied (depending on the relevant power) for example, to protect and enhance the stability of the financial system of the UK.

The SRR consists of five stabilisation options and two special insolvency procedures (bank administration and bank insolvency) which may be commenced by HM Treasury, the Bank of England, the Prudential Regulation Authority or Secretary of State, as the case may be. The stabilisation options provide for: (i) private sector transfer of all or part of the business of the relevant entity; (ii) transfer of all or part of the business of the relevant entity to a bridge bank wholly owned by the Bank of England; (iii) transfer of all or part of the business of the relevant entity to an asset management vehicle owned and controlled by the Bank of England; (iv) writing down certain claims of unsecured creditors of the relevant entity (including Notes) and/or converting certain unsecured debt claims (including Notes) to equity (the "**bail-in option**"), which equity could also be subject to any future cancellation, transfer or dilution; and (v) temporary public ownership (nationalisation) of all or part of the relevant entity or its UK holding company. In each case, the Authorities have wide powers under the Banking Act including powers to modify contractual arrangements in certain circumstances and powers for HM Treasury to disapply or modify laws (with possible retroactive effect)) to enable the stabilisation powers under the Banking Act to be used effectively.

In addition, the Banking Act provides the Authorities with the power to permanently write-down or convert capital instruments, such as Subordinated Notes, into equity at the point of non-viability and before any other resolution action is taken. Any shares issued to holders of Subordinated Notes upon any such conversion into equity may also be subject to any future cancellation, transfer or dilution.

The point of non-viability under the Banking Act is the point at which the relevant Authority determines that the relevant entity meets certain conditions (but no resolution action has yet been taken) or that the relevant entity or, in certain circumstances, group will no longer be viable unless the relevant capital instruments (such as Subordinated Notes) are written-down or converted.

The paragraphs below set out some of the possible consequences of the exercise of the powers under the SRR:

The SRR may be triggered prior to insolvency of the Bank

The purpose of the stabilising options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the relevant stabilisation options may be exercised if (a) the relevant Authority is satisfied that a relevant entity (such as the Bank) is failing, or is likely to fail, (b) following consultation with the other Authorities, the relevant Authority determines that it is not reasonably likely that (ignoring the stabilising options) action will be taken that will result in the condition referred to in

(a) ceasing to be met, and (c) the Authorities consider the exercise of the stabilisation options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial system, public confidence in the UK banking system and the protection of depositors). It is therefore possible that one of the stabilisation options could be exercised prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated.

Various actions may be taken in relation to the Notes without the consent of the Noteholders

If the stabilisation options were exercised under the SRR in respect of the Bank, HM Treasury or the Bank of England may exercise extensive powers, including share transfer powers (applying to a wide range of securities), property transfer powers (including powers for partial transfers of property, rights and liabilities subject to certain protections in respect of the Bank) and resolution instrument powers (including powers to make special bail-in provisions).

Exercise of these powers could involve taking various actions in relation to any securities issued by the Bank (including Notes) without the consent of the Noteholders, including (among other things):

(i) transferring Notes notwithstanding any restrictions on transfer and free from any trust, liability or encumbrance;

(ii) delisting Notes;

(iii) writing down the principal amount of Notes and/or converting Notes into another form or class (which may include, for example, conversion of Notes into equity securities);

(iv) modifying any interest payable in respect of the Notes, the maturity date or the dates on which any payments are due, including by suspending payment for a temporary period;

(v) disapplying certain terms of Notes, including disregarding any termination or acceleration rights or events of default under the terms of Notes which would be triggered by the exercise of the powers and certain related events; and/or

(vi) where property is held on trust, removing or altering the terms of such trust.

The taking of any such actions could adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of the Bank to satisfy its obligations under the Notes. In such circumstances, Noteholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Noteholders would thereby recover compensation promptly or equal to any loss actually incurred.

A partial transfer of the Bank's business may result in a deterioration of its creditworthiness

If the Bank was made subject to the SRR and a partial transfer of its business to another entity was effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with the Bank (which may include the Notes) would result in a deterioration in the creditworthiness of the Bank and, as a result, increase the risk that it will be unable to meet its obligations in respect of the Notes and/or eventually become subject to administration or insolvency proceedings pursuant to the Banking Act. In such circumstances, Noteholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Noteholders would thereby recover compensation promptly or equal to any loss actually incurred.

Depositor preference

In addition, amendments to the UK Insolvency Act 1986 have introduced changes to the treatment and ranking of certain preferential debts with the result that certain eligible deposits will rank in priority to the claims of ordinary (i.e. non-preferred) unsecured creditors in the event of an insolvency. This means that the claims of holders of Notes would rank junior to the claims in respect of liabilities afforded preferred status and accordingly, in the event of insolvency or resolution of the Issuer, Notes would be available to absorb losses ahead of liabilities which benefit from such preference.

As at the date of this Offering Circular, the relevant Authorities have not made an instrument or order under the Banking Act in respect of the Bank and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such order or instrument if made.

Effective capital management is important for the Bank's business performance in the changing business and regulatory environment

On 16 December 2010, 13 January 2011, 12 January 2014 and in December 2017, the Basel Committee issued guidance on a number of fundamental reforms to the regulatory capital framework (such reforms being commonly referred to as "**Basel III**"), including additional capital requirements, higher capital ratios, more stringent eligibility requirements for capital instruments, a new leverage ratio and liquidity requirements.

The Basel III reform package has been implemented in the EEA through a regulation (the "**Capital Requirements Regulation**" or "**CRR**") and an associated directive (the "**Capital Requirements Directive**" or the "**CRD**", together "**CRD IV**"). CRR establishes a single set of harmonised prudential rules which apply directly to all credit institutions in the EEA, with CRD containing less prescriptive provisions to be transposed into national law. These regulations were implemented from 1 January 2014. Pursuant to the UK's withdrawal from the EU and the end of the transition period, any reference to EU regulations and directives (including technical standards) should be read as a reference to the UK's version of such regulation or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018, as amended. Certain Basel III standards in UK were implemented with effect from 1 January 2022, which broadly corresponds to areas covered by the EU CRR II amendments.

The Bank is required to meet minimum capital, leverage, loss-absorbing capacity and liquidity standards under PRA rules originally drafted to implement Directive 2013/36/EU, as well as under the Capital Requirements (Amendment) (EU Exit) Regulations 2018, the UK CRR and associated technical standards, supervisory and policy statements, and implementing measures and as amended by HM Treasury and the PRA following 31 December 2020 (together, "**CRD V**"). On 30 November 2022, the PRA published consultation paper CP16/22 concerning the implementation of the remaining Basel III standards with a proposed implementation date of 1 January 2025, which include a revised standardised approach for credit risk, the elimination of modelled approaches for certain credit risk exposure categories, a new standardised approach for operational risk, a new market risk approach and the implementation of an output floor requiring reported risk-weighted assets ("**RWAs**") calculated under standardised and modelled approaches to be a minimum of 72.5 per cent. of fully standardised calculations.

Furthermore, the Bank is exposed to the risk that the PRA or the Bank of England ("**BoE**") in its capacity as the UK's resolution authority could increase the minimum regulatory requirements or additional capital, loss-absorbing capacity, liquidity or leverage buffers set for the Bank, introduce changes to the basis on which capital, loss-absorbing capacity, liquidity, leverage and RWA are computed; and/or change the manner in which it applies existing requirements to or impose new regulatory requirements on the Bank.

As a result, the Bank may be required to raise capital, loss-absorbing capacity and/or liquidity to meet any of the foregoing requirements (or to meet any changes, or changes to the application of, such requirements) or take other actions to ensure compliance, which could have a material adverse impact on the Bank's financial condition, results of operations and prospects.

The Bank's ability to maintain its regulatory capital, loss-absorbing capacity and leverage ratios in the longer term could also be affected by a number of factors, including its RWA and exposures, post-tax profit, exchange rate movements and fair value adjustments. Capital levels and requirements are sensitive to changes in market and economic conditions under the Basel III standards and effective requirements for capital and loss-absorbing capacity could increase if economic or financial market conditions worsen.

The PRA also has additional tools to require firms to hold additional capital, including, for example, a "PRA buffer" that applies in addition to the combined buffer and total capital requirement. The PRA buffer is intended to ensure the Bank remains well capitalised during periods of stress. It is understood that to set the PRA buffer, the PRA considers results from the BoE stress test as well as other relevant information. The PRA buffer is additional to the combined buffer and total capital requirement, and is applied if and to the extent that the PRA considers existing capital buffers do not adequately address the Bank's risk profile. Where the PRA assesses a firm's risk management and governance to be significantly weak, it may also set the PRA buffer to cover the risk posed by those weaknesses until they are addressed. Accordingly, there is a risk that the Bank will be required to hold higher levels of or better quality capital than is currently anticipated or planned for. If and to the extent that the PRA adopts capital or other requirements which exceed existing capital requirements, this may adversely impact the Bank's competitiveness relative to any banks and financial institutions subject to less stringent requirements.

The Bank is also required to ensure that the amount of stable sources of funding to which it has access (i.e. liquidity) meets a ratio prescribed by the UK CRR. Institutions for which bail-in is the appropriate resolution strategy are also required to hold certain amounts of loss-absorbing capital (i.e. minimum requirements for own funds and eligible liabilities ("**MREL**")).

The BoE published a statement of policy on its approach to setting MREL for UK banks, building societies and the large investment firms on 8 November 2016. MREL is set on a firm-specific basis by reference to three broad resolution strategies: a modified bank insolvency process, a partial transfer or a bail-in. MREL is set in two phases, with institutions required to comply with interim requirements by 2020 and with end-state requirements by 2022.

In May 2017, the BoE published indicative MREL amounts for seven global and domestic systemically important UK banks, as well as eight other UK banks and building societies that currently have a resolution plan that involves the use of resolution tools by the BoE (rather than reliance on the insolvency regime). The Bank is not one of these 15 institutions. Given the BoE's preferred resolution strategy for the Bank is a modified bank insolvency process, the Bank does not, and does not expect to have an MREL requirement set above its going concern capital requirements unless the applicable resolution strategy is changed. The BoE reviews the MREL set for all relevant firms on an annual basis. Any change to the Bank's MREL requirement could increase the Bank's costs and could adversely impact its financial condition and prospects.

If the regulatory capital, leverage, loss-absorbing capacity, liquidity or other requirements applied to the Bank are increased in the future, this may have an adverse effect on the Bank's financial condition, results of operations and prospects. In addition, any failure by the Bank to satisfy such increased requirements could result in regulatory intervention or sanctions (including loss or suspension of a banking licence) or significant reputational harm, which in turn may have a material adverse effect on the Bank's financial condition, results of operations and prospects.

The Bank may also be impacted by the implementation of further regulations which are currently under consultation or yet to be finalised or transposed (where applicable) into domestic law. An example of this is the consultation published in November 2022 on implementation of the remaining Basel III standards (CP 16/22, as referred to above). Such changes in regulation, if implemented and/or when finalised may, directly or indirectly, give rise to increased regulatory capital, leverage, loss-absorbing capacity and liquidity requirements for the Bank and could materially adversely affect the Bank's business, financial condition, results of operations and prospects.

As at 31 March 2023, the Bank's total capital ratio was 27.1% with a CET1 and Tier 1 ratio of 21.5%. The minimum ratios to be maintained by the Bank for CET1, Tier 1 and total capital were 8.7%, 10.6% and 13.2%, respectively.

Failure by the Bank to adequately address PRA requirements regarding liquidity and other threshold conditions could adversely affect the Bank's business

The Bank has implemented the PRA's liquidity regime requirements including the CRD IV liquidity guidelines. As per the guidelines, the Bank has prepared an ILAAP document outlining the risk appetite of the Bank. Any failure by the Bank to address any additional liquidity and other threshold requirements would have an adverse effect on the Bank's business. Further, there can be no assurance that future changes to such requirements would not adversely impact on the Bank's operating results, financial condition and prospects.

Under CRD IV, banks are required to meet two liquidity standards, comprising the Liquidity Coverage Ratio ("**LCR**") and the Net Stable Funding Ratio ("**NSFR**") metrics, which are aimed to promote the short-term resilience of banks' liquidity risk profiles by ensuring they have sufficient high-quality liquid assets to survive a significant stress scenario and a longer-term resilience by creating incentives for banks to fund their activities with more stable sources of funding on an on-going basis.

The LCR is intended to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets which can be used to offset the net cash outflows the bank could encounter under a short-term significant liquidity stress scenario. The LCR was introduced in the UK on 1 October 2015 and the minimum requirement for UK banks is now 100 per cent. The Bank currently meets the minimum requirements set by the PRA. However, there can be no assurance that future changes to the applicable liquidity requirements would not have an adverse effect on the financial condition of the Bank, the results of its operations and its prospects.

The NSFR, set at a minimum level of 100%, and which requires banks to have sufficient stable funding to meet its funding needs over a one-year horizon, became a binding requirement from 1 January 2022, following the adoption of the proposal for a regulation amending CRR as part of the banking reform package (see "*Investment Considerations – Effective capital management is important for the Bank's business performance in the changing business and regulatory environment*").

As at 31 March 2023, the Bank maintained its LCR and NSFR at 226.8% and 147.7%, respectively.

There is a risk that implementing and maintaining existing and new liquidity requirements, such as through enhanced liquidity risk management systems, may incur significant costs, and more stringent requirements to hold liquid assets may materially affect the Bank's lending business as more funds may be required to acquire or maintain a liquidity buffer, thereby reducing future profitability. This could in turn adversely impact the Bank's operating results, financial condition and prospects.

The Bank has an international presence, which has increased the complexity of the risks it faces

In 2006, the Bank started operations in Belgium, and in 2008 expanded its operations in Germany using its direct banking product offering through a branch. This increased the complexity of regulations applicable in different jurisdictions, and exposed the Bank to a variety of regulatory and business challenges, including cross-cultural risk, and has increased the complexity of the Bank's risks in a number of areas including currency risks, interest rate risks, compliance risk, regulatory risk, reputation risk and operational risk.

On 23 June 2016 the UK held a referendum to decide on the UK's membership of the European Union (the "**EU**"). The UK vote was to leave the EU. Based on the outcome of the referendum, UK delivered the formal notice of its intention to leave the EU under Article 50 of the Lisbon Treaty on 29 March 2017, thereby setting 29 March 2019 as an exit date (which was later extended). From 1 January 2021, the UK formally left the EU. The Bank's business operations in Germany as a passported branch was converted to a third country branch effective 1 December 2020. The Branch complies with the rules and regulation of a third country branch in Germany. The Bank has ensured appropriate infrastructure in place to run Germany operations as a third country branch which included implementation of the required organisation structure, policies, procedures and governance framework. The Bank and its Germany branch operate as a single legal entity with the Board and Board committees operating at the Bank's level.

The Bank also decided to close its branch in Belgium for strategic reasons. The closure of the branch was approved by the National Bank of Belgium effective 29 March 2019.

The Bank is exposed to fluctuations in foreign exchange rates

As a financial intermediary, the Bank is exposed to exchange rate risk. Although the Bank monitors adverse exchange rate movements (and, in some cases, may seek to hedge against such movements), it is difficult to predict changes in economic or market conditions with accuracy and to anticipate the effects that such changes could have on the Bank. The Bank's exposure to cross-border or foreign currency obligations gives rise to transfer and convertibility risks, which arise from the possibility that a government is unable or unwilling to make foreign currency available for remittance out of the country, thereby preventing, amongst other things, its use in settlement of cross-border arrangements. Unless suitable mitigation is in place to transfer the exposure to an alternative country of risk (e.g. offshore cash collateral, comprehensive credit insurance), transfer and convertibility risks could result in counterparties being unable to discharge their obligations to the Bank when due. Any adverse movements and volatility in foreign exchange rates may adversely affect the Bank's borrowers and the quality of the Bank's exposure to its borrowers and its business.

The Bank's business is very competitive and its growth strategy depends on its ability to compete effectively

The Bank faces intense competition from the full range of competitors in the financial services industry, as well as non-banking financial institutions. The Bank remains a small player in the international financial markets and many of its competitors have resources much greater than its own. Due to competitive pressures, the Bank may not be able to successfully execute the Bank's growth strategy and offer products and services at reasonable returns and this may adversely impact the Bank's business.

The Bank is subject to credit, market and liquidity risk which may have an adverse effect on its credit ratings and its cost of funds

To the extent any of the instruments and strategies the Bank uses to hedge or otherwise manage its exposure to market, credit and/or liquidity risk are not effective, the Bank may not be able to effectively mitigate its risk exposures in particular to market environments or against particular types of risk. The Bank's balance sheet growth will be dependent upon economic conditions, as well as upon its determination to securitise, sell, purchase or syndicate particular loans or loan portfolios. The Bank's trading revenues and interest rate risk exposure are dependent upon its ability to properly identify, and mark to market, changes in the value of financial instruments caused by changes in market prices or rates. The Bank's earnings are dependent upon the effectiveness of its management of credit quality and risk concentrations, the accuracy of its valuation models and its critical accounting estimates and the adequacy of its allowances for loan losses. To the extent its assessments, assumptions or estimates prove inaccurate or not predictive of actual results, the Bank could suffer higher than anticipated losses. The successful management of market, credit and operational risk is an important consideration in managing its liquidity risk because it affects the evaluation of its credit ratings by rating agencies. Rating agencies may reduce or indicate their intention to reduce the ratings at any time. The rating agencies can also decide to withdraw their ratings altogether. Any reduction in the Bank's ratings (or withdrawal of ratings) may increase its borrowing costs, limit its access to capital markets and adversely impact its ability to sell or market its products, engage in business transactions, particularly long-term and derivatives transactions, or retain their customers. This, in turn, could reduce its liquidity and negatively impact its operating results and financial condition. The Bank has established a risk management framework detailing the processes for on-going monitoring, reporting and mitigation of key risks to which the Bank is exposed. See "*Description of the Issuer – Risk Management Framework*".

There is operational risk associated with the banking industry which, when realised, may have an adverse impact on the Bank's business

The Bank is exposed to many types of operational risks, including the risk of fraud or other misconduct by employees or outsiders, unauthorised transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing the business activities), or operational errors, including clerical or record-keeping errors or errors resulting from faulty computer or telecommunications systems or loss or theft of data. Although the Bank maintains a system of controls designed to keep operational risk at appropriate levels, there can be no assurance that it will not suffer losses from significant operational risks in the future, and its reputation could be adversely affected by the occurrence of any such event involving its employees, customers or third parties.

Inability of the Bank to align its risk management systems in line with growth in its business activities may adversely impact the Bank's business

Management of the Bank's risks requires substantial resources. Although the Bank's management believes that its IT and management information system, policies and procedures are adequate for purposes of measuring, monitoring and managing the Bank's exposure to credit, market, operational, liquidity and other risks in the context of its existing business, as the Bank's business continues to grow and develop, the Bank's risk profiles may change. The Bank continually assesses its risk management infrastructure and resources. However, in the event that the Bank's risk management systems are not developed in line with growth in the Bank's business and related shift in its risk profile, this could have a material adverse effect on the Bank's business, financial condition or results of operations.

The Bank depends on the accuracy and completeness of information about customers and counterparties

In deciding whether to extend credit to or enter into transactions with customers and counterparties, the Bank may rely on information furnished to it by or on behalf of customers and counterparties, including financial statements and other financial information. The Bank may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit, the Bank may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. The Bank's financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or other information that is materially misleading.

Fraud and significant security breaches in the Bank's computer system and network infrastructure could adversely impact its business

The Bank's business operations are based on a high volume of transactions. Although the Bank takes adequate measures to safeguard against system-related and other fraud, there can be no assurance that it would be able to prevent fraud. The Bank's reputation could be adversely affected by fraud committed by employees, customers or outsiders. Physical or electronic break-ins, security breaches, other disruptive problems caused by the Bank's increased use of the Internet or power disruptions could also affect the security of information stored in and transmitted through the Bank's computer systems and network infrastructure. Although the Bank has implemented security technology and operational procedures to prevent such occurrences, there can be no assurance that these security measures will be successful. A significant failure in security measures could have a material adverse effect on the Bank's business, its future financial performance, its stockholders' equity and the price of the Notes.

If the Bank is unable to adapt to rapid technological changes, its business could suffer

The Bank's future success will depend in part on its ability to respond to technological advances and to emerging banking industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that the Bank will successfully implement new technologies effectively or adapt its transaction processing systems to meet customer requirements or emerging industry standards. If the Bank is unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, its business, the future financial performance of the Bank and the trading price of the Notes could be materially affected.

The Bank implements new information technology systems as it expands and may experience technical difficulties with their implementation

The Bank implemented and continues to implement new information technology ("**IT**") systems to facilitate and complement its growth. As the Bank implements additional IT platforms, unforeseen technical difficulties may cause disruption in the Bank's operations. Such disruptions could significantly affect the Bank's operations and quality of its customer service and could result in business and financial losses, which could adversely affect the profitability of the Bank and the trading price of the Notes. As the Bank's risk management systems evolve and as its operations become more reliant upon technology to manage and monitor its risk, any failure or disruption could materially and adversely affect its operations and financial position.

System failures could adversely impact the Bank's business

Given the share of retail products and services and transaction banking services in the Bank's total business, the importance of systems technology to the Bank's business has increased significantly. The Bank's principal delivery channels include the Internet, branches and call centres. Any failure in the Bank's systems, particularly for retail products and services and transaction banking, could significantly affect the Bank's operations and the quality of its customer service and could result in business and financial losses and adversely affect the price of the Notes.

Any inability to attract and retain talented professionals may adversely impact the Bank's business

Attracting and retaining talented professionals is a key element of the Bank's strategy and the Bank believes it to be a significant source of competitive advantage. The Bank follows a conservative and comprehensive approach towards remuneration. The Bank has adopted and implemented a Remuneration Policy which has been approved by the Board Governance Committee. The Bank ensures that it adheres to the Remuneration Code guidelines published by the PRA and FCA. However, if competitors are able to provide better remuneration, this may affect the Bank's ability to retain its employees.

The Bank's inability to attract and retain talented professionals or the loss of key management personnel could have an adverse impact on its business.

Adoption of a different basis of accounting or new accounting standards may result in changes in the reported financial position and results of operations of the Bank for future and prior periods

The financial statements and other financial information included in this Offering Circular are based on the unconsolidated financial statements of the Bank prepared under the financial reporting standards ("**FRS**") which had replaced UK GAAP in its entirety. The Bank had adopted FRS from the fiscal year ended 31 March 2016. It is expected that UK accounting standards will converge with International Financial Reporting Standards and the Bank will be required to prepare financial statements under International Financial Reporting Standards. Currently, International Financial Reporting Standards are not mandatory for companies based in the UK. The financials under IFRS may diverge from the financial statements and other financial information prepared under prevailing FRS.

Risks related to liquidity, particularly traditional sources of funding like retail deposits, and competition in the retail deposit market

The Bank's funding requirements are also met through short-term funding sources, primarily in the form of deposits. High volumes of deposit withdrawals or failure of a substantial number of the Bank's depositors to roll over deposited funds upon maturity or to replace deposited funds with fresh deposits as well as the Bank's inability to grow the Bank's deposit base, would have an adverse effect on the Bank's liquidity position, its business and future financial performance. The Bank's ability to access retail and wholesale funding sources on satisfactory economic terms is subject to a variety of factors, such as liquidity constraints, general market conditions, regulatory requirements and loss of confidence in the UK banking system. The availability of retail deposit funding is also dependent on several factors beyond the Bank's control, such as general economic conditions and market volatility, the confidence of retail depositors in the economy in general and in the Bank in particular, the financial services industry specifically and the availability and extent of deposit guarantees. These or other factors could lead to a reduction in the Bank's ability to access retail deposit funding on appropriate terms in the future.

Competition in the UK personal financial services markets may adversely affect the Bank's operations

As the wholesale funding market has become more challenging, there has been greater competition for retail deposits. Competition may intensify further in response to consumer demand, technological changes, the impact of consolidation by the Bank's competitors, regulatory actions and other factors.

The FCA launched its Strategic Review of Retail Banking Business Models in May 2017 to evaluate matters relating to competition and conduct. This review was intended to ensure that the FCA's regulatory approach remains fit for purpose as well as to protect customers and promote effective competition. The FCA's Final Report into retail banking business models was published in December 2018 and a further revised report was published in January 2022. Amongst other findings, the report found that low levels of consumer engagement have historically contributed to high barriers to entry and expansion, competition in the mortgage market has intensified, which has caused yields to come down, yields on consumer credit have fallen, particularly on unarranged overdrafts and increased competition and innovation have improved outcomes for some consumers and small businesses but others, particularly consumers with heavy branch usage or lower balances, may have had unfavourable outcomes.

If the Bank's customer service levels were perceived by the market to be materially below those of competitor UK financial institutions, the Bank could lose existing and potential new business. If the Bank is not successful in retaining and strengthening customer relationships, it may lose market share, incur losses on some or all of its activities or fail to attract new deposits or retain existing deposits, which could have a material adverse effect on its business.

Reputational risk could cause harm to the Bank and its business prospects

Reputation risk, or the risk to the Bank's business, earnings and capital from negative publicity, is inherent in the Bank's business. The reputation of the financial services industry in general has been closely monitored as a result of the financial crisis and other matters affecting the financial services industry. Negative public opinion about the financial services industry generally or the Bank specifically could adversely affect its ability to keep and attract customers, and expose the Bank to litigation and regulatory action. Reputational issues include, but are not limited to customer service and record-keeping, technology failures that impact customer services and accounts; improper sales and trading practices, proper identification of the conduct, legal, reputational, credit, liquidity and market risks inherent in products offered; and general company performance. A failure to address these issues appropriately could make customers unwilling to do business with the Bank, which could adversely affect its business, financial condition and results of operations. Although the Bank takes steps to minimise reputation risk in dealing with customers and other constituencies, the Bank is inherently exposed to this risk.

Statistical, industry and financial data obtained from industry publications and other third-party sources may be incomplete or unreliable

The Bank has not independently verified certain data obtained from industry publications and other third-party sources referred to in this Offering Circular. Therefore, while it believes them to be true, the Bank cannot assure Noteholders that they are complete or reliable. Such data may also be produced on different bases from those used in the industry publications it has referenced. Therefore, discussions of matters relating to the UK, its economy and the industries in which the Bank currently operates are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable.

Any force majeure events, including occurrence of natural disasters or outbreaks of contagious diseases (such as COVID-19) may have an adverse effect on the Bank's business operations, financial condition and results of operations

Any force majeure events, such as the occurrence of natural disasters or outbreaks of health epidemics and contagious diseases, including but not limited to the COVID-19 outbreak, all variants of the avian influenza, severe acute respiratory syndrome, Middle East Respiratory Syndrome, Ebola virus and swine flu caused by H1N1 virus, may adversely affect the Bank's business, financial condition and results of operations. Possible force majeure events may give rise to additional costs to be borne by the Bank and have adverse effects on the quality of the Bank's assets, business, financial condition and results of operations. An outbreak of a health epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activity in affected areas, which may in turn adversely affect the Bank's business, financial condition and results of operations.

RISKS RELATING TO INDIA AND THE PARENT'S OPERATIONS

As a subsidiary of an Indian bank, the Bank is exposed to possible risks affecting the Parent which could impair the ability of the Parent to support the Bank, if required. Set out below is a description of certain such risks.

A prolonged slowdown in economic growth or rise in interest rates in India could cause Parent's business to suffer

The Parent's assets and customers are predominantly located in India. As a result, any prolonged slowdown in the Indian economy could adversely affect the Parent's business and its borrowers and contractual counterparties. An economic slowdown and a general decline in business activity in India could impose stress on the Parent's borrowers' financial soundness and profitability and thus expose it to increased credit risk.

India's gross domestic product declined by 6.6% in fiscal year 2021 as the outbreak of the COVID-19 pandemic and consequent lockdowns and other containment measures negatively impacted economic activity during the year. India's gross domestic product grew by 8.7% in fiscal year 2022 and by 7.2% in fiscal year 2023.

Economic growth in India is also influenced by inflation, interest rates, external trade and capital flows. The level of inflation or depreciation of the Indian rupee may limit monetary easing or cause monetary policy tightening. Any increase in inflation, due to increases in domestic food prices or global prices of commodities, including crude oil, the impact of currency depreciation on the prices of imported commodities and additional pass through of higher fuel prices to consumers, or otherwise, may result in a tightening of monetary policy.

Uncertainties remain in the global environment due to geo-political tensions, uncertainties around global growth recovery, volatility in commodity prices and an increase in inflation. Adverse changes to global liquidity conditions, comparative interest rates and risk appetite could lead to significant capital outflows from India, which could adversely affect the Parent's business. For instance, the increased uncertainties and risk aversion caused by the COVID-19 pandemic led to significant net outflows of investments by foreign portfolio investors from Indian equity and debt markets in an aggregate amount of approximately U.S.$14.7 billion during the three months ended 31 March 2020. There was a net outflow of investments by foreign portfolio investors of approximately U.S.$16.0 billion in fiscal year 2022 and approximately U.S.$5.5 billion in fiscal year 2023.

A slowdown in global growth may impact India's exports. Sharp and sustained price reductions of globally traded commodities such as metals and minerals in the event of a global slowdown may negatively impact the Parent's borrowers in these sectors. Global trade disputes, protectionist measures and counter-measures could impact trade and capital flows and negatively affect the Indian economy, which could adversely affect the Parent's business. Developments in technology, such as artificial intelligence, may impact businesses, including the Parent's and its customers' businesses, and influence global and Indian employment markets, with an impact on employment and incomes of the Parent's existing and potential customers.

Adverse economic conditions in India due to movements in global capital, commodity and other markets, changes in business due to technology or adverse impact of any natural disasters could result in reduction of demand for credit and other financial products and services, increased competition, and higher defaults among corporate, small business, retail and rural borrowers, which could adversely impact the Parent's business, financial performance, stockholders' equity, ability to implement strategy and the prices of its equity shares.

Any downgrade of India's credit rating or the Parent's credit rating by an international credit rating agency could adversely affect the Parent's and the Bank's businesses and their respective liquidity

Any adverse revisions to India's credit ratings by international rating agencies may adversely impact the Parent's and the Bank's businesses, and limit their access to capital markets and adversely impact their liquidity position and market perception.

The Parent is rated by Moody's and Standard and Poor's in international markets. In June 2020, Moody's lowered the sovereign rating for India from Baa2 to Baa3, with a negative outlook due to the impact of the COVID-19 pandemic on the Government of India's fiscal position and the stress in the financial sector. In 2021, both the rating agencies revised the outlook on the Parent's ratings from negative to stable, while maintaining the rating on its senior unsecured foreign currency debt at BBB- by Standard and Poor's and Baa3 by Moody's. The credit ratings have been maintained since 2021.

Rating agencies may also change their methodology for rating banks or their assessment of specific parameters which may impact the Parent's ratings. In April 2020, Moody's revised its assessment of government support for Indian private sector banks in view of the mechanism of resolution for a stressed private sector bank. Such revisions in assessment methodologies could adversely impact the rating of private sector banks compared to public sector banks.

Given the significant uncertainties caused by global economic challenges, there can be no assurance that rating agencies will maintain their views on India's sovereign rating or that the Parent and its subsidiaries and affiliates will be able to meet the expectations of rating agencies and maintain their credit ratings.

Financial difficulty and other problems in the Indian financial system could have an adverse impact on the Parent's business

The Parent was declared a systemically important bank in India by the Reserve Bank of India in August 2015 and have continued to be categorised as systemically important in subsequent years. The Parent is not treated as a global systemically important bank, either by the Financial Stability Board or the Reserve Bank of India. As a systemically important Indian bank, the Parent is exposed to the risks of the Indian financial system which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Transactions with such financial institutions facing financial difficulties exposes the Parent to credit risk in the event of default by the counterparty, which can be exacerbated during periods of market illiquidity. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions and adversely affect the Bank's business as a subsidiary of an Indian Bank.

As an emerging market economy, the Indian financial system faces risks of a nature and to an extent not typically faced in developing countries. The Parent's credit risk may be higher than the credit risk of banks in some developed economies. Also, its access to information about the credit histories of borrowers, especially individuals and small businesses, may be limited relative to what is typically available for similar borrowers in developed economies. In addition, the credit risk of the Parent's borrowers is often higher than borrowers in more developed economies due to the evolving Indian regulatory, political, economic and industrial environment. The directed lending norms of the Reserve Bank of India requires the Parent to lend a certain proportion of loans to "priority sectors", including agriculture and small enterprises, where it is less able to control the portfolio quality and where economic difficulties are likely to affect borrowers more severely.

The Parent may also face the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme. For example, during September and October of 2008, following the disclosure of the Parent's exposure to Lehman Brothers and other U.S. and European financial institutions, rumours circulating about the Parent's financial position concerned its customers and, as a result, the Parent witnessed higher than normal transaction levels in a few days. Although the Parent managed to bring such instances under control, failure to control such situations in the future could result in a high volume of deposit withdrawals which would adversely impact the Parent's liquidity position, disrupt its business and, in times of market stress, undermine its financial strength.

The policy and regulatory environment for financial institutions is facing unprecedented changes

A significant change in the Indian government's policies or any market volatility as a result of uncertainty surrounding India's macroeconomic policies could adversely affect the Parent's business. The Parent's business and customers are predominantly located in India or are related to and/or influenced by the Indian economy. The Indian government has traditionally exercised, and continues to exercise, a dominant influence over many aspects of the economy. Its economic policies could adversely affect business and economic conditions in India, the Parent's ability to implement its strategy and its future financial performance. In addition, investments by the corporate sector in India may be impacted by government policies and decisions, including with respect to awards of licences and resources, access to land and natural resources and policies with respect to protection of the environment. Such policies and decisions may result in delays in the execution of projects, including those financed by the Parent, and thereby impact the Parent's business. The pace of economic liberalisation could change, and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in the Bank's securities could also change. There could also be one-time decisions by the government of India, which could impact the Parent's business and financial performance. Further, the global financial crisis in 2008 has led to significant and unprecedented changes in the laws, regulations and regulatory policies of India and the other jurisdictions in which the Parent operates. Global and domestic regulatory reforms may lead to changes in laws and policies affecting banking and finance companies, foreign investment and currency exchange, which could also adversely affect the Parent's business and its future financial performance. Furthermore, these revisions may also restrict the Parent's ability to make further investments in its international subsidiaries, adversely affecting the Parent's ability to support the Bank financially.

RISKS RELATING TO THE NOTES

There is no existing market for any Notes issued under the Programme and therefore an investment in any Notes may be illiquid

There is no existing market for any Notes issued under the Programme. The Dealers have made no commitment and have no obligation to make a market in the Notes. Therefore, no assurance can be given that any Dealer will actually make a market in any Notes that are issued under the Programme, or if it does, that it will continue to make a market in the future. No assurance can be given that an active trading market for any Notes will develop and therefore the liquidity of the Notes may be considerably less than for comparable emerging market securities.

No limitation on issuing senior or *pari passu* securities in respect of Subordinated Notes

There is no restriction on the amount of securities which the Issuer may issue and which rank senior to, or *pari passu* with, the Subordinated Notes. The issue of any such securities may reduce the amount recoverable by holders of Subordinated Notes in case of a winding-up of the Issuer. The Subordinated Notes are subordinated obligations of the Issuer. Accordingly, in the winding-up of the Issuer, there may not be a sufficient amount to satisfy the amounts owing to the holders of Subordinated Notes.

If the Issuer does not satisfy the Issuer's obligations under the Notes, Noteholders' remedies will be limited

Payment of principal of the Notes may be accelerated only in the event of certain events involving the Issuer's bankruptcy, winding up or dissolution or similar events or otherwise if certain conditions have been satisfied. See "*Terms and Conditions of the Notes – Events of Default and Enforcement*".

The book-entry registration system of the Notes may reduce the liquidity of any secondary market for the Notes and may limit the receipt of payments by the beneficial owners of the Notes

As transfers of interests in the global notes can be effected only through book entries at Clearstream, Euroclear and the CMU Service in the case of the global notes to be issued in reliance on Regulation S, for the accounts of their respective participants, the liquidity of any secondary market for global notes may be reduced to the extent that some investors are unwilling to hold notes in book-entry form in the name of a Clearstream, Euroclear or the CMU Service participant. The ability to pledge interests in the global notes may be limited due to the lack of a physical certificate. Beneficial owners of global notes may, in certain cases, experience delay in the receipt of payments of principal and interest since such payments will be forwarded by the paying agent to Clearstream, Euroclear or the CMU Service, as applicable, who will then forward payment to their respective participants, who (if not themselves the beneficial owners) will thereafter forward payments to the beneficial owners of the interests in the global notes. In the event of the insolvency of Clearstream, Euroclear, the CMU Service or any of their respective participants in whose name interests in the global notes are recorded, the ability of beneficial owners to obtain timely or ultimate payment of principal and interest on global notes may be impaired.

The Issuer's obligations under Subordinated Notes are subordinated

The payment obligations of the Issuer under Subordinated Notes will rank behind Senior Notes. Subordinated Notes constitute unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of the Notes in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to investors' overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Noteholders' rights to receive payments on the Notes are junior to certain tax and other liabilities preferred by law

The Notes will be subordinated to certain liabilities preferred by law such as claims of the relevant tax authority on account of taxes, and certain liabilities incurred in the ordinary course of the Bank's trading or banking transactions.

In particular, in the event of bankruptcy, liquidation or winding up, the Bank's assets will be available to pay obligations on the Notes only after all of those liabilities of the Bank that rank senior to such Notes have been paid. In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Notes.

The Notes are subject to transfer restrictions

The Notes will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States and may be offered and sold only to certain persons in offshore transactions in reliance on Regulation S, or pursuant to another exemption from, or in another transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws. For a further discussion of the transfer restrictions applicable to the Notes, see "*Subscription and Sale*".

The Notes do not restrict the Bank's ability to incur additional debt, repurchase the Bank's Notes or to take other actions which could negatively impact holders of the Notes

The Bank is not restricted under the terms of the Notes from incurring additional debt, including secured debt, or from repurchasing the Bank's Notes. In addition, the covenants applicable to the Notes do not require the Bank to achieve or maintain any minimum financial results relating to the Bank's financial position or results of operations. The Bank's ability to recapitalise, incur additional debt and take other actions are not limited by the terms of the Notes and could have the effect of diminishing the Bank's ability to make payments on the Notes when due.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his/her account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his/her account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Subordinated Notes have only limited rights of acceleration

The relevant Pricing Supplement may specify that the Notes will be Subordinated Notes (as defined in Condition 3.2 of the Terms and Conditions of the Notes). Subordinated Notes will constitute unsecured and subordinated obligations of the Bank and will rank *pari passu* and without preference among the Tier 2 Capital. The Subordinated Notes are not deposits and are not insured by the Bank or guaranteed or insured by any party related to the Bank and they may not be used as collateral for any loan made by the Bank. In the event of a liquidation or winding up of the Bank, the claims of the holders of the Tier 2 Capital and any relative receipts pursuant thereto will be subordinated in right of payment to the claims of all other creditors (other than claims of holders ranking equal to or lower than the claims of the holders of the Tier 2 Capital and any relative receipts, if any) of the Bank in the manner and to the extent provided in the Trust Deed.

As a consequence of these subordination provisions, in the event of a winding-up of the Bank's operations, the holders of the Subordinated Notes may recover proportionately less than the holders of more senior-ranking liabilities, including the Bank's deposit liabilities and other unsubordinated liabilities.

Upon the occurrence of a Trigger Event, clearance and settlement of the Subordinated Notes will be suspended and there may be a delay in updating the records of the relevant clearing system to reflect the amount written-down

Following the receipt of a Write-down Notice, all clearance and settlement of the Subordinated Notes will be suspended. As a result, Noteholders will not be able to settle the transfer of any Subordinated Notes during the suspension period and any sale or other transfer of the Subordinated Notes that a Noteholder may have initiated prior to the commencement of the suspension period that is scheduled to settle during the suspension period will be rejected by the relevant clearing system and will not be settled within the relevant clearing systems. The update process of the relevant clearing system may only be completed after the date on which the Automatic Write-down is scheduled. Notwithstanding such delay, holders of the Subordinated Notes may lose the entire value of their investment in the Subordinated Notes on the date on which the Automatic Write-down occurs. No assurance can be given as to the period of time required by the relevant clearing system to complete the update of their records or the availability of procedures in the relevant clearing systems to effect any Automatic Write-down. Furthermore, the conveyance of notices and other communications by the relevant clearing system to their respective participants, by those participants to their respective indirect participants, and by the participants and indirect participants to beneficial owners of interests in the Global Note will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Decisions may be made on behalf of all Noteholders that may be adverse to the interests of individual Noteholders

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Notes are not "protected liabilities" for the purposes of any Government compensation scheme

The FSCS established under the FSMA is the statutory fund of last resort for customers of authorised financial services firms paying compensation to customers if the firm is unable, or likely to be unable, to pay certain claims (including in respect of deposits and insurance policies) made against it (together, the "**Protected Liabilities**").

The Notes are not, however, Protected Liabilities under the FSCS and, moreover, are not guaranteed or insured by any government, government agency or compensation scheme of the United Kingdom or any other jurisdiction.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Bank may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Bank may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

The Bank may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected;

(iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;

(v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

(vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The Bank may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Variable Rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

The Programme allows for the issuance of Notes that reference certain interest rates or other types of rates or indices which are deemed to be "benchmarks", in particular with respect to certain Floating Rate Notes where the Reference Rate (as defined in the Conditions) may be EURIBOR, HIBOR, CNH HIBOR, SONIA Benchmark or SOFR Benchmark or another such benchmark. The Pricing Supplement for the Notes will specify whether SONIA Benchmark or SOFR Benchmark or another such benchmark is applicable.

Interest rates and indices which are deemed to be "benchmarks" (including the London interbank offered rate ("**LIBOR**") and the euro interbank offered rate ("**EURIBOR**")) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark".

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Specifically, the sustainability of LIBOR was questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks.

On 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer compel or persuade banks to contribute to the LIBOR rate setting after 2021. As at the end of December 2021, the publication of most LIBOR settings has ceased and the global financial markets generally transitioned away from the use of all LIBOR settings, except for the publication until 30 June 2023 of certain U.S. dollar LIBOR settings. While alternate reference rates for the different currencies have been identified, there is still a lack of clarity or consensus about the use of these rates for all types of instruments that have referenced LIBOR. The impact of the transition to alternative reference rates is therefore uncertain and could adversely affect loans, securities and other instruments that reference, or are indirectly affected by LIBOR. LIBOR transition also introduces the potential for litigation risk, including risks relating to contractual continuity, mis-selling and value transfer claims. Regulatory actions adverse to the Bank may also result if regulatory requirements and/or expectations are not met.

The elimination of any benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks:

(i) discouraging market participants from continuing to administer or contribute to the benchmark;

(ii) trigger changes in the rules or methodologies used in the benchmark; or

(iii) lead to the disappearance of the benchmark.

Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be determined by reference to the relevant screen page or website depending on whether the Reference Rate is specified as being (or derived from) EURIBOR, HIBOR, CNH HIBOR, SONIA Benchmark or SOFR Benchmark. In the case of any discontinuation or disapplication of such Reference Rate in accordance with the Conditions, which may include circumstances where the regulatory supervisor of the administrator of the original Reference Rate makes a public statement that such Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market, Condition 5 sets out more details on the mechanics for determining the Rate of Interest in the absence of the original applicable Reference Rate. Such mechanics may involve the determination of a replacement Reference Rate and a spread adjustment to be applied to such replacement Reference Rate. The use of any replacement Reference Rate and application of a spread adjustment determined in accordance with Condition 5 to determine the Rate of Interest is likely to result in Notes initially linked to or referencing the original applicable Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the original applicable Reference Rate were to continue to apply in its current form. Any such determination which involves the exercise of discretion by the Issuer or, if the designated person is an affiliate of the Issuer, such affiliate, may also present the Issuer or such affiliate with a conflict of interest.

Furthermore, if a replacement Reference Rate has been determined by the Issuer (or its designated person, as the case may be) in accordance with Condition 5, the Conditions provide that the Issuer may vary the Conditions and/or the Trust Deed, as necessary to ensure the proper operation of such replacement Reference Rate, without any requirement for consent or approval of the Noteholders.

The Issuer may also be unable to appoint an Independent Adviser, or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the Terms and Conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest. Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

Where Condition 5 is specified in the relevant Pricing Supplement as the applicable mechanics for determining a replacement Reference Rate, there may be circumstances in which a new replacement Reference Rate may not be able to be determined (such as if the Issuer is unable to appoint an Independent Adviser or, the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes) before the next Interest Determination Date or where a replacement Reference Rate is not adopted because it could reasonably be expected to prejudice the qualification of the Notes as Tier 2 capital and/or the Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of any applicable loss absorption regulations. In such event, the Rate of Interest for the next succeeding Interest Period be the Rate of Interest applicable as at the last preceding Interest Determination Date before the discontinuation or disapplication of the original Reference Rate in accordance with the Conditions. This is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a replacement Reference Rate could be determined. The initial Rate of Interest or the Rate of Interest applicable as at the last preceding Interest Determination Date before the discontinuation or disapplication of the original applicable Reference Rate in accordance with the Conditions, could, as a result, continue to apply to maturity, which would lead to the floating rate Notes, in effect, becoming fixed rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Floating Rate Notes shall be determined by reference to the relevant Floating Rate Option in the ISDA Definitions. If the relevant Floating Rate Option is unavailable (including due to the occurrence of a Fallback Index Cessation Event, as defined in the ISDA Definitions), the ISDA Definitions may contain fallback provisions to determine a replacement reference rate to be used in place of such Floating Rate Option, and the use of any such replacement rate to determine the Rate of Interest is likely to result in Notes initially linked to or referencing the original Floating Rate Option performing differently (which may include payment of a lower Rate of Interest) than they would do if the original applicable Floating Rate Option were to continue to apply in its current form. Furthermore, if the fallback provisions provided for by the ISDA Definitions fail to identify a replacement reference rate, there may be uncertainty as to the Rate of Interest that would be applicable, which may in turn adversely affect the value of, and return on, the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a “benchmark”.

Negative benchmark rates would reduce the rate of interest on the Floating Rate Notes

The interest rate to be borne by Floating Rate Notes is based on a spread over the relevant benchmark, including SONIA Benchmark or SOFR Benchmark or another benchmark. Changes in the relevant benchmark rate will affect the rate at which Floating Rate Notes accrue interest and the amount of interest payments on Floating Rate Notes. To the extent that the relevant benchmark rate decreases below 0.00% for any interest period, the rate at which the Floating Rate Notes accrue interest for such interest period may be reduced by the amount by which such benchmark rate is negative. Any such movements would be limited to a rate of 0.00% (unless otherwise set out in the relevant Pricing Supplement).

The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates for Floating Rate Notes

Investors should be aware that the market continues to develop in relation to risk-free rates, as reference rates in the capital markets and their adoption as alternatives to the relevant interbank offered rates. For example, on 29 November 2017, the Bank of England and the United Kingdom Financial Conduct Authority announced that the Bank of England's Working Group on Sterling Risk-Free Rates had been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the following four years across sterling bond, loan and derivatives markets, so that SONIA is stablished as the primary sterling interest rate benchmark by the end of 2021.

The New York Federal Reserve (the "**NY Federal Reserve**") also began to publish SOFR in April 2018, and the Alternative Reference Rates Committee (the "**ARRC**") has published its Paced Transition Plan which outlines the key milestones until 30 June 2023 to facilitate a smooth and orderly transition from U.S.$ LIBOR to SOFR.

In addition, market participants and relevant working groups are exploring alternative reference rates based on risk-free rates, examples of which include Term SONIA reference rates and Term SOFR reference rates (which seek to measure the market's forward expectation of an average SONIA or SOFR rate over a designated term).

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to any that reference risk-free rates issued under the Programme. The Issuer may in the future also issue Notes referencing risk-free rates that differ materially in terms of interest determination when compared with any previous Notes referencing the same risk-free rate issued by it under the Programme. The development of risk-free rates as interest reference rates for the Eurobond markets and of the market infrastructure for adopting such rates could result in reduced liquidity or increased volatility or could otherwise affect the market price of any Notes issued under the Programme which references any such risk-free rate from time to time.

Furthermore, the basis of deriving certain risk-free rates, such as SONIA Benchmark or SOFR Benchmark, may mean that interest on Notes which reference any such risk-free rate would only be capable of being determined after the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference any such risk-free rate to accurately estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, if Notes referencing SONIA Benchmark or SOFR Benchmark become due and payable as a result of an event of default under Condition 10, the rate of interest payable for the final Interest Period in respect of such Notes shall only be determined on the date which the Notes become due and payable and shall not be reset thereafter. Investors should consider these matters when making their investment decision with respect to any such Notes.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of such risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of risk-free rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

Since risk-free rates are relatively new market indices, Notes linked to any such risk-free rate may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to any risk-free rate, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Notes may be lower than those of later-issued indexed debt securities as a result. Further, if any risk-free rate to which a series of Notes is linked does not prove to be widely used in securities like the Notes, the trading price of such Notes linked to a risk-free rate may be lower than those of Notes linked to indices that are more widely used. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Daily changes in such rates may also be more volatile than daily changes in other benchmarks or market rates, such that the value on and value of Notes linked to risk-free rates may fluctuate more than floating rate debt securities linked to less volatile rates. There can also be no guarantee that any risk-free rate to which a series of Notes is linked will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Notes referencing such risk-free rate. If the manner in which such risk-free rate is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or Notification Event shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15 of the conditions of the Notes.

Change of law

The Conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

The secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid and may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case should the Issuer be in financial distress, which may result in any sale of the Notes having to be at a substantial discount to their principal amount. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the Investor's Currency) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. The interest rate on the Notes may be reset and this reset rate could be less than the initial rate of interest and/or the interest rate that applies immediately prior to such reset, which could affect the amount of any interest payments under the Notes and so the market value of an investment in the Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities, and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Certain information with respect to the credit rating agencies and ratings will be disclosed in the Pricing Supplement.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The terms of the Subordinated Notes may be modified, or the Notes may be substituted, by the Bank without the consent of the Noteholders in certain circumstances, subject to certain restrictions

In the case of Subordinated Notes, following the occurrence of a Capital Disqualification Event, the Bank may (subject to certain conditions) at any time substitute all (but not some only) of the Subordinated Notes for, or vary the terms of the Subordinated Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities, without the consent of the Noteholders.

Qualifying Tier 2 Securities must have terms not materially less favourable to holders than the terms of the Subordinated Notes, as reasonably determined by the Bank in consultation with an independent investment bank or financial advisor of international standing. However, there can be no assurance that, due to the particular circumstances of a holder of Subordinated Notes, such Qualifying Tier 2 Securities will be as favourable to each investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Bank as to whether the terms of the Qualifying Tier 2 Securities are not materially less favourable to holders than the terms of the Subordinated Notes.

The entire principal amount of the Subordinated Notes will be automatically written off on a permanent basis and all accrued and unpaid interest will be cancelled if a Trigger Event occurs

Under the terms of the Subordinated Notes, if at any time a Trigger Event occurs, all accrued and unpaid interest will be cancelled irrevocably and the entire principal amount of the Subordinated Notes will be written down to zero on a permanent basis and cancelled. In such circumstances, the Noteholders will have no rights against the Bank with respect to repayment of the principal amount of the Subordinated Notes or any part thereof, the payment of any interest for any period or any other amounts arising under or in connection with the Notes and/or the Trust Deed, whether in a winding-up of the Bank or otherwise, and there will be no reinstatement (in whole or in part) of the principal amount of the Notes at any time. Accordingly, if a Trigger Event occurs, holders of the Subordinated Notes will lose their entire investment in the Subordinated Notes.

The Automatic Write-down to zero may occur even if ordinary shares of the Bank remain outstanding, and irrespective of whether the Bank has sufficient assets available to settle the claims of the Noteholders of the Subordinated Notes or other securities subordinated to the same or greater extent as the Notes, in winding-up proceedings or otherwise. As a result, holders of Subordinated Notes may have no claim for principal in the event of a winding-up of the Bank, even though other securities that rank equally in priority may continue to have such a claim and the Bank may have sufficient assets to satisfy the claims of holders of other subordinated debt of the Bank.

A Trigger Event will occur if at any time a decision that a write-down, without which the Bank or the Parent Bank, as the case may be, would become non-viable, is necessary; or the decision to make a public sector injection of capital, or equivalent support, without which the Bank or the Parent Bank, as the case may be, would have become non-viable. Whether a Trigger Event has occurred at any time shall be determined by the Reserve Bank of India and such determination shall be binding on the Trustee and the Noteholders, provided that the Relevant Regulator does not object to such determination. Any objection by the Relevant Regulator to a write-down may cause the write-down of the Subordinated Notes not to occur, but shall not preclude the Reserve Bank of India declaring non-viability of the Parent Bank or any of the subsidiaries of the Parent Bank which are regulated by the Reserve Bank of India. The following two risk factors include discussion of certain risks associated with the determination of the Bank's or the Parent Bank's, as the case may be, regulatory capital position.

In addition, the market price of the Subordinated Notes is expected to be affected by fluctuations in the Bank's or the Parent Bank's regulatory capital position. Any reduction in the Bank's or the Parent Bank's regulatory capital position may have an adverse effect on the market price of the Subordinated Notes, and such adverse effect may be particularly significant if there is any indication or expectation that the Bank's or the Parent Bank's regulatory capital position is or is near to a level that would or may give rise to the occurrence of a Trigger Event. This could also result in reduced liquidity and/or increased volatility of the market price of the Subordinated Notes.

The circumstances surrounding or triggering an Automatic Write-down are inherently unpredictable and may be caused by factors outside of the Bank's control. The Bank has no obligation to operate its businesses in such a way, or take any mitigating actions, to maintain or restore the Bank's or the Parent Bank's regulatory capital position to avoid a Trigger Event and actions the Bank or the Parent Bank take could result in the Bank's or the Parent Bank's, as the case may be, regulatory capital position deteriorating

The occurrence of a Trigger Event and, therefore, an Automatic Write-down, is inherently unpredictable and depends on a number of factors, some of which may be outside of the Bank's control. A Trigger Event will occur if at any time the regulatory capital position of the Bank or the Parent Bank is less than a level that would or may give rise to the occurrence of a Trigger Event. Whether a Trigger Event has occurred at any time shall be determined by the Reserve Bank of India and such determination shall be binding on the Trustee and the Noteholders. As such, an Automatic Write-down could occur at any time.

The calculation of the regulatory capital position of the Bank or the Parent Bank, as the case may be, could be affected by, among other things, the growth of the Bank's or the Parent Bank's business and the Bank's or the Parent Bank's future earnings, dividend payments, regulatory changes, actions that the Bank or the Parent Bank are required to take at the direction of Reserve Bank of India and the Bank's or the Parent Bank's ability to manage risk weighted assets in both its on-going businesses and those which it may seek to exit. In addition, the Bank and the Parent Bank has capital resources and risk weighted assets denominated in foreign currencies, and changes in relevant foreign exchange rates will result in changes in the sterling equivalent value of capital resources and risk weighted assets in the relevant foreign currency. Actions that the Bank or the Parent Bank takes could also affect the Bank's or the Parent Bank's, as the case may be, regulatory capital position, including causing it to decline. The Bank has no contractual obligation to increase the Parent Bank's regulatory capital, reduce its risk weighted assets or otherwise operate its business in such a way, take mitigating actions in order to prevent the Parent Bank's regulatory capital position from falling below a level that would or may give rise to the occurrence of a Trigger Event, to maintain or increase the Parent Bank's regulatory capital position or otherwise to consider the interests of the Noteholders in connection with any of its business decisions that might affect the Parent Bank's the regulatory capital position.

The calculation of the Bank's or the Parent Bank's regulatory capital position may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules, or changes to regulatory adjustments which modify accounting rules, are not yet in force as of the relevant calculation date, Reserve Bank of India could require the Bank to reflect such changes in any particular calculation of the Bank's or the Parent Bank's regulatory capital position.

Due to the inherent uncertainty regarding whether a Trigger Event will occur and there being no obligation on the Bank's part to prevent its occurrence, it will be difficult to predict when, if at all, an Automatic Write-down could occur. Accordingly, the trading behaviour of any Subordinated Notes may not necessarily follow the trading behaviour of other types of subordinated securities, including any other subordinated debt securities which may be issued by the Bank in the future. Fluctuations in the regulatory capital position of the Bank or the Parent Bank may be caused by changes in the amount of regulatory capital of the Parent Bank and its risk weighted assets as well as changes to their respective definitions or method of calculation (including as to the application of adjustments and deductions) under the capital rules applicable to the Bank.

Any indication or expectation that the Bank's or the Parent Bank's regulatory capital position is moving towards the level which would cause the occurrence of a Trigger Event can be expected to have a material adverse effect on the market price and liquidity of the Subordinated Notes. Therefore, investors may not be able to sell their Subordinated Notes easily or at prices that will provide them with a yield comparable to other types of subordinated securities, including the Bank's other subordinated debt securities.

A Trigger Event may be triggered even where the Bank's or the Parent Bank's regulatory capital position has been significantly above a level that would or may give rise to the occurrence of a Trigger Event, which could cause investors to lose all or part of the value of their investment in the Subordinated Notes

The Basel Committee is proposing a number of changes to the current regulatory framework such as the Fundamental Review of the Trading Book, revisions to the standardised approach to credit risk and for measuring operational risk capital. These proposals have yet to be finalised and the timing has yet to be determined. Any such proposals and resulting changes, either individually and/or in aggregate, may lead to further unexpected enhanced requirements in relation to the Bank's or the Parent Bank's regulatory capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated. See "*The entire principal amount of the Subordinated Notes will be automatically written off on a permanent basis and all accrued and unpaid interest will be cancelled if a Trigger Event occurs*".

Investors should be aware that the Basel Committee proposals and their implementation in India subsequent to the date hereof may individually and/or in the aggregate further negatively affect the Bank's or the Parent Bank's regulatory capital position and thus increase the risk of a Trigger Event, which will lead to an Automatic Write-down.

The regulatory capital position of the Bank or the Parent Bank will be affected by the Bank's and the Parent Bank's business decisions and, in making such decisions, the Bank's or the Parent Bank's interests may not be aligned with those of the holders of the Subordinated Notes

As discussed in "*The circumstances surrounding or triggering an Automatic Write-down are inherently unpredictable and may be caused by factors outside of the Bank's control. The Bank has no obligation to operate its businesses in such a way, or take any mitigating actions, to maintain or restore the Bank's or the Parent Bank's regulatory capital position to avoid a Trigger Event and actions the Bank or the Parent Bank takes could result in the Bank's or the Parent Bank's, as the case may be, regulatory capital position deteriorating*" above, the Bank's or the Parent Bank's regulatory capital position could be affected by a number of factors. The Bank's or the Parent Bank's regulatory capital position will also depend on the decisions made by members of the Bank or the Parent Bank relating to their businesses and operations, as well as the management of their capital positions. Neither the Bank nor any other member of the Parent Bank will have any obligation to consider the interests of the Noteholders in connection with its strategic decisions, including in respect of its capital management. Holders of the Subordinated Notes will not have any claim against the Bank or any other member of the Parent Bank relating to decisions that affect the business and operations of the Bank or the Parent Bank, including the Bank's or the Parent Bank's capital position, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause holders of the Subordinated Notes to lose all or part of the value of their investment in the Subordinated Notes.

CAPITALISATION

The following table sets out the Issuer's capitalisation as at 31 March 2023 derived from its audited financial statements as at and for the year ended 31 March 2023:

	(U.S.$. in million)
Borrowings[1]:	
Short-term debt[2]:	130.2
Long-term debt	–
Total debts (A)[3]	130.2
Shareholders' funds	
Share capital[4]	220.1
Reserves	98.2
Total shareholders' funds (B)	318.3
Total capitalisation (A) + (B)	448.5
Capital adequacy[5]:	
Tier I (%)	21.5
Tier II (%)	5.6
Total (%)	27.1

Notes:

(1) Borrowings do not include customer deposits.

(2) Short-term debt is debt maturing within one year from 31 March 2023 and includes U.S.$72.6 million of bonds in the nature of subordinated debt eligible for inclusion in Tier II capital.

(3) Total debt is stated after adjusting for U.S.$0.2 million of bond issue expenses and U.S.$2.4 million of change in fair value hedge which is ineffective and foreign exchange revaluation.

(4) Includes 220 million ordinary shares of U.S.$1 each and 50,002 ordinary shares of £1 each.

(5) Capital adequacy is computed in line with CRD IV guidelines as adopted by the PRA.

DESCRIPTION OF THE ISSUER

Overview

ICICI Bank UK PLC is incorporated in the UK offering retail, business banking, corporate banking and treasury service in the UK and Europe. The Bank is authorised by the PRA and regulated by the PRA and the FCA. The Bank is a wholly owned subsidiary of ICICI Bank Limited (the "**Parent**"), which is India's leading private sector bank. The Bank does not have any subsidiaries. The Bank delivers its corporate and retail banking products and services through seven branches located in the UK and one branch in mainland Europe, located in Eschborn (Germany) as well as through online banking. The branch in Germany started operating as a third country branch post Brexit with effect from 1 December 2020, in compliance with the rules and regulations of a third country branch applicable in Germany.

The Bank was incorporated in England and Wales on 11 February 2003 as a private company with limited liability with the name ICICI Bank UK Limited and on 30 October 2006 converted to a public limited company assuming the name ICICI Bank UK PLC (see "*Development and History*"). The Bank's registered office is One Thomas More Square, London E1W 1YN. The Bank is a member of the Financial Services Compensation Scheme established under the Financial Services and Markets Act 2000. As of the date of this Offering Circular, the Bank had ratings of "Baa2" and "Ba1" from Moody's Investors Service Limited ("**Moody's**") in respect of Senior Notes and the Subordinated Notes issued under the Programme, respectively.

The Bank is primarily focused on India linked business and meeting the banking needs of the Indian community in the UK and Germany, in line with its core competency and inherent strength. The core services offered by the Bank include meeting local banking requirements, remittance services to India and facilitating banking requirements in India.

The Bank offers corporate banking services which include serving India Europe trade and investment corridors involving Indian companies operating in Europe, Multinational Corporations ("**MNC**") operating in India, trade counterparties with India and funds investing in the Indian equity and debt market.

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

During the course of the fiscal year 2023, the Bank stayed the course with its strategic pillars including Non-Resident Indian connect, customer service and digitisation and diversification of assets and liabilities. The Bank remained focused on proactive risk management, effective liquidity, capital management and meeting the requirements of the changing market and regulatory environment. Additionally, the Bank continued to deepen its product proposition and services to meet the banking needs of the Indian community in the UK through various digitisation and customer service initiatives. The Bank remained very selective and cautious towards new lending business due to the volatile market environment and selectively sold down some loans (primarily lower rated) from its non-core strategic portfolio which helped in enhancing the overall credit quality of the portfolio. The Bank's focus is on maintaining a sustainable business model within strong corporate governance, risk management and a robust control environment.

As at 31 March 2023, the Bank had total assets of U.S.$2,142.1 million compared with U.S.$2,241.9 million as at 31 March 2022. The balance sheet reduced mainly due to a reduction in loans and advances partially offset with increase in Investments, loans and advances to banks and cash balances.

The loans and advances portfolio at U.S.$899.5 million decreased by 24.2 per cent. versus the previous year at U.S.$1,186.1 million primarily due to selective credits lines coupled with repayment received on scheduled maturity and sell downs in line with the strategy of the Bank. The Bank continued to enhance the quality of its portfolio through selective sell downs primarily in its lower rated syndicated loan portfolio. The Bank followed a conservative approach given the uncertain economic environment and accordingly overall new loan originations remained muted during the year. The investment portfolio of the Bank at U.S.$638.2 million increased by 21.3 per cent. versus the previous year at U.S.$526.1 million. The Bank monitors adherence to the portfolio limits as prescribed in the risk appetite on a periodic basis.

With regards to liabilities, the Bank registered an increase of 4.7 per cent. in customer accounts at U.S.$1,617.4 million as at 31 March 2023 versus U.S.$1,544.9 million as at 31 March 2022. The wholesale liabilities at U.S.$130.2 million reduced by 61.4% versus the previous year at U.S.$337.2 million mainly due to a reduction in bond issuance, interbank borrowings and repo borrowings upon its maturity. The reduction in the liability book was aligned to reduction in the asset book.

The Bank made a Profit Before Tax in FY2023 of U.S.$15.8 million compared with Profit Before Tax of U.S.$11.3 million in the previous year mainly due to an increase in net interest income resulting from an increase in the benchmark rates by central banks. A Profit After Tax of U.S.$13.0 million was made against the Profit After Tax of U.S.$10.9 million in the previous year.

The Net Interest Income for FY2023 at U.S.$52.6 million increased by 30.0 per cent. compared with the previous year at U.S.$40.5 million due to an increase in yields on loans and advances. The Net Interest Margin at 2.64 per cent. in FY2023 increased by 102 bps as compared to the previous year. The increase in the Net Interest Margin was primarily driven by higher yields on assets. Multiple interest rate increases during the year by central banks across geographies resulted in expansion in the overall asset yield.

The corporate banking fee, business banking and retail remittance income streams continued to be the key sources of non-interest income, which slightly increased by 4.3 per cent. during FY2023 to U.S.$14.5 million as compared to U.S.$13.9 million during the previous year. This mostly remained stable due to the shift in the Bank's focus towards trade and transaction banking to enhance granularity in its income streams. The Bank's business banking strategy revolved around acquisition of new customers and enhancement of its technology platform to provide improved customer experience, which provided stable income flow despite the challenging economic environment.

The Bank continued to follow a cautious concentration risk management strategy through selectively selling down loans and investments which resulted in a realised loss of U.S.$7.1 million as compared to a profit of U.S.$0.1 million in the previous year.

The Bank remained focused on enhancing operating efficiencies without compromising the control environment. Total expenses for FY2023 at U.S.$38.3 million were 4.7 per cent. lower compared with the previous year mainly driven by depreciation of average pounds sterling against U.S.$. The Bank remained committed to maintaining a strong control framework to meet increasing regulatory and reporting obligations and continued to invest in people and technology to further strengthen the control framework. The Bank continued to make selective investments in advertising and marketing through radio and television advertisements and marketing expenses to build its brand presence.

The specific provision and collective provisions made during the year were U.S.$5.9 million compared with U.S.$2.9 million in the previous year. The specific provision booked during the year was mainly on account of additional stress and performance issues on the existing impaired assets and the addition of few cases as impaired. As at 31 March 2023, the gross impairment ratio was at 7.3% and the net impairment ratio was at 3.3% versus 4.3% and 2.0% respectively as at 31 March 2022. The reduction in the loan book also contributed to an increase in the impairment ratio at 31 March 2023.

In line with the CRD IV requirements, as at 31 March 2023 total capital was 27.1 per cent. with Tier 1 ratio of 21.5 per cent, which is an increase from total capital of 23.0 per cent. with Tier 1 ratio of 17.8 per cent as at 31 March 2022, as a result of a reduction in the Bank's RWA.

Development and History

In the early part of the century, the Parent identified international banking as a key driver of its growth strategy. The Parent took the view that the development of a strong international presence was necessary to support the cross-border needs of its customers. The attractiveness of this strategy was driven by the increased globalisation of the Indian economy, the growing trend of Indian corporates expanding overseas and the large population of non-resident Indians and persons of Indian origin across the globe. A key initiative of the Parent's international strategy was the incorporation of the Bank as its first wholly-owned banking subsidiary on 11 February 2003. The Bank commenced operations in November 2003 to undertake both retail and corporate and investment banking activities with U.S.$50.0 million of paid-up capital. The Bank was incorporated as a private company with limited liability and was converted to a public limited company, assuming the name ICICI Bank UK PLC, on 30 October 2006.

Relationship with Parent

The Parent is a diversified financial services group offering a wide range of banking and financial services to corporate and retail customers through a variety of delivery channels. It is among India's largest private sector banks with consolidated total assets of U.S.$238.3 billion as at 31 March 2023. The Parent has a network of 5,900 branches and 16,650 ATMs and cash recycler machines across India, at 31 March 2023. Apart from banking products and services, the Parent also offers life and general insurance, asset management, securities broking and private equity products and services through its specialised subsidiaries. The Parent currently has banking subsidiaries in the United Kingdom and Canada, branches in China, Singapore, Dubai, Hong Kong, the United States, and Bahrain and representative offices in the United Arab Emirates, Bangladesh, Malaysia and Indonesia. In FY2023, the Parent made a consolidated net profit of Rs. 340.4 billion (U.S.$4.1 billion) compared to a net profit of Rs. 251.1 billion (U.S.$3.1 billion) in FY2022.

In 2000, the Parent was the first Indian banking company to list on the New York Stock Exchange and currently has a long-term foreign currency credit rating of "Baa3" from Moody's and "BBB-" from Standard & Poor's. The market capitalisation of the Parent as at 7 August 2023 was approximately U.S.$83.1 billion.

The Bank benefits from its relationship with its Parent in the following areas:

- Transaction processes: The Bank outsources key operations processes to the Parent's operations centres in Mumbai and Hyderabad, India. This includes the use of data centres and key elements of software such as the Parent's core banking solution, Finacle, as well as outsourcing a number of treasury mid- and back-office functions. The Bank also utilises a service delivery centre of the Parent in Mumbai and Hyderabad to handle email services and voice-based customer services.

- Business synergies: The Bank is able to participate in the corporate banking deals originating out of India, based on its relationships with the Parent as well as the Parent's expertise in the Indian credit and investment markets.

- Marketing synergies: The Bank also benefits from the strong brand recognition of ICICI. In 2023, the Parent was recognised as the "Best Retail Bank" in India for the tenth year in a row, by The Asian Banker, a financial publication headquartered in Beijing. It was also adjudged as India's "Best Domestic Bank" for the second year in a row by Asiamoney. It ranked no. 1 in the "Best Services" (Asian Banks) category for its Trade Finance services, according to the 2023 Euromoney-Asiamoney Trade Finance Survey conducted by Asiamoney. It has been recognised as the "Best for Family

Office Services in India" at the Asiamoney Private Banking Awards 2023. ICICI Bank also emerged as the "Model Bank of the Year" at the Celent Model Bank Awards 2023. It also emerged as the "Company of the Year" for 2022 at The Economic Times Awards for Corporate Excellence organised by The Economic Times, the country's largest financial daily. These awards are considered a benchmark for excellence in India Inc. ICICI Bank emerged as the "Bank of the Year" for 2021-22 at the Business Today – KPMG Best Banks Awards for the third year in a row. In addition, it won the award in the "Best in Innovation" category for InstaBIZ, its Business Banking application. It also emerged as the winner in the "Best in Treasury and Working Capital" category for SMEs in India, organised by The Asset, a Hong Kong-based business magazine.

- Centralised processes: The Bank benefits from the audit processes of the Parent (see "*Audit*") and also has access to the large and talented human resource pool of the Parent, as well as other consolidated group-wide processes such as talent management, performance management and leadership development processes.

- Corporate governance processes: Some members on the Bank's Board of Directors are also members of the Parent's Board of Directors, giving the Bank access to a great depth of strategic vision and best practices (see "*Management*"). The Parent is listed on the New York Stock Exchange.

Recent Developments

In 2006, the Bank started operations in Belgium, and in 2008 expanded its operations in Germany using its direct banking product offering through a branch. This increased the complexity of regulations applicable in different jurisdictions and exposed the Bank to a variety of regulatory and business challenges, including cross-cultural risk, and increased the complexity of the Bank's risks in a number of other areas including currency risks, interest rate risks, compliance risk, regulatory risk, reputation risk and operational risk.

On 23 June 2016 the UK held a referendum to decide on the UK's membership of the EU. The UK vote was to leave the EU. Based on the outcome of the referendum, the UK delivered the formal notice of its intention to leave the EU under Article 50 of the Lisbon Treaty on 29 March 2017, thereby setting 29 March 2019 as an exit date (which was later extended). From 1 January 2021, the UK formally left the EU. The Bank's business operations in Germany as a passported branch was converted to a third country branch effective 1 December 2020. The Branch complies with the rules and regulation of a third country branch in Germany. The Bank has ensured appropriate infrastructure was in place to run Germany operations as a third country branch which included implementation of the required organisation structure, policies, procedures and governance framework. The Bank and its Germany branch operate as a single legal entity with the Board and Board committees operating at the Bank's level.

The Bank also decided to close its branch in Belgium for strategic reasons. The closure of the branch was approved by the National Bank of Belgium effective 29 March 2019 and its operations were wound down in fiscal year 2020.

Strategy

The Bank believes that a significant opportunity exists to offer financial service in the UK and Europe to multinationals with Indian linkages. The Bank also believes that there is a large potential in developed markets for financial services providers with low cost structures and superior service delivery platforms to offer technology-enabled products at competitive rates. Given the current environment, the Bank plans to take a fundamental approach in protecting and strengthening its core business lines, which will serve as a platform for pursuing sustainable growth and further consolidating its competitive position.

More specifically, the Bank focuses on the following aspects of its core businesses:

Focus on quality growth of the Bank's corporate and investment banking operations: The corporate banking group continues to focus on the strategy of careful management of the Bank's balance sheet. The group maintains a dedicated focus on key client relationships and broadening the client base, with a selective client acquisition process. The group continues to build new relationships with subsidiaries of selected Indian companies and large multinational companies in the UK and Europe. The group continues to proactively review the Bank's portfolio along with monitoring of large exposures and specific portfolio actions.

Focus on expanding product suite of retail banking and growth in remittances business strategy in the UK: The retail banking operations of the Bank are centred on two specific segments. The first segment caters primarily for the banking requirements of the Indian community in the UK, and the second segment is online Banking, where the Bank offers savings and fixed rate accounts aimed at UK and German consumers.

Continue to capture maximum synergies with the Parent: The Bank continues to build on its synergies with the Parent in areas of back office process outsourcing, corporate support function and other business areas. The Bank believes that it has a globally competitive service delivery and technology platform based on key operations and technology capabilities of the Parent and also believes that this gives the Bank the advantages of process efficiency and cost competitiveness.

Overview of the Bank's Products and Services

The Bank has three distinct strategic business units: corporate banking; retail banking and treasury services.

Corporate Banking

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

A key focus area has been global in-house centres or global capability centres ("**GIC/GCC**") established by global MNCs in India. India is an emerging hub for setting up such GICs/GCCs, given abundant availability of human resources, infrastructure and cost advantages for outsourcing business processes like research and development, accounting and back-office operations for MNCs. The Bank is currently focusing on establishing its relationships with such MNCs in the UK and Europe in order to facilitate banking relationships with GICs/GCCs in India.

During FY2023, the Corporate Banking division continued to provide full coverage of their clientele including corporate's cash management, forex and derivative requirements, credit facilities, trade related needs, personal banking services for their staff and private banking services for promoters and key management personnel.

Further, the Bank did selective sell downs of exposures to reduce concentration and enhance credit quality of the portfolio. During FY2023, due to the volatile economic environment, the Bank further strengthened its risk appetite, which resulted in measured new sanctions to higher rated clients. Significant progress has been made by the Corporate Banking team in reaching resolutions and making recoveries from some of the loans included in the impaired asset portfolio. The net impaired ratio as at 31 March 2023 increased to 3.3 per cent. from 2.0 per cent. as at 31 March 2022. Reduction in the overall loan book also contributed to increase in the net impaired ratio.

Retail Banking

The Bank provides retail banking services to its customers in the UK, primarily aimed at the Indian community. It provides a diverse product suite including personal retail, business current and savings accounts, commercial real estate lending, mortgages facility in India to non-resident Indians ("**NRI**"), private baking and money transfers to India. It also offers online savings and fixed rate term deposit accounts to its customers in the UK, which are supported by digital and phone banking channels and through its branches.

The Bank has enhanced its connections with the Indian community in the UK, through various touch points including through participation in various community events, hoardings, radio and television advertisements and creating brand awareness. Additionally, the Bank enhanced its efforts to connect with the Indian student community in the UK through various products, including a digital account opening facility.

The Bank offers its private banking services on 'an execution basis' method, which enables it to connect with high-net-worth non-resident Indians ("**NRIs**") in the UK. During FY2023, the Bank registered a positive momentum to its business activities from the NRI community by supporting their UK as well as India banking requirements. The Bank has remained focused on strengthening its remittance product through digital initiatives including introducing new customer acquisition through digital account opening and revamping existing mobile applications. The Bank has implemented a comprehensive marketing strategy which is realigned to focus on NRI clients.

Further, the Bank continues to focus on expanding its banking and secured loan against property business within its risk appetite framework. The Bank followed a conservative approach to this business given the uncertain economic environment. During FY2023, the Bank revamped its corporate internet banking platform, which enhanced customer experience and helped ease processing. The 360-degree relationship-based approach has resulted in increase in the number of customers and growth for the Bank during the FY2023.

The Bank remained focused on strengthening its service delivery platform to ensure enhanced customer experience, improve customer outcomes based on the overall conduct risk framework of the Bank, and to ensure compliance with its regulatory requirements.

The Bank has successfully implemented the requirements of the FCA's policy statement and guidance document pertaining to new consumer duty, effective 31 July 2023, and has set up appropriate governance structure to ensure that consumer duty requirements are met as per the guidelines.

Additionally, the Bank provides certain retail banking services to its customers through its branch in Germany. These services include remittance to India through money to India platform and blocked accounts for Indian students for Indian students and job seekers coming to Germany. It also offers online savings and fixed rate term deposit accounts to its customers in the Germany.

Treasury

The Treasury Group of the Bank manages the structure of the balance sheet of the Bank, supporting the capital needs and managing the market and liquidity risk of the Bank. The Bank's Treasury unit is responsible for:

- Managing the liquidity of the Bank within the overall regulatory framework;
- Managing the investment portfolio of the Bank;
- Managing market risk in the banking book within overall asset and liability management guidelines;
- Managing the capital needs of the Bank to meet asset growth; and
- Raising medium- and long-term funds.

In addition, the Bank offers solutions to hedge the market risk for clients arising out of client-related transactions. The Treasury's role in the management of the liquidity position of the Bank is governed by the Bank's Treasury Policy Manual and Mandate ("**TPMM**") and ILAAP (see "*Risk Management – Market Risk*").

Treasury activities are carried out through the Balance Sheet Management Group, Investment Management Group, Global Markets Group and Market Making Group. Global Markets Group, in coordination with retail and corporate banking teams, offers foreign exchange, derivatives and fixed income products to Bank's customers. Market Making Group provides interbank cover for various products offered to Bank's customers During FY2023, the Bank followed a cautious approach to new business volumes, mainly due to the uncertain economic environment and geopolitical tensions, which resulted in relatively lower requirements for new funding during the year. However, the Bank remained active in raising funding to repay maturing liabilities through funding from retail deposits, wholesale instruments and other channels. The Bank ensured availability of adequate liquidity surplus over and above the regulatory requirements. During the year, the Treasury Group managed the portfolio within the established risk appetite of the Bank.

The Global Markets Group, in co-ordination with the Corporate Banking team is working to enhance relationships with institutional investors with an investment interest in Indian markets. During FY2023, the Bank saw a higher level of customer engagement in its business for offering dollar denominated bonds issued by Indian companies to institutional customers.

All Treasury back office operations are outsourced to the Parent in accordance with a Service Level Agreement between the Bank and the Bank's independent Treasury Control and Services Group ("**TCSG**") (formerly known as Treasury Middle Office Group) of the Parent. The TCSG prepares and submits a daily treasury report to the senior management of the Bank which covers the utilisation of all interest rate and foreign exchange positions and risk (VaR & Stop loss) limits and adherence to the guidelines stipulated by the TPMM and reports excesses (if any) (see "*Risk Management Market Risk*").

Asset Composition and Classification

The total assets of the Bank decreased from U.S.$2,241.9 million as at 31 March 2022 to U.S.$2,142.1 million as at 31 March 2023, a decrease of 4.5 per cent. The Bank's loans and advances to banks increased from U.S.$141.5 million as at 31 March 2022 to U.S.$190.4 million as at 31 March 2023, while loans and advances to customers decreased from U.S.$1,186.1 million to U.S.$899.5 million over the same period.

Asset Composition

The following table shows a breakdown of the Bank's assets by type as at the dates indicated:

	U.S.$ million	
	31 March 2023	**31 March 2022**
Cash and cash equivalents	352.9	336.7
Loans and advances to banks	190.4	141.5
Loans and advances to customers	899.5	1,186.1
Investment in Treasury Bills	206.4	153.8
Other Investment securities	431.8	372.3
Derivative financial instruments	48.2	20.1
Tangible and Intangible fixed assets	2.4	2.7
Other assets	9.2	27.4
Prepayments and accrued income	1.3	1.4
Total assets	**2,142.1**	**2,242.0**

The Bank's internal credit policy states that its counterparty exposure or counterparty group exposure may not in the normal course of business exceed 20 per cent. of the Bank's Tier 1 capital (PRA stipulation is 25% of Tier 1 capital). However, if the counterparty group includes only banks/financial institutions, the maximum limit is set at U.S.$140 million (PRA approved limit: GBP130.0 million). Should circumstances prevail such that the Bank proposes to take counterparty exposure or counterparty group exposure in excess of regulatory limits, such exposure is required to be specifically approved by the PRA.

The following table sets out a breakdown of the Bank's credit exposure (including loans) by industry sector:

	U.S.$ million Total Committed	
Sector	**31 March 2023**	**31 March 2022**
Industrials	8.4%	12.1%
Consumer Discretionary	10.6%	10.2%
Consumer staples	4.5%	4.6%
Energy	4.6%	4.9%
Financials	9.0%	6.1%
Gems and Jewellery	1.1%	1.2%
Healthcare	2.3%	1.7%
Materials	11.5%	11.8%
Real Estate	47.2%	46.8%
Telecom Services	0.9%	0.7%
Total	**100.0%**	**100.0%**

The Bank actively manages its industry sector exposure in accordance with its credit policy.

The following table sets out a breakdown of the Bank's geographical concentration of loans and advances made to its customers:

	31 March 2023	31 March 2022
UK	54.2%	54.8%
Europe	19.1%	16.7%
North America	6.2%	9.7%
India	15.6%	14.7%
Rest of the World	4.9%	4.1%
Total	**100.0%**	**100.0%**

Asset Classification

Loans are classified in accordance with the Bank's internal risk ratings which are assigned by the credit risk group after due diligence and appraisal of every proposal. Loans are designated by the Bank as impaired when it is probable that the Bank will not be able to collect, or there is no longer a reasonable certainty that the Bank will collect all amounts due according to the contractual terms of the loan agreement.

Loans are disclosed as impaired:

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

When a loan is designated as impaired, interest accrual is suspended and a specific provision is raised.

As at 31 March 2023, the Bank had loans that were past due and impaired were U.S.$67.8 million (U.S.$51.1 million as at 31 March 2022).

The Bank's overdue loans and advances to customers (including finance leases) are set out below:

	U.S.$ million	
	31 March 2023	31 March 2022
Loans contractually overdue as to principal or interest		
– Less than 60 days	3.8	69.9
– more than 90 days	67.8	51.1
Total	**71.6**	**121.0**

Concentration of the Bank's overdue exposure

	U.S.$ million	
	31 March 2023	**31 March 2022**
United Kingdom	12.4	0.9
Europe	24.4	36.9
India	5.2	41.3
Rest of the World	29.7	41.8
Total	**71.6**	**121.0**

Classification of the Bank's past due exposures

	U.S.$ million	
	31 March 2023	**31 March 2022**
Past due not impaired	3.8	69.9
Past due impaired	67.8	51.1
Total	**71.6**	**121.0**
Past due not impaired*		
Less than 60 days	3.8	69.9
Total	**3.8**	**69.9**

* Past due not impaired are stated at the total value of the exposure. The overdues relating to total gross exposure amounting to U.S.$3.8 million had been received and/or settled subsequent to the year ended 31 March 2023 (2022: U.S.$49.5 million). Impaired but not past due gross exposures amounted to U.S.$8.2 million as at 31 March 2023. (2022: U.S.$3.9 million).

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

	U.S.$ million	
	31 March 2023	**31 March 2022**
Gross Impaired loans	31.6	24.1
Less: Provision	(13.7)	(11.3)
Net Impaired loans	17.9	12.8
Gross Non-impaired loans	13.7	27.0
Past dues	–	–
Not past dues	**13.7**	**27.0**

The table below shows the movement in impairment allowance on loans and advances:

	U.S.$ million					
	31 March 2023			31 March 2022		
	Specific Impairment	Collective Provision	Total	Specific Impairment	Collective Provision	Total
Opening Balance	29.6	11.2	40.8	20.7	18.4	39.1
Charge to profit and loss account	16.6	–	16.6	16.1	–	16.1
Amounts written off	(1.4)	–	(1.4)	(4.8)	–	(4.8)
Recovery/release of amounts	(1.1)	(9.9)	(11.0)	(2.0)	(7.2)	(9.2)
Others (including FX)	(0.1)	–	(0.1)	(0.4)	–	(0.4)
Closing Balance	43.6	1.3	44.9	29.6	11.2	40.8

The table below shows the potential credit risk on financial instruments as at 31 March 2023:

	U.S.$ million				
	Neither past due nor impaired	Past due not impaired	Impaired	Impairment & collective allowances	Total
Cash & cash equivalent	352.9	–	–	–	352.9
Loans and advances to banks	190.4	–	–	0.0	190.4
Loans and advances to customers	864.6	3.8	76.0	(44.8)	899.5
Investment securities	638.0	–	0.6	(0.4)	638.2
Derivative financial instruments	48.2	–	–	–	48.2
Other assets:					
Cheques in clearing	0.1	–	–	–	0.1
Deposits	1.8	–	–	–	1.8
Unsettled securities	0.0	–	–	–	0.0
Accrued income & other receivables	1.0	–	–	–	1.0
Total financial instruments	**2,097.0**	**3.8**	**76.5**	**(45.3)**	**2,132.0**

Funding

The Bank's funding strategy is to ensure stability of funding, minimise funding costs and effectively manage liquidity. It aims to achieve this through a mix of retail deposits and institutional funding through short-term lines of credit and medium- to long-term borrowings. As at 31 March 2023, the Bank had total deposits from customers of U.S.$1,617.4 million (U.S.$1,544.9 million as at 31 March 2022), accounting for 75.5 per cent. of the Bank's total liabilities (including shareholders' funds) as at 31 March 2023. Of the Bank's total deposits, 45.5 per cent. are repayable on demand while the balance comprises of term deposits as at 31 March 2023. The following table sets out the Bank's outstanding equity and liabilities as at the dates indicated by category:

	U.S.$ million	
	31 March 2023	**31 March 2022**
Deposits by banks	32.5	28.9
Customer accounts	1,617.4	1,544.9
Bonds and medium term notes	25.1	146.6
Subordinated liabilities	72.6	73.0
Derivative financial instruments	28.6	18.2
Other liabilities	37.9	15.5
Accruals and deferred income	9.7	10.2
Capital and reserves	318.3	315.9
Repurchase agreements	–	88.7
Total Equity and Liabilities	**2,142.0**	**2,241.9**

The following tables set out the details of various bonds and notes under the Medium Term Note Programme issued by the Bank outstanding as at 31 March 2023:

Nature of issuance: Senior unsecured bonds

Date of Issue	**Interest frequency**	**Interest Rate**	**Maturity**	**U.S.$ million**
20-Feb-19	Quarterly	4.96%	Bullet repayment in Feb 24	25.0
Total				25.0
Less: Bond issue expenses				(0.03)
Total bonds and medium term notes				**24.97**

Details of subordinated liabilities as at 31 March 2023

Date of Issue	Interest rate	Nature of Issue	Interest frequency	Maturity	U.S.$ million
26-Sep-18	5.375%	Subordinated Debt issued in S$ currency	Semi-annual	Callable in 2023, Maturity in September 2028	75.2
Total					75.2
Less: bond issue expense					(0.2)
Less: change in fair value hedge which is ineffective and fx revaluation					(2.4)
Total subordinated liabilities					**72.6**

The classification of the Bank's investments was as follows:

	U.S.$ million	
	31 March 2023	**31 March 2022**
Analysed by class:		
Treasury, bills and government securities	210.3	154.8
Other securities		
Bonds	423.2	365.5
Equity	4.7	5.9
Collective provision in investment securities	(0.1)	(0.0)
Total other securities	427.9	371.3
Total	**638.2**	**526.1**
Analysed by issuer:		
Available for sale		
Issued by public bodies:		
Government Issued	194.8	138.8
Other public sector securities	107.3	109.7
Issued by other issuers	79.7	59.0
Held to Maturity	–	–
Government Issued	11.5	12.1
Issued by other issuers	241.0	202.7
Collective provision on investment securities	(0.1)	(0.0)
Financial instruments at fair value through profit and loss		
Government Issued	–	2.9
Issued by other issuers	4.0	1.0
Total	**638.2**	**526.1**

	U.S.$ million	
	31 March 2023	**31 March 2022**
Analysed by listing status:		
Available for sale		
Unlisted	123.0	24.0
Listed	258.8	283.4
Held to Maturity		
Listed	252.5	214.8
Collective provision on investment securities	(0.1)	(0.0)
Financial instruments at fair value through profit and loss	–	–
Unlisted	4.0	3.9
Total	**638.2**	**526.1**
Analysed by maturity#:		
Due within 1 year	214.5	161.1
Due 1 year and above	419.1	359.2
Total	**633.5**	**520.3**

Does not include U.S.$4.7 million of investment in equity (fiscal year 2022: U.S.$5.9 million) and collective provision of U.S.$0.08 million (fiscal year 2022: U.S.$0.04 million).

The capital adequacy of the Bank was as follows:

	31 March 2023	**31 March 2022**
Core Tier 1 ratio	21.50%	17.80%
Tier 1 ratio	21.50%	17.80%
Total ratio	27.10%	23.00%

The Bank's customer accounts maturity profile was as follows:

	U.S.$ million	
	31 March 2023	**31 March 2022**
5 years or less but over 1 year	92.5	49.9
1 year or less but over 3 months	574.9	247.1
3 months or less but not repayable on demand	213.5	203.9
	880.9	**500.9**
Repayable on demand	736.6	1,044.1
Total	**1,617.4**	**1,544.9**

The contractual liability maturity profile of the Bank as at 31 March 2023 was as follows:

	Less than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Total
Deposits by banks	14.0	18.5	–	–	–	32.5
Customer accounts	952.5	290.1	302.1	97.5	–	1,642.2
Other liabilities	15.9	–	–	22.0	–	37.9
Derivative financial liabilities#	6.0	2.3	2.2	17.1	0.8	28.4
Accruals and deferred income	9.7	–	–	–	–	9.7
Bonds and medium term notes	0.2	–	25.0	–	–	25.2
Subordinated debt	–	72.8	–	–	–	72.8
Total Liabilities	**998.3**	**383.6**	**329.2**	**136.7**	**0.8**	**1,848.6**

\# Excludes credit value adjustment and debit value adjustment for the derivative portfolio which amounted to U.S.$45,000 (2022: U.S.$10,000).

Risk Management Framework

ICICI Bank UK PLC has adopted the governance framework in line with the corporate governance practices adopted by other UK financial institutions. The Board is assisted by its sub-committees, the Audit Committee, the Board Governance Committee ("**BGC**"), the Board Risk Committee ("**BRC**"), the Board Credit Committee ("**BCC**"), and the Board Conduct Risk Committee ("**BCRC**") and follows the ICICI Group's overall risk management framework. The Board has delegated responsibility for the day-to-day management of the Bank to the Managing Director and Chief Executive Officer. In this role, the Managing Director and Chief Executive Officer is supported by the Management Committee, which he chairs. The Management Committee is supported by various other committees, which include the Executive Credit and Risk Committee ("**ECRC**"), the Asset Liability Management Committee ("**ALCO**"), the Compliance Conduct and Operational Risk Committee ("**CORMAC**"), the Product and Process Approval Committee ("**PAC**") and the Information Security Committee ("**ISC**").

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

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

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

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

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

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

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

The approach adopted by management to manage the key risks facing the Bank is outlined below.

Stress testing framework

The framework for stress testing has been put in place with the approval of the Board and covers the key risks faced by the Bank i.e. credit risk, market risk, liquidity risk and operational risk. The Bank conducts stress testing, which covers credit, market and operational risks, as part of the ICAAP to facilitate capital planning for the Bank. The stress testing is done annually and is reviewed by the Board as part of annual review of ICAAP. Further, adequacy and appropriateness of the liquidity stress scenarios are reviewed at least annually as part of review of the Internal Liquidity Adequacy Assessment Process ("**ILAAP**"). Also, an abridged stress testing is done quarterly under the framework approved by the Board and is reviewed by Management Committee and Board Risk Committee.

Credit Risk

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

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

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

- The financial position of the borrower, by analysing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy;

- The borrower's relative market position and operating efficiency; and

- The quality of management by analysing its track record, payment record and financial conservatism.

Industry risk is evaluated by considering, *inter alia*:

- Certain industry characteristics, such as the importance of the industry to the economy, its growth outlook, cyclicality and government policies relating to the industry;

- The competitiveness of the industry; and

- Certain industry financials, including return on capital employed, operating margins and earnings stability.

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

Credit approval

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

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

- Developing credit policies in consultation with the Corporate Banking Group and Retail Banking Group which cover collateral management, credit rating framework, provisioning etc.

- Establishing the delegation of sanctioning powers available to individuals, singly or jointly, and the credit committees which are documented in the Credit Approval Authorization Manual.

- Limiting and monitoring concentrations of exposure to counterparties, geographies, industrial sectors, internal rating categories, etc.

- Performing portfolio specific reviews, thematic reviews and presenting the results to the BCC for guidance.

- Performing periodic credit stress tests on the Bank's portfolio and communicating the results to the BRC.

The Lending Services Operations Group ("**LSOG**") is responsible for credit administration which includes monitoring compliance with the terms and conditions prior to disbursement. It also reviews the completeness of documentation and creation of security.

Concentration risk

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

Credit Monitoring

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

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

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

An analysis of the Bank's investment portfolio based on internal risk ratings is as follows:

	31 March 2023	31 March 2022
	U.S.$000s	
AAA	321.8	347.9
AA+	39.2	91.9
AA	71.9	56.6
AA-	157.6	–
A+	19.2	15.3
A & A-	23.9	8.6
Unrated	4.7	5.9
Total	**638.3**	**526.1**

Credit quality of loan portfolio

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

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

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

Internal risk rating of loans and advances to customers (gross of collective and specific impairments):

Rating	**31 March 2023**	**31 March 2022**
	U.S.$000s	
AAA to AA-	259,094	76,389
A+ to A-	453,390	742,616
BBB+ to BBB-	141,699	310,570
BB and below	90,169	97,280
Total	**944,352**	**1,226,855**

During FY2023, the Bank has adopted S&P's Real Estate Asset Finance scorecard and methodology for evaluating exposures for its LAP portfolio. The ratings derived from the S&P methodology have been mapped to Bank's internal rating scale. The Bank has used these internal ratings for portfolio classification at 31 March 2023, while the Bank had used slotting criteria under the Basel framework for portfolio classification at 31 March 2022.

The Bank has adopted the standardised approach to Credit Risk Management under the Basel II framework.

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

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

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

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

The following disclosure practices have been adopted by the Bank:

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

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

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

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

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

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

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

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

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

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

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

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

Market Risk

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

- Treasury policy manual and mandate ("**TPMM**") which also includes the trading book policy statement ("**TBPS**")
- Interest Rate Risk in the Banking Book ("**IRRBB**") Management Policy
- Valuation, model validation policy and independent price verification policy

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

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

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

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

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

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

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

- Forex risk – This risk arises due to positions in non-dollar denominated currencies, which in turn arises from assets and liabilities in those currencies. Foreign exchange risk is managed within the Treasury function in accordance with approved position limits. The net overnight open position ("**NOOP**") of the Bank as at 31 March 2023 was U.S.$2.5 million (2022: U.S.$1.9 million).

The Bank has devised various risk metrics for different products and investments. These risk metrics are measured and reported to senior management by the TCSG. Some of the risk metrics adopted by the Bank for monitoring its risks are value-at-risk ("**VaR**"), duration of equity ("**DoE**"), price value of one basis point ("**PV01**") and stop loss amongst others. The risk appetite of the Bank includes limits for these risk metrics.

VaR is calculated using a parametric approach at a 99 per cent. confidence level over a one day holding period. The total VaR for the Bank's AFS book portfolio, including investment portfolio, as at 31 March 2023 was U.S.$1.8 million (2022: U.S.$1.2 million). The maximum, average and minimum VaR during the year for the AFS book portfolio, including investment portfolio, was U.S.$1.8 million (2022: U.S.$2.5 million), U.S.$1.3 million (2022: U.S.$1.0 million) and U.S.$0.9 million (2022: U.S.$0.7 million) respectively.

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

Particulars	**31 March 2023**	**31 March 2022**
	(U.S.$000s)	
Portfolio size (Market value)	375,451	299,976
Change in value due to 200 bps movement in interest rates	(22,215)	(15,681)

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

Particulars	**31 March 2023**	**31 March 2022**
	(U.S.$000s)	
Portfolio size (Market value)	375,451	299,976
Change in value due to 200 bps movement in interest rates	22,215	15,681

Volatility in interest rates has an impact on an entity's interest earnings. The impact of an increase/decrease in interest rates on the Bank's net interest income (Delta NII) as at 31 March 2023, assuming a parallel shift in the yield curve, has been set out in the following tables:

	Equivalent in U.S.$ million			
Currency	**Impact on Net Interest Income over a one year period**			
	31 March 2023		**31 March 2022**	
	Increase in interest rates by 200 bps	**Decrease in interest rates by 200 bps**	**Increase in interest rates by 200 bps**	**Decrease in interest rates by 200 bps**
U.S.$	(0.2)	0.2	0.5	2.5
GBP	0.7	(3.0)	0.0	(6.3)
EUR	(0.1)	0.1	(0.5)	3.0
Other currencies	(0.0)	0.0	0.0	0.0
Total	0.4	(2.7)	0.0	(0.8)

Liquidity risk

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

- ILAAP; and

- Liquidity Contingency Recovery and Resolution plan ("**LC-RRP**").

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

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

The Bank differentiates liquidity risk between funding liquidity risk and market liquidity risk.

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

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

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

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

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

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

As part of the stock and flow approach of monitoring liquidity, the Bank monitors certain liquidity ratios covering various liquidity risk drivers, *inter alia* short-term liquidity risk, structural mismatch risk, wholesale funding risk, off balance sheet risk and non-marketable assets risk as detailed in the Bank's ILAAP. The customer advances to total assets ratio provides a measure of the structural liquidity of the Bank's asset portfolio. The ratio as at 31 March 2023 was 0.5 (0.6 as at 31 March 2022).

In summary, the Bank seeks to follow a conservative approach in its management of liquidity and has in place a robust governance structure, policy framework and review mechanism to ensure availability of adequate liquidity even under stressed market conditions.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. "Compliance and legal risk", which is defined as the risk that arises from a failure or inability to comply with the laws, regulations or voluntary codes applicable to the financial services industry, and "conduct risk", which includes risks arising from unfair treatment and delivering inappropriate outcomes to its customers, are also considered within the ambit of operational risk.

The management of operational risk within the Bank is governed by the Operational Risk Management Policy ("**ORMP**"), which is reviewed and approved by the Board Risk Committee ("**BRC**") on an annual basis. Operational risk elements covered in the ORMP include operational risk incident management including reporting, techniques for risk identification, assessment and measurement, monitoring through key risk indicators and risk mitigation techniques.

The Compliance, Conduct and Operational Risk Management Committee ("**CORMAC**") is an executive committee of the Board is responsible for maintenance of an explicit compliance and operational risk management framework and monitoring and mitigation of operational and conduct risks (including Anti-Money laundering ("**AML**") and fraud). The CORMAC meets usually on a monthly basis.

The Bank has determined and articulated an Operational Risk Appetite ("**ORA**") which has been defined as the acceptable maximum level of operational risk ("**OR**") that the bank is willing to accept in pursuit of its strategic objectives, taking into account the interest of its stakeholders as well as and regulatory requirements. It has been expressed both in quantitative and qualitative terms. The Bank has expressed its ORA as a percentage of a financial parameter of the Bank i.e. operating income and operating expenses based on the average level of losses for the previous years and has also taken into account the existing controls and expected future developments and initiatives. In addition to quantitative measures, the Bank has also established qualitative measures of ORA both at strategic and business levels. At a strategic level, the Bank has set thresholds as acceptable, tolerable and unacceptable in various categories, including, financial, regulatory, client, reputation, employment practices and personnel safety, internal and external frauds, and cyber security. The qualitative measures set at business level are based around Risk and Control Self-Assessment ("**RCSA**") results, Key Risk Indicators ("**KRIs**") and Internal Audit and Compliance assessments.

In order to further strengthen and proactively monitor its compliance to "Conduct Risk ("**CR**")", the Bank has also defined its 'Conduct Risk Appetite ("**CRA**")' as per the guidelines issued by the regulator and has established thresholds/parameters of Conduct Risk. The Bank has defined CRA as the acceptable level of conduct risk that the Bank is willing to tolerate in pursuit of its strategy and business objectives. A conduct risk appetite framework balances the needs of all stakeholders by acting as both a governor of risk and driver of current and future business strategy.

The objective of the CRA framework of the Bank is to identify key Conduct Risks faced by the Bank and steps to be taken to mitigate these risks; articulate the governance mechanisms, systems and controls which are in place to mitigate these risks; and review the exposure of the Bank to conduct risks and assist the Board in ensuring that the risk appetite is not breached.

The Bank has established a Conduct Risk Policy which aims to deliver fair and appropriate outcomes as per the Bank's Conduct Risk philosophy. It also articulates the responsibilities of various stakeholders, i.e. the Board, Senior Management and employees towards Conduct Risks. The CRA framework is reviewed at least on an annual basis, in line with the strategy of the Bank. The framework is updated as per changes in the business strategy of the Bank and/or the changing external regulatory developments and expectations. The CRA has been carved out or is the subset of the ORA and is made up of the individual indicative guideline limits on bank-wide risk categories/areas namely, Business Practice and Conduct, External Frauds and Internal Frauds. The Bank has zero appetite for internal frauds.

The Operational Risk Management Group ("**ORMG**") is responsible for coordinating all the operational risk related activities of the Bank including implementing tools for managing operational risk and maintenance of the ORMP.

The Bank has implemented its RCSA approach to identify and ensure effective control of its operational risks. The RCSAs are reviewed periodically as per the CORMAC approved plan in consultation with the business groups and the results of the RCSA exercises are presented to BRC quarterly. The Bank manages and monitors the level of operational risks for the Bank as a whole and within the various business groups by establishing Key Risk Indicators ("**KRIs**") at a Bank level and RCSA entity level respectively. Both the KRIs are monitored on a monthly basis and the results of Bank level KRIs are presented to the CORMAC and the BRC on a quarterly basis. In case of entity level KRIs, parameters registering red for three consecutive months along with the action plan are presented to the CORMAC on a quarterly basis. In order to further strengthen and enhance the RCSA tool, the entities/groups also self-test the effectiveness of the controls emanating from the RCSAs at least once in a year. The test is sample-based and the results are shared with the BRC on a quarterly basis.

The Bank has implemented a loss data collection, analysis and reporting process for all operational risk loss data (including internal and external fraud) and near miss events. The data is collected from all business and support units in the UK as well as those outsourced to India. Analysis of such data is reported to the CORMAC and the BRC on a quarterly basis.

The Bank has adopted the Basic Indicator Approach for the purposes of calculating its operational risk capital charge as per Basel II. The Bank carries out an operational risk scenario analysis and stress testing exercise for assessing the adequacy of the operational risk capital charge. Various operational risk events based on existing and external loss data, risks identified in RCSAs and internal audit reports, have been assessed which are further used to create seven operational risk scenarios. Each of these scenarios are assessed for its probability and financial impact and compared with the operational risk capital charge. The framework is reviewed and the results shared with the MC and BRC on an annual basis as part of the ICAAP exercise.

To identify operational risks in new products/processes, all such proposals are required to be approved by the Product and Process Approval Committee ("**PAC**"), comprising senior management after obtaining inputs from all the relevant groups and control functions in the Bank. The ORMG reviews the notes to ensure control, design and operating effectiveness and recommends a risk rating. The existing product/process notes are also reviewed periodically based on the materiality of changes proposed and/or operational risk assigned to the note.

The Bank has developed and implemented a Business Continuity and Crisis Management Plan ("**BCP**") for all business and corporate functions to ensure continued availability of critical business processes in the event of an outage. The BCP also addresses disaster situations and provides necessary guidance to recover and restore critical and important business processes in the event of an external business disruption. It provides guidelines for the plan, development accountabilities, testing of the BCP and maintenance of individual plans by the respective groups. The BCP for each individual group has been developed on the basis of a business impact analysis carried out for the individual groups involving identification of critical and important activities and determination of their recovery time objectives. Periodic testing of the BCP is carried out and the results and the updates are shared with CORMAC on a quarterly basis. The Corporate BCP of the Bank (along with the group specific plans for noting) is reviewed and approved by the BRC annually.

The Bank has developed and implemented a Policy on outsourcing and third party risk management to mitigate third party risks and ensure the application of a standardised approach for all third party arrangements (outsourced as well as non-outsourced third party arrangements)entered into by the Bank. Proposed third party arrangements are assessed for their materiality prior to availing the services. All proposed third party arrangements deemed material are approved by the BRC, and all, including non-material arrangements, are notified to the CORMAC. The respective sponsoring unit periodically reviews the performance of vendors and on an annual basis; ORMG presents the performance assessment report to the BRC.

Compliance and Financial Crime Prevention

Role of the Compliance function

The core purpose of Compliance is to support the Board and senior management in fulfilling their regulatory obligations, principally but not exclusively under the PRA and FCA requirements, and to maintain the Bank as a "fit and proper" institution in all the business it undertakes. It also seeks to create a more focused compliance culture and instil ethical values across the business, whilst:

- Proactively managing and strengthening the key regulatory relationships;

- Ensuring that the knowledge and skills of the Compliance team continually reflect regulatory requirements and the Bank's needs;

- Sharing and making use of best practices across the ICICI Group;

- Promoting the ICICI brand by proactively participating in external regulatory forums and decision making committees (for example, UK Finance committees);

- Conducting compliance reviews to identify potential areas of concern and monitor for improper conduct or failures to comply with regulatory or policy requirements; and

- Training and educating staff in regulatory requirements and internal policies and procedures.

Effective compliance risk management is a prerequisite for the Bank's continuing business success, particularly at a time when the regulatory framework continues to undergo considerable change. It is important that Compliance maintains a focused approach on controls, governance, compliance and risk management to provide a sound foundation for the business.

Anti-Money Laundering

To demonstrate the Bank's commitment to deter money laundering and terrorist financing, the Bank has implemented comprehensive policies, procedures and controls covering all aspects of the Bank's business. Anti-money laundering and know your customer controls and procedures are devised and implemented using a risk-based approach taking into account the requirements of the regulators' systems and controls rules, the Money Laundering Regulations and the Joint Money Laundering Steering Group guidelines.

Processes are established for the reporting of suspicious activity and submission of reports to the National Crime Agency where appropriate. Systems are in place for compliance with the financial sanction regime.

Periodic reports are produced and submitted to the Bank's Management Committee and the Board of Directors on the adequacy of financial crime arrangements. These include observations from compliance monitoring reviews, highlighting of any deficiencies identified in policies and procedures, summary of regulatory development and changes, updates on anti-money laundering and fraud issues of significance and compliance training provided to all staff.

Furthermore, an annual report by the Money Laundering Reporting Officer is prepared and shared with the Bank's Board Conduct Risk Committee ("**BCRC**"). The report provides an assessment on the effectiveness of the Bank's Anti-money Laundering policies and procedures as well as the Fraud Risk Management Policy. It also highlights any areas where further review and changes are needed to improve the effectiveness of the anti-money laundering and financial crime prevention systems and controls.

Fraud

The Bank enhances and strengthens its fraud management capability on an on-going basis by monitoring various processes and ensuring that appropriate risk mitigation measures are in place to prevent and detect fraud.

A fraud risk management policy is in place to assist all staff with their responsibility for the detection and prevention of fraud. It is the Bank's policy to investigate all instances of fraud or suspected fraud, and to assist the authorities as required in the investigation and prosecution of suspected fraudulent parties. To further enhance the Bank's fraud management strategy, policies on whistle-blowing and raising concerns, gifts, entertainment and inducements, bribery and corruption and conflicts of interest have also been implemented.

The Bank's policy is to undertake risk mitigation methods, wherever appropriate, in order to protect shareholder value. In addition, suitable insurance policies have been entered into to mitigate loss to the Bank in the event of the occurrence of fraud.

The Financial Crime Prevention team has the responsibility of reviewing individual fraud reports and investigating all frauds and work closely with law enforcement agencies. The Money Laundering Reporting Officer ("**MLRO**") is kept informed at all times.

In addition to the financial crime prevention team dealing with fraud cases reported by customers to the Bank, the use of separate functions such as the debit card monitoring team help the Bank to both monitor the systems in place and detect any areas of weakness. All new products are approved by either the Management Committee or the relevant Board Committee.

In response to the threat of internal fraud, the human resources department has appointed an agency to carry out stringent background checks on prospective staff. These include verification of qualifications, employment and credit reference checks. A final report of each prospective staff is kept by the Bank in the prospective staff's personal file. In addition, the Bank has in place a Personal Account Dealing policy, which is designed to prevent the misuse of privileged information and conflicts of interest, thereby protecting members of staff, the Bank and its customers. The Personal Account Dealing Policy must be adhered to by all employees, and associates acting on their instructions/recommendations and to dealings where any of those persons is the beneficiary of an account.

The Bank's detailed financial crime prevention policy and procedures provide considerable support in fighting against fraud. Internal audit, as part of the audit planning and scoping identifies those areas particularly susceptible to fraud.

When the MLRO considers there to be a significant fraud, he reports it to the FCA/PRA. In addition to this reactive reporting, a quarterly report is submitted to the Bank's Board Conduct Risk Committee on fraudulent activity experienced by the Bank as well as any regulatory or guideline amendments. This ensures the Board members are aware of emerging risk areas and the potential impact on the Bank. Fraud data is also shared with the Parent and other stakeholders, including risk on a monthly basis. This ensures the entire organisation, including the Parent bank is kept up to date of fraud issues and trends, and is a key factor in strengthening the Bank's policy in mitigating the risk of fraud. The flow of information forms an integral part of the control process and ensures the Board of Directors are fully involved with the fraud policy as per the guidelines issued by the regulators.

The Bank is a member of CIFAS, the UK fraud prevention agency and has access to their fraud data base.

Audit

As mandated by the Bank's Audit Committee, the Internal Audit Department ("**IAD**") carries out the internal audit function of the Bank. The IAD is able to call on specialist audit resource from the wider Group Audit Function ("**GAF**") based in India. The IAD also has a budget to co-source elements of work with external firms that are able to provide specialist input in the chosen area. GAF has implemented the concept of a group-wide internal audit methodology, which is applied in all subsidiaries in the ICICI Group. The IAD acts as an independent entity for review of operations and the Head of Internal Audit reports to the Chairperson of the Board Audit Committee and Head International Audit, ICICI Bank Limited, and also has reporting lines to the Managing Director and Chief Executive Officer. The Bank has put in place a risk based internal audit plan to verify that operating policies and procedures are implemented as intended and are functioning effectively. Internal Audit also evaluates whether the framework including the associated governance processes meets the Bank's needs and regulatory expectations and requirements.

Technology

The Bank aims to be at the forefront of the use of technology in the banking services sector. The Bank strives to use information technology as a strategic tool for its business operations, to gain a competitive advantage and to improve its overall productivity and efficiency. The Bank's technology initiatives are aimed at enhancing value, offering customers enhanced convenience and improved service while optimising costs. The Bank's Conduct Risk philosophy is that its customers are at the heart of its business. The Bank looks to develop and maintain long term relationships with its customers based on openness, trust and fairness in everything it does. The Bank expects that the behaviour and motivation of every employee should be based on good conduct and adherence to established controls to deliver fair and appropriate outcomes to its customers. With this in mind the aim of the Bank is to strategise all technical developments around customer experience and convenience.

The systems and IT function of the Bank works very closely with the technology teams of the Parent and is the focal point for all technology decisions. The IT Group based in the UK is responsible for defining and scoping technology solutions for business projects and for selecting the appropriate technology for the project in conjunction with the technology teams from the Parent. The IT Group is responsible for monitoring the common infrastructure in the Bank such as the WAN, including procedures for monitoring and reacting to system security warning messages and reports. It also ensures all systems are assessed and secured as per the parent bank guidelines and the local regulatory norms.

The Bank uses the systems developed by the Parent that have evolved over a period of more than 25 years and cover all functional areas of the organisation. Additionally, there are local applications and services developed to facilitate operational procedures relevant to the geography. The Bank uses a core banking system that is flexible and scalable and allows it to serve its growing customer base. A central stand-in server provides services every day of the week, throughout the year, to delivery channels. The server stores the latest customer account balances, which are continuously streamed from the core-banking database. The Bank, through the Parent, has a data centre in Hyderabad for centralised data base management, data storage and retrieval.

The Bank uses a globally recognised treasury system (Murex) for its operations. The Bank has implemented a customer relationship management solution ("**FCRM**") for automation of customer handling in all key retail products. The FCRM helps in tracking and timely resolution of various customer queries and issues. The FCRM has been deployed across service centres, operations teams and branches. This has helped the Bank to effectively track and solve customer queries and complaints.

Information Security

The Bank has implemented an integrated approach to IT and information security and made significant progress in enhancing its information security governance through monitoring at the Information Technology and Security Committee. Additionally, periodic presentations are given to the BRC on the cyber threat landscape and the measures taken by the Bank to mitigate cyber security risks and threats. These include status on periodic vulnerability and penetration testing, status on application security life cycle assessment, information security awareness programs and cyber incident management. In April 2023, the Bank renewed its "Cyber Essentials" certificate and badge which demonstrates that the Bank's information security processes and procedures meet the UK baseline standards. The Bank has a Data Protection Policy ("**DPP**") to ensure that personal and sensitive information about its clients, employees, vendors and others with whom it communicates is dealt in accordance with the relevant national laws. The DPP was prepared taking into consideration the provisions of Data Protection Legislation i.e. the EU General Data Protection Regulation 2016/679 ("**EU GDPR**") and the DPA 2018. Further, post end of Brexit transition period, the EU GDPR has been incorporated into UK data protection law as the UK GDPR. In practice there is little change to the core data protection principles, rights and obligations found in the UK GDPR. The EU GDPR may also still apply directly to the Bank if it operates in Europe, offers products or services to individuals in Europe, or monitors the behaviour of individuals in Europe. Further, post the Germany branch acquiring the status of a third country branch, it has its own data protection policy which is governed by EU GDPR.

Legal and Regulatory Proceedings

The Bank is involved in various litigation proceedings and is subject to a wide variety of banking and financial services laws and regulations in each of the jurisdictions in which it operates. However, the Bank is, to the best of its knowledge, not a party to any proceedings against it and no regulatory proceedings are known by it to be contemplated by governmental authorities which if adversely determined may have a material adverse effect on the Bank's financial condition or results of operations.

Environment, Social and Governance Initiatives

The Bank is committed to taking suitable steps to align with the UK government's mission to minimise any negative impact on climate change. Various initiatives taken by the Bank for the protection of climate change are described below:

Climate Change

The Bank monitors the regulatory landscape and steps being taken by the industry on 'Climate Change' and 'Environmental Social & Governance ("**ESG**")' aspects. The Bank acknowledges that climate change can lead to physical risks, such as severe weather events (for example, sea level rises and flooding) and transition risks, such as the possibility of deterioration in a customer's ability to meet its financial obligations due to the global movement from a high-carbon economy to a low-carbon economy. The BoE, through its arms, the FCA and the PRA, has included management of financial risks arising from climate change as one of the Bank's areas of priorities for 2023.

The Bank's chief risk officer ("**CRO**") has the additional responsibility as part of the senior management to ensure that the regulatory expectations are adequately addressed, and the Bank's Board Risk Committee ("**BRC**") oversees the climate change-related action plan of the Bank. The CRO chairs the Bank's internal working group ("**WG**") on climate change which has members from various departments of the Bank. The WG tracks the latest regulatory guidance, expectations and developments in the industry with regard to climate change and ESG considerations, and meets regularly to share with each other the knowledge gained through participating in webinars and discussions organised by forums and associations in the UK, Europe and international rating agencies. It provides quarterly updates to the Bank's Management Committee and the BRC on the Bank's activities, key regulatory developments and actions being taken in the industry to manage and meet requirements for managing risks related to climate change. The members of the WG are also in regular touch with the team of Parent bank which is driving its sustainability and corporate social responsibility objectives.

For FY2023, the BRC approved an action plan for the Bank covering the key areas of governance, risk management, scenario analysis and disclosure to meet the requirements of the PRA's 'Supervisory Statement on 'Enhancing banks' and insurers' approaches to managing the financial risks from climate change' (SS3/19). To conclude, the Bank has taken an approach that is proportionate to its size and nature of operations within the UK.

The key actions taken during FY2023 are set out below:

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

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

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

Risk Management

- The Bank's risk appetite statements were reviewed by the Board. It was decided that the statements appropriately reflected the Bank's position for FY2023.

- Exposure limits were reviewed and realigned for sectors identified with high potential of climate change related impact.

- In accordance with one of the recommendations under the Climate Financial Risk Forum's guide on risk management, the Bank adopted the Notre Dame Global Adaptation Index (ND-Gain Index) score as a parameter for setting country limits. The score is an outcome of an online tool that uses 45 indicators and over 20 years of data to summarise the vulnerability and readiness of 181 nations to the global challenges brought by climate disruption.

- The Bank put in place a Climate Risk Management Framework that showcases how climate risk is operationalised within the Bank.

- For corporate borrowers constituting the credit portfolio, a process has been institutionalised to score parameters like sectoral, regulatory, physical, transition, litigation and reputation risks on account of climate change as part of the Bank's appraisal and asset quality review ("**AQR**") notes. The final weighted scores have been used to categorise the financial impact of climate change on the borrower's business into either 'High', 'Medium' or 'Low'. The Bank proposes to increase engagement with borrowers assessed as potential 'High' impact, and seek more information on their action plan to transition to net zero. The percentage of borrowers assessed as 'High' impact and have not disclosed plans to reduce carbon emissions/transition to net zero is approximately 4.5% of the Bank's corporate loan and bonds book.

- For the loans against property portfolio, the Bank's policy has a requirement for obtaining copies of Energy Performance Certificates ("**EPCs**"), issued by UK government in accordance with Energy Performance Buildings Regulation, 2012 (as amended), for all properties provided as security to the Bank for such loans. The EPCs provide the energy efficiency ratings for each property. The Bank's empanelled valuers are increasingly being required to verify and include relevant details in their valuation report submitted to the Bank. Appropriate information and commentary is being captured in the appraisal and the periodic AQR notes. The Bank does not lend against properties located in areas with high flood risk and where previous flooding has been noted even though flood insurance might be available. Approximately 63% of the properties financed by the Bank have EPC ratings of 'A', 'B' or 'C'.

- The Parent bank has subscribed to Crisil Research's ESG services, MSCI, EMIS and Acuite covering ESG scores, benchmarks and rationales of companies, both in India and across international geographies. The services provide advanced searches and alerts in order for the Bank to identify companies based on ESG and financial criteria.

Senior Managers Regime

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

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

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

3. Apply a new set of conduct rules to a broad range of staff, including the Senior Managers and the certification staff.

The Bank presents regular updates on compliance with the regime to the Board Governance Committee.

Employees and Management

As at 31 March 2023 the Bank had 143 employees. The Bank encourages the involvement of all employees in the Bank's overall performance and profitability. The Bank has a pension scheme operating in the UK in which the employees are entitled to a maximum of five per cent. contribution of their basic salary by the Bank. Generally, all permanent employees have life insurance cover to the extent of four times their base salary. The Bank also has a private medical insurance plan, which covers permanent employees and their dependents in the UK.

The Bank is committed to employment practices and policies which recognise the diversity of its workforce and ensures equality for employees regardless of sex, race, disability, age, sexual orientation or religious belief. Employees are kept closely involved in major changes affecting them through such measures as team meetings, briefings, internal communications and opinion surveys. The Bank has adopted a Code of Conduct, which sets out the core values and behaviours expected of senior management and other employees. The requirements of the Code are for all employees to act with integrity and maintain the right culture at all times. It also reinforces the Bank's commitment to maintaining high standards in the management of its relationship with customers, employees and suppliers.

The Bank recognises its social and statutory duty and follows a policy of providing the same employment opportunities for disabled persons as for others.

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

The Bank is governed by the Board of Directors which approves all major policies and procedures of the Bank. The Board of Directors delegates authority to various board and executive committees responsible for managing the day-to-day activities of the Bank, details of which are given below. The Board of Directors is chaired by Mr. Sandeep Batra, Executive Director (designate) of ICICI Bank Limited. The board meets at least four times a year.

Member Profile Status

Members	**Profile**	**Status**
Mr. Sriram H. Iyer	Head – International Banking Group of the Parent Bank, ICICI Bank Limited	Chairperson of the Board and Non-Executive Director
Mr. Rajesh Rai	Business Head – West and South ICICI Bank Limited	Non-Executive Director
Mr. Loknath Mishra	Managing Director and Chief Executive Officer, ICICI Bank UK PLC	Managing Director & CEO
Mr. Stephen Krag	Banker, Ex CFO & Director of various banks & firms including RBC Europe Limited	Independent Non-Executive Director
Mr. Huw Morgan	Former Head of UK Business banking at HSBC PLC	Independent Non-Executive Director
Mrs. Serena Joseph	Former Head Risk Kroo Bank Ltd, former Head Regulatory Advisory – Mazars	Independent Non-Executive Director

The business address of each member of the Board of Directors is One Thomas More Square, London E1W 1YN.

Mr. Shriram H. Iyer leads the International Banking Group of the Parent Bank, ICICI Bank Limited. He also spearheads the Global Remittances and NRI business of the Bank. Mr. Iyer is Chair of the Board of Directors of ICICI Bank Canada. He was a core member of the executive team that established ICICI Bank in Canada in 2003 and served as the President and Chief Executive Officer of ICICI Bank Canada between April 2008 and July 2019. Mr. Iyer holds a Bachelor of Engineering degree from the National Institute of Technology and a Masters of Business Administration degree from the Indian Institute of Management, Bangalore. He is also a certified corporate director and has completed the Directors Education Program from the Institute of Corporate Directors.

Mr. Rajesh Rai has been with the ICICI group for over 20 years and has worked across businesses like Retail Banking, Corporate Banking and Government Institutions. Mr. Rai is currently heading the business for western and southern regions of ICICI Bank Limited, India. Prior to joining ICICI Bank Limited, India in 2020, Mr. Rai was associated with ICICI Lombard General Insurance Company Limited. Mr. Rai was one of the founding members of ICICI Lombard General Insurance Company Limited and handled roles with varied responsibilities. Mr. Rai is an Economics graduate and has pursued Chartered Accountancy course from the Institute of Chartered Accountants of India till intermediate level.

Mr. Loknath Mishra is the Managing Director and CEO of ICICI Bank UK PLC. Mr. Mishra has been with the ICICI Bank for over 25 years and has extensive experience in corporate and transaction banking services. He also has experience of leading the structured finance, capital market and custody business of ICICI Bank Limited. He has an MBA (Finance) and is also a Certified Associate of Indian Institute of Bankers (CAIIB).

Mr. Stephen Krag is an Independent Non-Executive Director and Chair of the Audit Committee. He spent over 30 years in financial services working for various UK and overseas financial institutions including NatWest Markets, HBOS, Daiwa Capital Markets and Royal Bank of Canada in senior finance and operational roles. In his executive career he was CFO and Director on the Board of a number of regulated banking and securities firms including RBC Europe Limited (the main European subsidiary of RBC Capital Markets). He has also served as a Non-Executive Director on Bluebay Asset Management and Royal Bank of Canada Investment Management UK Limited.

Mr. Huw Morgan is an FCIB banker who spent some 25 years with HSBC plc- latterly as Head of Business banking. Prior to this he held a variety of roles including Relationship Director in Midland Montagu Corporate Banking, Head of Operations on the acquisition of Mid-Med bank in Malta and, more recently, Regional Director for Wales and the South West responsible for the Retail branch network and Corporate and Commercial banking businesses. Mr Morgan is the Senior Independent Director for Finance Wales, he Chairs Help me Compare Ltd and also sits on the board as an NED for Inspiretec Ltd. He also sits on the board of the Financial and Professional Services Panel for Wales and the Cardiff Central Enterprise Zone. Both these organisations seek to increase business development Wales. Mr. Morgan holds an MPhil in Economics from Aberystwyth University and he now sits on the University's development board.

Mrs. Serena Joseph is an Independent Non-Executive Director and Chair of the Board Governance Committee and Board Conduct Risk Committee of the Bank. Serena has vast experience in regulatory advisory practice and held professional positions across various entities. Serena headed the newly formed Regulatory Advisory Practice as a Partner at Mazars Plc, which became the model for the Group's European Partnership. She was instrumental in establishing and building the first-ever Regulatory Advisory Practice at KPMG as well. She also hold position as Chair of Risk at Kroo Bank Ltd. Serena is both ACIB qualified and a member of the London Institute of Banking and Finance, Fellow of the Compliance Institute, now incorporated into CISI, and a graduate in Modern History from University of Oxford.

Corporate Governance

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

The Bank operates three lines of defence model including independent control groups such as Compliance, Risk, Internal Audit, Finance and Legal to facilitate independent evaluation, monitoring and reporting of various risks. These support groups function independently of the business groups and are represented at the various Committees.

Effective corporate governance and compliance is a prerequisite to achieving the Bank's strategic objectives. The Bank has maintained a strong focus on controls, governance, compliance and risk management to provide a sound foundation for the business. It ensures embedding of a controls and compliance culture throughout the organisation. This is achieved through appropriate training, maintaining adequate resources within the control groups commensurate with the Bank's operations, continuous strengthening of internal systems and processes and effective deployment of technology. Information technology is used as a strategic tool for the Bank's business operations, to gain a competitive advantage and to improve its overall productivity and efficiency.

The Bank's Board is responsible for creating and delivering a sustainable stakeholder value by providing oversight to the Bank's business. The Board is also the decision-making body for all matters having significant strategic, financial or reputational implications or consequences. There are matters specifically reserved for final approval of the Board and certain powers of the Board are delegated to the Board Committees. The Board Committees discuss various matters having strategic, financial or reputational implications or consequences. In the event that the Chairperson of these committees determines that these matters have significant implications, they refer such matters to the Board for due consideration.

The Board has delegated certain powers to five Board Committees which are the Board Credit Committee, Board Risk Committee, Board Audit Committee, Board Conduct Risk Committee and Board Governance Committee. The Bank has an established governance framework with clear terms and reference and mandate for these Committees.

The Bank has adopted the governance framework in line with the corporate governance practices at other UK financial institutions. The Bank is not listed in the UK and hence UK corporate governance code is not applicable to the Bank.

TAXATION

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current law and published practice in the United Kingdom, Singapore and the United States relating to certain aspects of United Kingdom, Singapore and the United States taxation. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom, Singapore and the United States treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom, Singapore and the United States or who may be unsure as to their tax position should seek their own professional advice.

United Kingdom Taxation

*The comments below are of a general nature based on current UK tax law as applied in England and Wales and HM Revenue and Customs ("**HMRC**") practice (which may not be binding on HMRC), in each case as at the latest practicable date before the date of this Offering Circular, and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). They relate only to the position of persons who hold their Notes as investments (regardless of whether the holder also carries on a trade, profession or vocation through a permanent establishment, branch or agency to which the Notes are attributable) and only apply to persons who are absolute beneficial owners of the Notes. The comments below do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. Certain classes of person such as dealers, certain professional investors, or persons connected with the Issuer may be subject to special rules and this summary does not apply to such Noteholders. Any Noteholders who are in doubt as to their own tax position, or who may be subject to tax in a jurisdiction other than the UK, should consult their professional advisers. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the jurisdiction discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes.*

References to "interest" in this section mean interest as understood for UK withholding tax purposes. Any redemption premium may be "interest" for these purposes, although the position will depend upon the particular terms and conditions.

*Withholding tax on payments of interest on Notes issued by the Issuer which have a UK source (the "**UK Notes**")*

While the UK Notes carry a right to interest and are and continue to be listed on a recognised stock exchange within the meaning of Section 1005 Income Tax Act 2007 ("**ITA 2007**"), payments by the Issuer of interest on the UK Notes may be made without withholding or deduction for or on account of UK income tax ("**Quoted Eurobond Exemption**"). The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") is a recognised stock exchange for these purposes. Securities will be treated as listed on the SGX-ST if they are both admitted to trading on the Main Board of the SGX-ST and are officially listed in Singapore in accordance with provisions corresponding to those generally applicable in countries in the European Economic Area.

In addition to the Quoted Eurobond Exemption, payments of interest by the Issuer may be made without withholding or deduction for or on account of UK income tax provided that the Issuer is and continues to be a bank within the meaning of Section 991 of the ITA 2007 and the interest on the UK Notes is paid in the ordinary course of its business within the meaning of Section 878 of the ITA 2007.

In all other cases, interest which has a UK source will generally be paid by the Issuer under deduction of UK income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and reliefs under domestic law or to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

Withholding tax on payments of interest on Notes issued by the Issuer which do not have a UK source

The analysis set out in the above paragraph applies to payments of interest where such interest has a UK source. In the case of interest which does not have a UK source, payments of interest on the Notes may generally be made without withholding or deduction for or on account of UK income tax.

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore ("**IRAS**") and the Monetary Authority of Singapore ("**MAS**") in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made below do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s) or hold a specified license) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger, the Dealer or any other persons involved in the issuance of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

In addition, the disclosure below is made on the assumption that IRAS regards each tranche of the Notes as "debt securities" for the purposes of the Income Tax Act and that distribution payments made under each tranche of the Notes will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the conditions for the qualifying debt securities scheme are satisfied. If any tranche of the Notes is not regarded as "debt securities" for the purposes of the Income Tax Act, or any distribution payment made under any tranche of the Notes is not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Notes should consult their own tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Notes.

Interest and Other Payments

Generally, interest and other payments derived by a holder of the Notes who is not resident in Singapore and who does not have any permanent establishment in Singapore is not subject to tax, as such income is likely to be regarded as arising from a source outside Singapore, given that the Issuer is issuing the Notes outside Singapore and not through a branch, permanent establishment, or otherwise in Singapore. However, even if such interest and payments are regarded as sourced in Singapore, such interest and other payments may also be exempt from tax, including withholding of tax, if the Notes qualify as "qualifying debt securities" as discussed below.

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is:

  (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore); or

  (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent. Prior to the Year of Assessment 2023 and is to be increased to 24 per cent from the Year of Assessment 2024 (i.e. from 1 January 2023) pursuant to the Singapore Budget Statement 2022. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

(a) subject to certain prescribed conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes, is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "Qualifying Income") from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore, but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(b) subject to certain conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the Income Tax Act) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders who have been granted the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

    (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the Income Tax Act; and

    (ii) the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

    payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(a) if during the primary launch of any tranche of the Relevant Notes, the Relevant Notes of such tranche are issued to less than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Bank, such Relevant Notes would not qualify as "qualifying debt securities"; and

(b) even though a particular tranche of Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Bank, Qualifying Income derived from such Relevant Notes held by:

    (i) any related party of the Bank; or

    (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Bank,

shall not be eligible for the tax exemption or concessionary rate as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**break cost**", "**prepayment fee**" and "**redemption premium**" are defined in the Income Tax Act as follows:

"**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the Income Tax Act.

Where interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) is derived from any of the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities under the Income Tax Act (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore.

Following the Singapore Budget Statement 2023, the Ministry of Finance announced that the qualifying debt securities scheme will be extended until 31 December 2028 and the scope of Qualifying Income under the qualifying debt securities scheme will be streamlined and clarified such that it includes all payments in relation to early redemption of a qualifying debt security. In addition, to ensure continued relevance, the requirement that the qualifying debt security has to be substantially arranged in Singapore will be rationalised, inter alia, as follows: for all debt securities that are issued on or after 15 February 2023, they must be substantially arranged in Singapore by a financial institution holding a specified licence (instead of a Financial Sector Incentive (Bond Market), Financial Sector Incentive (Capital Market) or Financial Sector Incentive (Standard Tier) Company). All other conditions of the scheme remain the same. The MAS will be providing further details by 31 May 2023.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standards 39 ("**FRS 39**"), 109 ("**FRS 109**") or Singapore Financial Reporting Standards (International) 9 ("**SFRS(I) 9**") may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law). Please see the section below on *"– Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes*".

Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes

Section 34A of the Income Tax Act provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the Income Tax Act requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the Income Tax Act should consult their own tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") commonly known as FATCA, a "**foreign financial institution**" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued before the date that is six months after the date on which final regulations defining "foreign passthru payments" are published generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of substitution of the issuer). If additional Notes (as described under "*Terms and Conditions of the Notes – Further Issues*") that are not distinguishable from such previously issued grandfathered Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement dated 4 October 2023 (as amended and/or supplemented and/or restated from time to time, the "**Programme Agreement**"), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under *"Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it will not offer or sell the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of such Notes within the United States by a dealer this is not participating in the offering may violate the registration requirements of the Securities Act.

Each issuance of Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

Prohibition of sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

   (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

   (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

   (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

(a) if the pricing supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, **provided that** any such prospectus has subsequently been completed by the pricing supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or pricing supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the pricing supplement in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the pricing supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

    (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the applicable pricing supplement in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the pricing supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(a) if the pricing supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Section 86 of the FSMA (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the Financial Conduct Authority, provided that any such prospectus has subsequently been completed by the pricing supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or pricing supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(i) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iii) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA, or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Note means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

India

Each Dealer represents, agrees, and acknowledges that (a) the Offering Circular has not been and will not be registered, produced or published as an offer document (whether as a prospectus in respect of a public offer of securities or information memorandum or other offering material in respect of any private placement of securities under the Companies Act, 2013, as amended from time to time and the rules framed thereunder or any other applicable Indian securities laws) with the Registrar of Companies ("**RoC**") or the SEBI or the RBI or any other adjudicatory, statutory, regulatory or governmental body of like nature in India, save and except, any information forming part of the Offering Circular which is mandatorily required to be disclosed or filed in India under any applicable Indian securities laws including but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, and under the listing agreements with any Indian stock exchanges pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, or pursuant to the directive of any statutory, regulatory or governmental and adjudicatory body in India, (b) the Notes have not been and will not be offered or sold to any person in India by means of any document other than to persons permitted under Indian laws to acquire the Notes, whether as a principal or as an agent, and (c) the Offering Circular or any other offering document or material relating to the Notes have not been and will not be circulated or distributed, directly or indirectly, to any person or the public in India or any member of the public in India or otherwise generally distributed or circulated in India which could constitute an advertisement, invitation, offer, sale or solicitation of and an offer to subscribe for or purchase any securities within the meaning of the Companies Act, 2013, as amended from time to time, or any other applicable Indian securities laws for the time being in force.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore and the Notes will be offered pursuant to the exemptions under Sections 274 and 275 of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**"). Accordingly, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased pursuant to an exemption under Section 275 of the SFA by a person who is:

(a) a corporation (which is not an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or trust has acquired the Notes under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1)(A) or Section 276(4)(c)(ii) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification – In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**") Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other relevant laws and regulations of Japan.

Hong Kong

In relation to each tranche of Notes issued by the Issuer, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold, and will not offer or sell, in Hong Kong by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

General

These selling restrictions may be supplemented or modified by the agreement of the Issuer and any relevant Dealer following a change in a relevant law, regulation or directive. Any such modification will be set out in the pricing supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any pricing supplement, in any country or jurisdiction where action for that purpose is required.

Each relevant Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material, or any pricing supplement therefore in all cases at its own expense.

GENERAL INFORMATION

Authorisation

1 The establishment and update of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 12 July 2007 and 19 January 2010 and a resolution of the Board Credit Committee passed on 17 April 2023.

Listing

2 Application has been made to the SGX-ST for permission to deal in, and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes if traded, will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies).

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for definitive Note(s). In addition, in the event that a Global Note is exchanged for definitive Note(s), an announcement of such exchange will be made by the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Note(s), including details of the paying agent in Singapore.

Clearing systems

3 The Notes to be issued under the Programme have been accepted for clearance through Euroclear and Clearstream. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream will be specified in the applicable Pricing Supplement. The Issuer may also apply to have the Notes accepted for clearance through the CMU Service. The relevant CMU Instrument Number will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

No significant change

4 Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Bank since 31 March 2023.

Litigation

5 Save as disclosed in this Offering Circular, the Issuer is not involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position of the Issuer.

Accounts

6 The auditors of the Issuer are BDO LLP, registered auditor, who have audited the Issuer's accounts for the years ended 31 March 2022 and 31 March 2023 in accordance with International Standards on Auditing (UK) and applicable laws.

7 The audit report in respect of the Issuer for each of these financial years stated that it was made solely to the Issuer's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, that the audit work was undertaken so that the auditors might state to the Issuer's members those matters they were required to state to them in an auditors' report and for no other purpose and that to the fullest extent permitted by law, the auditors did not accept or assume responsibility to anyone other than the Issuer and its members, as a body, for the audit work, for the report, or for the opinions formed.

The Issuer currently prepares audited accounts on an annual basis. These are available from the Issuer upon request at its registered office. The Issuer does not currently publish interim accounts.

8 The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors (as defined in the Trust Deed) or any other person in accordance with the provisions of the Trust Deed as sufficient evidence of the facts stated therein whether or not called for by or addressed to the Trustee and whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Auditors or such other person in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person. However, the Trustee will have no recourse to the Auditors or such other person in respect of such certificates or reports unless the Auditors or such other person have agreed to address such certificates or reports to the Trustee.

Documents

9 So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London:

(a) the constitutional documents of the Issuer;

(i) the audited financial statements of the Issuer in respect of the financial years ended 31 March 2022 and 2023;

(ii) the most recent annual audited financial statements of the Issuer and the most recently published unaudited interim financial results of the Issuer (if any);

(iii) the Programme Agreement, the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

(iv) a copy of this Offering Circular;

(v) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and

(vi) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

INDEX TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

By order of the Board

Loknath Mishra
Managing Director & Chief Executive Officer

Dharam Singla
CFO, CS & Head of Treasury

April 21, 2023
Registered number: 4663024
Registered address:
One Thomas More Square
London E1W 1YN

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Bank's affairs as at 31 March 2023 and of the Bank's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ICICI Bank UK PLC (the "Bank" or "the Company") for the year ended 31 March 2023 which comprise the Profit and loss account, the Statement of other comprehensive income, the Balance Sheet, and the Statement of Changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

- Reviewing the Bank's regulatory correspondence, and discussion with the Prudential Regulation Authority (PRA), to understand their views of the Bank and ascertain whether there were any other matters that may impact the Bank's ability to continue as a going concern.
- Reviewing the Internal Capital Adequacy Assessment Process (ICAAP), Internal liquidity adequacy assessment process (ILAAP) and regulatory capital and liquidity requirements;
- Stress-testing the forecasts, considering the ongoing and expected impact of inflationary and interest rate pressures, and predicted outcomes within the forecasts, including assessing their reasonableness against the historic performance and our understanding of the business. We also considered the Directors' ability to forecast accurately, comparing historic forecasts to actual results.
- Checking the arithmetical accuracy of the going concern calculations.

- Assessing how the Directors have factored in key external factors expected to impact the Bank such as the ongoing impact of continued inflationary pressures and the consequential impact of higher interest rates and increased costs on the business, and checking these had been appropriately considered as part of the Directors' going concern assessment; and
- Reviewing the adequacy of the disclosures within the financial statements in relation to going concern in accordance with the requirements of the accounting standards.

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

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

Overview

		2023	2022
Key audit matters	Revenue recognition	✔	✔
	Impairment allowance on loans and advances	✔	✔
Materiality	$790,000 (2022: $521,000) based on 5% of Profit Before Tax (2022: 5% of Profit before tax)		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Bank and its environment, including the Bank's system of internal control, 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.

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

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

Key audit matters

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

Key audit matter		**How the scope of our audit addressed the key audit matter**
Revenue recognition See accounting policies in Note 3 to the financial statements.	The Bank's interest income on loan book is recognised using an effective interest rate ("EIR") method in accordance with the requirements of the applicable accounting standards. We identified that the potential for fraud risk is present at the Bank, particularly around the following: • input of loan details into the system (such as principal amount, interest rate and tenure), which impact the interest income calculations; • the recognition of the appropriate fee and commission included in the EIR calculation due their significance in value; and • manual journals posted in the General Ledger. Revenue recognition is therefore considered to be a significant risk area and a key audit matter.	We tested the design, implementation and operating effectiveness of key controls relating to completeness, existence and accuracy of the revenue recognition. We placed reliance on automated controls as well as mitigating manual controls over the completeness and accuracy of data feeding into the EIR model. This included the calculation and recognition of interest income and interest rate changes. We assessed whether the revenue recognition policies adopted by the Bank were in accordance with the requirements of the accounting framework. This included an assessment of the types of fees and costs being spread within the effective interest rate models versus the requirements of the applicable financial reporting standards (FRS 102). We tested the completeness and accuracy of data and key model inputs feeding into the EIR Model, including the appropriate fee and commissions. Additionally, we have agreed samples back to the source documents such as loan contractual agreements. We engaged our Data Analytics Experts (DAT) to assist in recalculating the automated interest income recognised in the period prior to the EIR adjustment being applied. Variances noted by the DAT team were further investigated by the audit team and resolved. We confirmed that the relevant interest income and effective interest rate disclosures made by management were appropriate and in line with accounting standards and agreed the disclosures to supporting evidence.

		We sample tested manual journal entries made to Revenue based on risk criteria. This sample has been assessed with regards to the underlying appropriate accounting treatment and supporting evidence. Key observations: Based on the outcome of the procedures performed above, we have deemed managements recognition and measurement of Revenue to be appropriate. This includes key assumptions and judgements applied by management such as those related to EIR. The disclosure of Revenue related items within the financial statements is in line with the requirements of the accounting standards.
Impairment losses on loans and advances See Note 3 and Note 4 (significant judgements and estimates) The Bank holds $44.9M of impairment provisions at year-end (2022: $40.7M).	The Bank accounts for the impairment of loans and advances to customers using an incurred loss model. In accordance with the requirements of the applicable accounting standards, management has calculated two types of provisions. (i) A specific provision is calculated for loans where there is an observable loss event. (ii) A collective provision is recognised for loans which are impaired as at the year end date and, whilst not specifically identified as such, are known from experience to be present in any portfolio of loans. Estimating an appropriate loan loss provision requires significant management judgement in determining the value and timing of future cash flows. In particular, the assumptions related to the cash flows expected to be	We tested the operating effectiveness of the controls in place around the loan loss provisions models. We assessed the specific and collective provision methodology against the requirements of IAS 39 – Financial Instruments: Recognition and Measurement. Our testing on specific provisions included: • We challenged management assumptions such as hair cut and the discount rate applied to the collateral valuations based on industry information available and with the use of BDO valuations experts, who have assessed key assumptions considered and reasonableness of the valuation reports. • We tested the controls around the approval of loans to be added or removed from the impaired or asset under watch list. We also performed file review of a sample of loans in the good book. • With our IT audit team's assistance, we understood and tested the data and reports such as the irregularity report and arrears report that feed into the Bank's assessment. • We performed a detailed analysis of the loan book and the processes for identifying underperforming loans.

	received from the sale of security following repossession have the most significant impact on the calculation of the provision and this has therefore been identified as a significant risk and key audit matter, together with the relevant disclosures required.	We tested the reasonableness and the accuracy of the loan provision by performing sensitivity analysis on key inputs in the model. • We reviewed the Bank's assessment of the impaired and asset under watch facilities and reviewed the Bank's calculations in arriving at the specific provision. We also performed sensitivity analysis over key variables. • We reviewed the minutes of Executive Credit and Risk Committee meetings where performance of facilities are discussed and highlighted to check that no facility has been omitted from management's assessment. For the collective provision, • We tested the appropriateness of the key assumptions within this model such as Parent Bank and S&P Probability of Default (PDs) data, and Loss Given Default (LGDs) bucketing and calculations by agreeing to source data on a sample basis. Additionally, we performed sensitivity analysis on these key inputs, where the data used are not directly observable. • We tested the completeness and accuracy of the data that feed into the model by checking the reports used in the models to supporting documentation. We also agreed a sample of loan data from the model to the underlying loan contracts. • We challenged management on the adequacy of segmentation of the portfolio by assessing the impact of segmenting the portfolio in a variety of ways.. We assessed the adequacy and appropriateness of disclosures for compliance with the applicable accounting standards. Key observations: Based on the work undertaken we consider that the key assumptions and judgements made in calculating the provision for loans and advances to customers are reasonable and the related

		disclosures are appropriate.

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:

	2023	2022
Materiality	$790,000	$521,000
Basis for determining materiality	5% of Profit before Tax	5% of Profit before Tax
Rationale for the benchmark applied	Selected as our benchmark as the entity focuses on profitability, seen as the main interest of investors.	Selected as our benchmark as the entity focuses on profitability, seen as the main interest of investors.
Performance materiality	$513,000	$338,000
Basis for determining performance materiality	65% of materiality , determined on the basis of our risk assessment together with our assessment of the overall control environment.	65% of materiality, was been selected to reflect our first year as auditors and overall assessment of auditing the Bank.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $39,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

In our opinion the information given in note 37 for the financial year ended 31 March 2023 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We focused on laws and regulations that could give rise to a material misstatement in the company financial statements. We gained an understanding of the legal and regulatory framework applicable to the Bank and the industry in which it operates and considered the risk of acts by the Bank which would be contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA") regulations, pension legislation and tax legislation.

Our tests included:

- reviewing the financial statement disclosures and testing supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, internal audit and the audit committee about compliance with relevant laws and regulations;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and correspondence with the Financial Conduct Authority and the Prudential Regulation Authority for indication of any non-compliance; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations.

Identifying and responding to risks of material misstatement due to fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be in relation to accounting estimates such as the revenue recognition and loan loss provisioning (see Key Audit Matters section above) and management override of controls.

Our tests included:

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments, and agreeing to the supporting documentation;
- assessing whether the judgements made in making accounting estimates were indicative of a potential bias such as EIR and loan provisioning as set out in the Key Audit Matters section; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members 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:
Dan Taylor
A26B5174278F419...

Daniel Taylor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
21 April 2023

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

Profit and loss account for the year ended March 31, 2023

	Note	Year ended **March 31, 2023** USD 000s	Year ended March 31, 2022 USD 000s	Convenience translation (Refer to Note 2 (b)) Year ended **March 31, 2023** INR million	Year ended March 31, 2022 INR million
Interest income and similar income	5	**76,554**	54,766	**6290**	4,500
Interest expense	6	**(23,910)**	(14,268)	**(1,965)**	(1,172)
Net interest income		**52,644**	40,498	**4,325**	3,328
Fees and commissions receivable		**6785**	7,352	**558**	604
a) Foreign exchange revaluation gains	7	**6343**	5,786	**521**	475
b) Income on financial instruments at fair value through profit and loss		**1095**	461	**90**	38
c) (Loss)/Profit on sale of financial assets		**(7,094)**	66	**(583)**	5
Other operating income		**279**	294	**23**	24
Total revenue		**60,052**	54,457	**4,934**	4,474
Administrative expenses	8, 9	**(37,348)**	(38,960)	**(3,069)**	(3,201)
Depreciation	22	**(956)**	(1,229)	**(79)**	(101)
Impairment on investment securities		**(79)**	(20)	**(6)**	(2)
Impairment on loans and advances	20	**(5,867)**	(2,906)	**(482)**	(239)
Profit on ordinary activities before tax		**15,802**	11,342	**1,298**	931
Tax on profit on ordinary activities	11	**(2,792)**	(441)	**(229)**	(36)
Profit on ordinary activities after tax		**13,010**	10,901	**1,069**	895

INR figures are unaudited

The dividends paid during the year (not included above) are detailed below

	Year ended March 31,2023 USD 000s	Year ended March 31,2022 USD 000s	**Year ended March 31,2023 INR million**	Year ended March 31,2022 INR million
Ordinary shares Dividend	**(10,000)**	-	**(822)**	-

Dividend proposed for FY2022 is approved and paid during the current financial year FY23. The result for the year is derived entirely from continuing activities. The notes on Pages 43 to 107 form part of these financial statements.

Statement of other comprehensive Income for the year ended March 31, 2023

Convenience translation (Refer to Note 2 (b))

	March 31,2023 USD 000s	March 31,2022 **USD 000s**	March 31,2023 **INR million**	March 31,2022 **INR million**
Profit on ordinary activities after tax	**13,010**	10,901	**1,069**	895
Other Comprehensive Income				
Movement in available for sale reserve				
Movement in fair value of available for sale debt securities during the year	**(764)**	(2,087)	**(62)**	(170)
Taxation relating to movement of available for sale debt securities	**211**	231	**17**	19
Net movement in other comprehensive income	**(553)**	(1,856)	**(45)**	(151)
Other comprehensive (loss) for the period, net of tax	**(553)**	(1,856)	**(45)**	(151)
Total comprehensive income for the year	**12,457**	9,045	**1,024**	744

The notes on Pages 43 to 107 form part of these financial statements

INR figures are unaudited

Balance sheet at March 31, 2023

	Note	**March 31, 2023**	March 31, 2022 restated*	**March 31, 2023**	March 31, 2022 restated*
				Convenience translation (Refer to Note 2 (b))	
		USD 000s	USD 000s	**INR million**	INR million
Assets					
Cash and cash equivalents	16	**352,907**	336,706	**28,998**	27,667
Investment in Government Securities	21	**206,357**	153,758	**16,956**	12,634
Loans and advances to banks	17	**190,371**	141,460	**15,643**	11,624
Loans and advances to customers	18	**899,505**	1,186,105	**73,912**	97,462
Investment Securities other than Government securities	21	**431,819**	372,346	**35,483**	30,596
Derivative Financial instruments	40	**48,189**	20,096	**3,960**	1,651
Tangible & intangible fixed assets	22	**2,348**	2,690	**193**	221
Other assets	23	**9,221**	27,383	**758**	2,250
Prepayments and accrued income		**1,343**	1,429	**110**	118
Total assets		**2,142,060**	2,241,973	**176,013**	184,223
Liabilities					
Deposits by banks	24	**32,456**	28,872	**2,667**	2,372
Customer accounts	25	**1,617,438**	1,544,930	**132,905**	126,947
Bonds and medium term notes	26	**25,122**	146,627	**2,064**	12,048
Derivative Financial instruments	40	**28,483**	18,208	**2,340**	1,496
Other liabilities	28	**37,868**	15,547	**3,112**	1,277
Accruals and deferred income		**9,734**	10,246	**800**	844
Subordinated debt	27	**72,616**	72,997	**5,967**	5,998
Repurchase Agreements	29	**-**	88,674	**-**	7,286
Total Liabilities		**1,823,717**	1,926,101	**149,855**	158,268
Shareholders' funds:					
Issued share capital	30	**220,095**	220,095	**18,085**	18,085
Capital contribution		**12,208**	12,194	**1,003**	1,002
Retained earnings		**86,086**	83,076	**7,074**	6,826
Available for sale reserve		**(46)**	507	**(4)**	42
Total Equity		**318,343**	315,872	**26,158**	25,955
Total Equity and Liabilities		**2,142,060**	2,241,973	**176,013**	184,223

*refer note no 44 for further details of restatements.

The notes on Pages 43 to 107 form part of these financial statements. These financial statements were approved by the Board of Directors on April 21, 2023 and were signed on its behalf by:

Loknath Mishra
Managing Director
& Chief Executive Officer
ICICI Bank UK PLC
Registered number 4663024

Dharam Singla
CFO, CS & Head of Treasury

INR figures are unaudited

Statement of change in equity for the year ended March 31, 2023

	Issued Share Capital	Retained earnings	Other Comprehensive Income	Capital Contribution	Total
	USD 000s	USD 000s	USD 000s	USD 000s	USD 000s
As at April 1, 2021	420,095	72,175	2,363	12,108	506,741
Capital Contribution (Share based payments)	-	-	-	86	86
Profit on ordinary activities after tax	-	10,901		-	10,901
Movement in the valuation of available for sale debt securities (net-off deferred tax)	-	-	(1,856)	-	(1,856)
Capital repatriated	(200,000)	-	-	-	(200,000)
As at April 1, 2022	**220,095**	**83,076**	**507**	**12,194**	**315,872**
Capital Contribution (Share based payments)	**-**	**-**	**-**	**14**	**14**
Profit on ordinary activities after tax	-	13,010		-	13,010
Movement in the valuation of available for sale debt securities (net-off deferred tax)	-	-	(553)	-	(553)
Dividends paid	-	(10,000)	-	-	(10,000)
Closing shareholders' **funds as at March 31, 2023**	220,095	86,086	(46)	12,208	318,343

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

The notes on Pages 43 to 107 form part of these financial statements.

Convenience translation (Refer to Note 2 (b))

	Issued Share Capital	Retained earnings	Other Comprehensive Income	Capital Contribution	Total
	INR million	INR million	INR million	INR million	INR million
As at April 1, 2021	34,519	5,930	194	995	41,638
Capital Contribution (Share based payments)	-	-	-	8	8
Profit on ordinary activities after tax and Other Comprehensive income	-	896	-	-	896
Profit on ordinary activities after tax	-	-	(152)	-	(152)
Capital repatriated	(16,434)	-	-	-	(16,434)
As at April 1, 2022	**18,085**	**6,826**	**42**	**1,003**	**25,956**
Capital Contribution (Share based payments)	**-**	**-**	**-**	**0**	**0**
Other Comprehensive income	-	1,070	-	-	1,070
Profit on ordinary activities after tax	-	-	(46)	-	(46)
Dividends paid	-	(822)	-	-	(822)
Closing shareholders' **funds as at March 31, 2023**	18,085	7,074	(4)	1,003	26,158

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

The notes on Pages 43 to 107 form part of these financial statements.

INR figures are unaudited

Notes

(Forming part of the financial statements)

1 Reporting entity

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

2 Basis of preparation

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

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

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

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

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

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

(a) Statement of Compliance

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

(b) Functional and presentation currency and convenience translation

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

(c) Cash flow exemptions

Under section 1 of FRS 102, the Bank is exempted from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Bank in its own published consolidated financial statements. (Refer Note 43).

(d) Related party transactions

As the Bank is a wholly owned subsidiary of ICICI Bank Limited, the Bank has taken advantage of the exemption contained in section 33 of FRS 102 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of ICICI Bank Limited any transactions with key management personnel of the entity or its parent. (Refer Note 43).

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

(e) Going concern

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

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

- Considered existing and emerging risks which could impact the Bank's current business operations. Reviewed the Bank's plans and actions to identify, manage and control these risks.
- Conducted a strategic review of the business model including the impact of various emerging risks including geopolitical risk triggered by Russia Ukraine conflict, supply chain disruptions, Covid-19 and rising inflation, resulting in increase in interest rates by global central banks on the Bank's portfolio, profitability and business model. The details of the same is provided in the Strategic report. For details of impact of rising interest rate senarios on financials, refer note 38.
- Assessed Bank's financial projections and taking account of potential changes in its business model in subsequent years. Reviewed funding profile and assessed Bank's ability to maintain adequate liquidity levels through managing both retail and wholesale funding sources and meet the regulatory liquidity requirements through maintaining liquid assets.
- As at March 31, 2023, the Bank maintained liquidity and capital positions in surplus over the regulatory requirements.

The Directors considered financial resilience of the Bank taking into account the Bank's decision to keep sufficient liquidity. The Bank has been maintaining sufficient liquidity through selective new business volumes, sell down of loans and investments and engaging with counterparties for funding. The Bank keeps in touch with the counterparties for interbank borrowings and other funding sources to test the availability of liquidity in the market. As at March 31, 2023, the Bank maintained liquidity and capital positions in surplus over the regulatory requirements. In consideration of the steps taken, the Directors are satisfied with the operational and financial resilience of the Bank.

With regards to ICICI Bank Limited (the Parent Bank) support, the Directors considered that the parent bank has issued a letter of comfort to the Bank's regulators, the Financial Services Authority (FSA), now the PRA, stating that the parent bank intends to financially support the Bank in ensuring that it meets all of its financial obligations as they fall due. The Directors also considered the last available capital adequacy ratio of the Parent Bank at 18.3% and Tier 1 ratio at 17.6% on standalone basis as at December 31, 2022.

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

The Bank's risk management policies and procedures are outlined in Note 38.

3 Significant accounting policies

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

(a) Interest income and expense

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

(b) Fees and commissions income and expense

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

***(c)* Foreign currencies**

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

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

***(d)* Financial assets and financial liabilities**

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

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

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

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

***(e)* Investment securities**

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

***(f)* Loans and receivables**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***(h)* Held to maturity financial assets**

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

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

***(i)* Available for sale financial assets**

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

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

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

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

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

***(j)* Fair value measurement**

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

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

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

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

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

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

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

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

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

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

The Bank shall discontinue hedge accounting when:

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

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

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

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

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

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

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

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

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

***(m)* Sale and repurchase agreements**

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

***(n)* Identification and measurement of impairment**

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

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

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

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

(o) Fixed assets

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

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

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

[1]The useful life averages around 5 years.

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

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

(p) Provisions

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

(q) Deposits, debt securities issued and subordinated liabilities

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

(r) Tax on profit on ordinary activities

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

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

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

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

(s) Employee benefits

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

(t) Leases

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

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

(u) Share based payments

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

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

(v) **Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

(w) **Other assets**

The other assets mainly consist of margins placed with the counterparties for repurchase and derivative financial itransactions, cash reserves maintained with the Bank of England, deferred tax assets, amounts in clearing and other receivables.

(x) **Other liabilities**

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

(y) **Share capital**

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

(z) **Dividend**

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

4 Significant judgements and estimates

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

(a) Allowances for credit losses

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

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

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

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

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

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

   The following disclosure practices have been adopted in Note 19:

   - Loans are disclosed as impaired where an individual allowance has been raised against the loan.

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

The following disclosures have been provided in Note 20:

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

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

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

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

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

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

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

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

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

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

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

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

Significant judgments and estimates include the following:

- In the absence of adequate internal default history and on account of a similar internal credit rating scale, the Bank has used Probability of Default (PD) data of its Parent (ICICI Bank Limited) for estimating the collective provisioning on its internally rated India country of exposure portfolio
- For the internally rated non-India country of exposure portfolio, the Bank has used PD data from S&P, corresponding to the geographies which make up the majority of its non-India exposures
- The Bank considers a time horizon of one year to be appropriate for estimating collective provisions, as it believes that this is reflective of the emergence period for losses in its portfolio. The Parent bank has data on rating history and adequate default data covering benign and stress phases over FY2013 to FY2021. Therefore, PD Data of annual cohorts at a quarterly frequency has been captured over FY2013 to FY2021 period for the India country of exposure portfolio. The Bank has used historical PDs over a ten year look back period for the non-India linked and externally rated portfolios to calculate the collective provision
- As regards the Loans Against Property (LAP) portfolio, the Bank commenced its LAP lending business in FY2017. The Bank has adopted S&P's Real Estate Asset Finance scorecard and methodology for evaluating exposures in this portfolio and follows a stringent underwriting approach. The ratings derived from the S&P methodology have been mapped to Bank's internal rating scale.

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

In view of the uncertainties, initially of the impact of the Covid-19 pandemic on global economic activities and subsequently the emergence of other risks such as geopolitical risks, supply shocks and rising inflation, etc, the Bank felt it necessary to provide a management overlay for potential stress in its portfolio on this account in FY2022. Subequently, given the abatement of these risks and considering that the impact of such risks have been factored appropriately in to the risk evaluation of the Borrowers, the management overlay was done away with in FY2023.

Refer Note 38 (Risk Management Framework- Credit risk section) for sensitivity analysis on Collective provisions.

(*b*) Impairment of available for sale financial assets

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

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

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

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

_(c)_ Valuation of financial instruments

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

_(d)_ Deferred tax asset

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

5 Interest income and similar income

Interest income is recognised in the profit and loss account using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument (or where appropriate, a shorter period) to the carrying amount of the financial asset.

	Year ended March 31, 2023 USD 000s	Year ended March 31, 2022 **USD 000s**	**Year ended March 31, 2023 INR million**	Year ended March 31, 2022 **INR million**
Interest income on financial assets under AFS category	**8,045**	6,072	**661**	499
Interest income on financial assets under HTM category	**10,738**	8,849	**882**	727
Interest income on financial assets under Loans and receivable category	**56,644**	42,823	**4,654**	3,519
Interest income on financial assets measured at FVTPL	**1,127**	(2,978)	**93**	(245)
Total	**76,554**	54,766	**6,290**	4,500

6 Interest expense

Interest expense is recognised in the profit and loss account using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability & derivative financial instrument (or where appropriate, a shorter period) to the carrying amount of the financial liability.

	Year ended March 31, 2023 USD 000s	Year ended March 31, 2022 **USD 000s**	**Year ended March 31, 2023 INR million**	Year ended March 31, 2022 **INR million**
Interest expense on financial liabilities measured at amortised cost & derivative financial instrument	**(23,910)**	(14,268)	**(1,965)**	(1,172)
Total	**(23,910)**	(14,268)	**(1,965)**	(1,172)

INR figures are unaudited

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

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

	Year ended March 31, 2023 USD 000s	Year ended March 31, 2022 **USD 000s**	**Year ended March 31, 2023 INR million**	Year ended March 31, 2022 **INR million**
Realised gains/(losses) on derivative financial instruments	**1,080**	(498)	**90**	(42)
Unrealized gains on derivative financial instruments	**15**	959	**-**	80
Total	**1,095**	461	**90**	38

8 Administrative expenses

	Year ended March 31, 2023 USD 000s	Year ended March 31, 2022 USD 000s	**Year ended March 31, 2023 INR million**	Year ended March 31, 2022 **INR million**
Staff costs (including Directors' emoluments):				
Wages and salaries	**19,789**	19,999	**1,626**	1,643
Social security costs	**1,435**	1,806	**118**	148
Other pension costs	**513**	575	**42**	47
Operating lease expenses	**1,160**	1,309	**95**	108
Other administrative expenses	**14,451**	15,271	**1,188**	1,255
Total	**37,348**	38,960	**3,069**	3,201

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

	Year ended March 31, 2023 No. of Employees	Year ended March 31, 2022 No. of Employees
Management	73	68
Non Management	70	74
Total	**143**	**142**

9 Auditor's remuneration

	Year ended March 31, 2023 USD 000s	Year ended March 31, 2022 USD 000s	**Year ended March 31, 2023 INR million**	Year ended March 31, 2022 INR million
Fees payable to the Bank's statutory auditors and their associates for the audit of Bank's annual accounts	**665**	572	**55**	47
The audit of the accounts of Germany Branch	**161**	116	**13**	10
Total audit services	**826**	**688**	**68**	**57**
Fees payable to the Bank's statutory auditors and their associates for other services:				
Audit related assurance services	**174**	163	**14**	13
Total	**1,000**	851	**82**	70

10 Segmental reporting

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

11 Taxation

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

	Year ended March 31, 2023	Year ended March 31, 2022	**Year ended March 31, 2023**	Year ended March 31, 2022
	USD 000s	USD 000s	**INR million**	INR million
UK Corporation tax at 19% (2022: 19%)	**732**	367	**60**	30
Overseas corporation charge	**(1)**	(5)	**-**	-
Double Tax Relief	**0**	0	**-**	-
Adjustments for prior years	**93**	(145)	**8**	(12)
	824	217	**68**	18
Deferred tax charge/(credit)				
- Origination/timing and rate difference	**1,968**	224	**161**	18
Total Tax for the year ended March 31	**2,792**	441	**229**	36

INR figures are unaudited

(b) Analysis of total taxation in the year

USD 000s

	Year ended March 31, 2023			**Year ended March 31, 2022**		
	Current tax	**Deferred tax**	**Total tax**	**Current tax**	**Deferred tax**	**Total tax**
Recognised in Profit and loss account	**824**	**1,968**	**2,792**	217	224	441
Recognised in other comprehensive income		**(211)**	**(211)**		(231)	(231)
Total tax	**824**	**1,757**	**2,581**	217	(7)	210

INR million

	Year ended March 31, 2023			**Year ended March 31, 2022**		
	Current tax	**Deferred tax**	**Total tax**	**Current tax**	**Deferred tax**	**Total tax**
Recognised in Profit and loss account	**68**	**162**	**230**	18	18	36
Recognised in other comprehensive income	**-**	**(17)**	**(17)**	-	(19)	(19)
Total tax	**68**	**145**	**213**	18	(1)	17

c) Total tax reconciliation

	Year ended March 31, 2023 USD 000s	Year ended March 31, 2022 USD 000s	**Year ended March 31, 2023 INR million**	Year ended March 31, 2022 INR million
Profit before tax	**15,803**	11,342	**1,299**	932
Tax using the UK CT rate of 19% (2022: 19%)	**3,003**	2,155	**246**	177
Add effects of:				
- Overseas corporate taxes	**(1)**	(5)	**-**	-
- Expenses not tax deductible	**(229)**	(171)	**(19)**	(14)
- Movement in deferred tax balances	**(73)**	(1639)	**(6)**	(135)
- Adjustment for prior years	**93**	(145)	**8**	(12)
- Gains on shares	**-**	246	**-**	20
Total tax for year ended March 31	**2,792**	441	**229**	36

INR figures are unaudited

d) Movement in Deferred tax

Deferred Tax Asset	**Year ended March 31, 2023 USD 000s**	Year ended March 31, 2022 USD 000s	**Year ended March 31, 2023 INR million**	Year ended March 31, 2022 INR million
Balance as at April 1	**8,617**	8175	**708**	672
Origination and timing differences;				
- on consolidated taxable losses	**(1,873)**	(24)	**(154)**	(2)
- on timing difference on fixed assets	**85**	133	**7**	11
- on AFS losses	**211**	333	**18**	27
Total Deferred Tax Assets	**7,040**	8,617	**579**	708
Deferred Tax Liability				
Balance as at April 1	**(496)**	(60)	**(41)**	(5)
Origination and timing differences;				
- on AFS transitional adjustment		-	**-**	-
- on gain on shares	**(180)**	(436)	**(15)**	(36)
Total Deferred Tax Liability	**(676)**	(496)	**(56)**	(41)
Net Deferred Tax as at March 31	**6,364**	8,121	**523**	667

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

	Year ended March 31, 2023 USD 000s	Year ended March 31, 2022 USD 000s	**Year ended March 31, 2023 INR million**	Year ended March 31, 2022 INR million
Effect of:				
- On consolidated losses	**6,768**	8,641	**556**	710
- On timing difference on fixed assets	**257**	172	**21**	14
- On equity gains	**(676)**	(496)	**(56)**	(41)
- On AFS	**15**	(196)	**2**	(17)
Total	**6,364**	8,121	**523**	666

(f) Factors that may affect future tax charges

The Finance Bill 2021 enacted provisions to increase the main rate of UK corporation tax to 25% from 1 April 2023. All the DTA/DTL balances have been remeasured at tax rate of 25%. The DTA created on consolidated losses and timing difference on fixed assets amounting to USD 7.0 million is expected to be utilised in the foreseeable future against future profits. The Bank carries losses to the extent of USD 13.0 million (FY2022: USD 13.7 million) on which DTA of USD 3.25 million (FY2022: USD 3.2 million) has not been recognised in the books of accounts. As per the Finance Act 2017, the carry forward of losses arising pre April 1, 2017 will be subject to the loss restriction rules and would

INR figures are unaudited

therefore only be available for offset against 50% of profits (subject to an amount of £5 million which can be relieved in full). The deferred tax liability of USD 0.7 million pertains to the gain on transfer of shares under share by share scheme. This liability would be payable at the time of sale of shares in future. The Deferred Tax Asset (DTA) on AFS of USD 0.02 million created on unrealised Available For Sale (AFS) loss relating to change in the timing of AFS gains and losses. As per UK tax law, the unused trading losses could be carried forward indefinitely.

12 Emoluments of Directors

	Year ended March 31, 2023	Year ended March 31, 2022	**Year ended March 31, 2023**	Year ended March 31, 2022
	USD 000s	USD 000s	**INR million**	INR million
Directors' fees and gross emoluments	**857**	**927**	**70**	76

The gross emoluments[1] of the highest paid director were USD 567,849 (*INR 46,660,163) (2022: USD 570,272; *INR 46,859,283) excluding share based payments. Post-employment benefits accruing for highest paid director under a money purchase pension scheme amounted to USD 29,788 (*INR 2,447,694 in the current year (2022: USD 32,374; *INR 2,660,202). Stock options[2] were granted to one director (2022: One). The number of stock options granted to the highest paid director during the year was 62,600 (2022: 93,200).

[1] Gross emoluments include base salary and performance bonus

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

13 Share-based payments

During the year, USD 0.8 million (*INR 63.4 million) was charged to the profit and loss account in respect of equity-settled share-based payment transactions (2022: USD 0.8 million; *INR 66.2 million). This expense, which was computed from the fair values of the share-based payment transactions when granted, arose under employee share awards made in accordance with the ICICI Bank Limited group's reward structures.

Stock Option Scheme

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

INR figures are unaudited

vesting and will expire on completion of five years from the date of vesting of the options. The option expires after the exercisable period is over as above.

14 Related party transactions

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

15 Financial Services Compensation Scheme

The Financial Services Compensation Scheme ('FSCS') is an annual levy, on firms regulated by FCA and PRA, to fund the cost of running services and the compensation paid to customers when financial services firms fail. The Bank is obligated to pay its share of forecast management expenses based on the Bank's market share of deposits protected under the FSCS. As per the plan and budget, FSCS expects to levy the deposit taking sector a total of GBP 18.2 million of indicative annual levy for 2023/2024. The actual amount of levy will be billed to the Bank based on its share of deposits protected under the FSCS.

The Bank has recognized an expense of USD 0.2 million (*INR 16.4 million) during FY2023 (FY2022: USD 0.5 million; *INR 43.9 million), in respect of all statutory levies. This mainly includes the Bank's share of the regular deposit protection charges. The Bank has adopted IFRIC 21 'Levies', effective FY2014 for accounting of the FSCS liability as there is no equivalent guidance within FRS 102 and section 10 of FRS 102 (Accounting Policies) that allows for the use of alternative accounting framework, where this is the case.

16 Cash and cash equivalents

	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022
	USD 000s	USD 000s	**INR million**	INR million
Cash	**165**	439	**14**	36
Balances with Banks				
-Central Bank	**312,098**	295,809	**25,645**	24,307
-Others	**40,644**	40,458	**3,340**	3,324
	352,907	**336,706**	**28,999**	**27,667**

17 Loans and advances to banks

(a) Residual Maturity	**March 31, 2023**	March 31, 2022	**March 31, 2023**	March 31, 2022
	USD 000s	restated* USD 000s	**INR million**	restated* INR million
Banks				
5 year or less but over 1 year	**-**	2,685	**-**	221
1 year or less but over 3 months	**56,474**	71,196	**4,640**	5,850
3 months or less	**38,945**	14,331	**3,201**	1,178
	95,419	88,212	**7,841**	7,249

INR figures are unaudited

Parent and Group Companies				
5 year or less but over 1 year	**7,068**	49	**581**	4
1 year or less but over 3 months	**22,731**	15,333	**1,868**	1,260
3 months or less	**65,192**	37,897	**5,356**	3,114
	94,991	53,279	**7,805**	4,378
Sub Total	**190,410**	141,491	**15,646**	11,627
Collective provision	**(39)**	(31)	**(3)**	(3)
Total	**190,371**	141,460	**15,643**	11,624

(b) Concentration of exposure

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

	March 31, 2023 USD 000s	March 31, 2022 restated* USD 000s	**March 31, 2023 INR million**	March 31, 2022 restated* INR million
Total gross advances to banks located in :				
India	**190,410**	141,491	**15,646**	11,627
Total	**190,410**	141,491	**15,646**	11,627

*refer note no 44 for further details of restatements.

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

18 Loans and advances to customers

(a) Residual Maturity

	March 31, 2023 USD 000s	March 31, 2022 restated* USD 000s	**March 31, 2023 INR million**	March 31, 2022 restated* INR million
Repayable on demand or at short notice	118	37	**10**	3
Other loans and advances				
Remaining Maturity :				
Over 5 years	6,044	28,329	**497**	2,328
5 years or less but over 1 year	546,055	850,714	**44,868**	69,901
1 year or less but over 3 months	172,232	185,167	**14,152**	15,215
3 months or less	219,291	157,104	**18,019**	12,909
Sub total	**943,740**	1,221,351	**77,546**	100,356
Collective provision	(1,257)	(11,119)	(103)	(914)
Specific impairment allowance	(43,588)	(29,625)	(3,582)	(2,434)
Total	**898,895**	1,180,607	**73,861**	97,008

INR figures are unaudited

(b) Finance lease receivables

	March 31, 2023 USD 000s	March 31, 2022 restated* USD 000s	**March 31, 2023 INR million**	March 31, 2022 restated* INR million
Residual Maturity :				
5 years or less but over 1 year	405	2,542	**34**	210
1 year or less but over 3 months	**116**	2,278	**10**	187
3 months or less	**115**	859	**9**	71
Sub total	**636**	5,679	**53**	468
Unearned income	**(24)**	(175)	**(2)**	(14)
Collective provision	**(2)**	(6)	**-**	-
Net investment in finance lease receivables	**610**	5,498	**51**	454
5 years or less but over 1 year	**395**	2,463	**33**	204
1 year or less but over 3 months	**105**	2,202	**9**	182
3 months or less	110	833	**9**	68
	610	5,498	**51**	454

Residual Maturity

The geographical concentration of the net investment in finance lease receivables is in the UK as at March 31, 2023 and as at March 31, 2022

c) Concentration of exposure

Geographical concentrations of loans and advances to customers

	March 31, 2023 USD 000s	March 31, 2022 restated* USD 000s	**March 31, 2023 INR million**	March 31, 2022 restated* INR million
UK	**511,873**	672,617	**42,060**	55,267
Europe	**180,590**	205,325	**14,839**	16,872
North America	**58,565**	118,727	**4,812**	9,756
India	**147,192**	180,573	**12,095**	14,838
Rest of the World	**46,156**	49,788	**3,793**	4,091
Total	**944,376**	1,227,030	**77,599**	100,824

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

INR figures are unaudited

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

	March 31, 2023 USD 000s	March 31, 2022 USD 000s	**March 31, 2023 INR million**	March 31, 2022 INR million
Carrying amount of loans	**43,913**	26,611	**3,608**	2,187

19 Potential credit risk on financial instruments

March 31, 2023 **USD 000s**

	Neither past due nor impaired	Past due not impaired	Impaired	Impairment & collective allowances	Total
Cash & cash equivalent	**352,907**	-	-	-	**352,907**
Loans and advances to banks	**190,410**	-	-	(39)	**190,371**
Loans and advances to customers	**864,553**	3,833	75,966	(44,847)	**899,505**
Investment securities	**638,028**	-	578	(430)	**638,176**
Derivative financial instruments	**48,189**	-	-	-	**48,189**
Other assets*:					
- Cheques in clearing	**69**	-	-	-	**69**
- Deposits	**1,785**	-	-	-	**1,785**
- Unsettled securities	**(1)**	-	-	-	**(1)**
Accrued income & other receivables	**1,021**	-	-	-	**1,021**
Total financial instruments	**2,096,961**	**3,833**	**76,544**	**(45,316)**	**2,132,022**

*excludes deferred tax assets, prepaid expenses and fixed assets

March 31, 2023 **INR million***

	Neither past due nor impaired	Past due not impaired	Impaired	Impairment & collective allowances	Total
Cash & cash equivalent	**28,998**	-	-	-	**28,998**
Loans and advances to banks	**15,647**	-	-	(4)	**15,643**
Loans and advances to customers	**71,040**	315	6,242	(3,684)	**73,913**
Investment securities	**52,427**	-	47	(35)	**52,439**
Derivative financial instruments	**3,960**	-	-	-	**3,960**
Other assets*:					
- Cheques in clearing	**6**	-	-	-	**6**
- Deposits & other receivables	**147**	-	-	-	**147**
- Unsettled securities	**-**	-	-	-	**-**

INR figures are unaudited

Accrued income	**84**	**-**	**-**	**-**	**84**
Total financial instruments	**172,309**	**315**	**6,289**	**(3,723)**	**175,190**

*excludes deferred tax assets, prepaid expenses and fixed assets

March 31, 2022 restated* **USD 000s**

	Neither past due nor impaired	Past due not impaired	Impaired	Impairment & collective allowances	Total
Cash & cash equivalent	336,706	-	-	-	336,706
Loans and advances to banks	141,491	-	-	(31)	141,460
Loans and advances to customers	1,102,001	69,855	54,999	(40,750)	1,186,105
Investment securities	523,090	-	23,462	(20,448)	526,104
Derivative financial instruments	20,096	-	-	-	20,096
Other assets*:					-
- Cheques in clearing	15	-	-	-	15
- Deposits & other receivables	12,133	-	-	-	12,133
Accrued income	7,266	-	-	-	7,266
Total financial instruments	2,142,798	69,855	78,461	(61,229)	2,229,885

*excludes deferred tax assets, prepaid expenses and fixed assets

March 31, 2022 restated* **INR million***

	Neither past due nor impaired	Past due not impaired	Impaired	Impairment & collective allowances	Total
Cash & cash equivalent	27,667	-	-	-	27,667
Loans and advances to banks	11,626	-	-	(2)	11,624
Loans and advances to customers	90,551	5,740	4,519	(3,348)	97,462
Investment securities	42,982	-	1,928	(1,680)	43,230
- Derivative financial instruments	1,651	-	-	-	1,651
Other assets*:					
- Cheques in clearing	1	-	-	-	1
- Deposits & other receivables	997	-	-	-	997
Accrued income	597	-	-	-	597
Total financial instruments	176,072	5,740	6,447	(5,030)	183,229

*excludes deferred tax assets, prepaid expenses and fixed assets

Loans and advances to customers (including finance lease)

	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022
	USD 000s	USD 000s	**INR million**	INR million

INR figures are unaudited

Loans contractually overdue as to principal or interest				
- Less than 60 days	**3,833**	69,855	**315**	5,740
- more than 90 days	**67,805**	51,096	**5,572**	4,199
Total	**71,638**	120,951	**5,887**	9,939

Concentration of overdue exposure

United Kingdom	**12,374**	941	**1,017**	77
Europe	**24,382**	36,899	**2,003**	3,032
India	**5,229**	41,349	**430**	3,398
Rest of the World	**29,653**	41,762	**2,437**	3,432
Total	**71,638**	120,951	**5,887**	9,939
Past due whether impaired or not				
Past due not impaired	**3,833**	69,855	**315**	5,740
Past due impaired	**67,805**	51,096	**5,572**	4,199
Total	**71,638**	120,951	**5,887**	9,939
Past due not impaired*				
- Less than 60 days	**3,833**	69,855	**315**	5,740
Total	**3,833**	69,855	**315**	5,740

*Past due not impaired are stated at the total value of the exposure. The overdues relating to total gross exposure amounting USD 3.8 million has been received / settled subsequent to the year ended March 31, 2023 (2022: USD 49.5 million). Impaired but not past due gross exposures amounted to USD 8.2 million at March 31, 2023. (2022: USD 3.9 million).

Forbearance

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

	March 31, 2023 USD 000s	March 31, 2022 USD 000s	**March 31, 2023 INR million**	March 31, 2022 INR million
Gross Impaired gross	**31,640**	24,092	**2,600**	1,980
Less: Provision	**(13,698)**	(11,293)	**(1,126)**	(928)
Net impaired loans	**17,942**	12,799	**1,474**	1,052
Gross Non impaired loans	**13,661**	27,009	**1,123**	2,219
Past dues	**-**	-	**-**	-
Not past dues	**13,661**	27,009	**1,123**	2,219

20 Impairment on loans and advances

Net loan impairment charge to profit and loss account

	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022
	(USD 000s)	(USD 000s)	**(INR million)**	(INR million)
New charges	**(16,529)**	(16,129)	**(1,358)**	(1,325)
Collective provision	**9,859**	7,206	**810**	592
Release to P&L through BS	**1,149**	1,928	**94**	158
Recovery from written off cases	**317**	4,335	**26**	356
Legal expenses on NPA's	**(663)**	(246)	**(54)**	(20)
	(5,867)	(2,906)	**(482)**	(239)

Movement in impairment allowance on loans and advances

	March 31, 2023 (USD 000s)			March 31, 2022 (USD 000s)		
	Specific Impairment	**Collective Provision**	**Total**	Specific Impairment	Collective Provision	Total
Opening Balance	**29,624**	**11,157**	**40,781**	20,705	18,363	39,068
Charge to profit and loss account	**16,599**	**-**	**16,599**	16,129	-	16,129
Amounts written off	**(1,389)**	**-**	**(1,389)**	(4,792)	-	(4,792)
Recovery / release of amounts	**(1,149)**	**(9,859)**	**(11,008)**	(1,990)	(7,206)	(9,196)
Others (incl FX)	**(98)**	**-**	**(98)**	(428)	-	(428)
Closing Balance	**43,587**	**1,298**	**44,885**	29,624	11,157	40,781

	March 31, 2023 (INR Million)			March 31, 2022 (INR Million)		
	Specific Impairment	**Collective Provision**	**Total**	Specific Impairment	Collective Provision	Total
Opening Balance	**2,434**	**917**	**3,351**	1,701	1,509	3,210
Charge to profit and loss account	**1,364**	**-**	**1,364**	1,325	-	1,325
Amounts written off	**(114)**	**-**	**(114)**	(394)	-	(394)
Recovery of amounts provided in previous years	**(94)**	**(810)**	**(904)**	(164)	(592)	(756)
Others (incl FX)	**(8)**	**-**	**(8)**	(35)	-	(35)
Closing Balance	**3,582**	**107**	**3,689**	2,433	917	3,350

21 Investment securities

Classification of Investment securities

	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022

INR figures are unaudited

	USD 000s	restated* USD 000s	INR million	restated* INR million
Analyzed by class:				
Treasury Bills & Government securities1	**210,310**	154,786	**17,282**	12,719
Other securities				
- Bonds	**423,237**	365,489	**34,777**	**30,032**
- Equity	**4,710**	5,872	**387**	483
- Collective provision on investment securities	**(81)**	(43)	**(7)**	(4)
Total other securities	**427,866**	371,318	**35,157**	30,511
Total	**638,176**	526,104	**52,439**	43,230

1. Bonds to the extent of USD 1.0 million has been reclassed from Treasury bills & government securities to Bonds. refer note no 44 for further details of restatements.

	March 31, 2023 USD 000s	March 31, 2022 restated* USD 000s	March 31, 2023 INR million	March 31, 2022 restated* INR million
Analysed by issuer:				
Available for sale				
Issued by public bodies:				
Government Issued	**194,824**	138,763	**16,008**	11,402
Other Public sector securities	**107,308**	109,703	**8,818**	9,014
Issued by other issuers	**79,676**	58,999	**6,547**	4,848
Held to Maturity				
Government Issued	**11,533**	12,127	**948**	996
Issued by other issuers	**240,963**	202,659	**19,800**	16,654
Collective provision on investment securities	**(81)**	(43)	**(7)**	(4)
Financial instruments at fair value through profit and loss				
Government Issued	**-**	2,868	**-**	236
Issued by other issuers	**3,953**	1,028	**325**	84
Total	**638,176**	526,104	**52,439**	43,230
Analysed by listing status:				
Available for sale				
Unlisted	**122,992**	24,019	**10,106**	1,974
Listed	**258,816**	283,445	**21,267**	23,291
Held to Maturity				
Listed	**252,496**	214,786	**20,748**	17,649
Collective provision on investment securities	**(81)**	(43)	**(7)**	(4)
Financial instruments at fair value through profit and loss				
Unlisted	**3,953**	3,897	**325**	**320**

INR figures are unaudited

Total	**638,176**	526,104	**52,439**	43,230
Analyzed by maturity#:				
Due within 1 year	**214,463**	161,055	**17,623**	13,234
Due 1 year and above	**419,084**	359,220	**34,436**	29,517
Total	**633,547**	520,275	**52,059**	42,751

#does not include USD 4.7 million (*INR 387 million) of investment in equity (FY2022: USD 5.9 million, INR 483 million) and collective provision of USD 0.08 million *INR 6.7 million (FY2022: USD 0.04 million, INR 3.6 million)

*refer note no 44 for further details of restatements.

Impairment on investment securities

During the year the Bank has not booked any impairment loss (FY2022: NIL) in respect of equity investments held as available for sale.

Valuation Hierarchy

The valuation hierarchy is set out below:

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

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

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

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

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

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

Refer note 40 for detailed valuation hierarch and assumption considered in valuation.

Investments held at fair value at March 31, 2023, by valuation hierarchy:

USD 000s

	Level 1	Level 2	Level 3	Total
Treasury Bills & Government securities	194,823	-	-	194,823
Bonds	186,228	-	-	186,228
Equity	3,340	-	1,370	4,710
Total	384,391	-	1,370	385,761

INR million

	Level 1	Level 2	Level 3	Total
Treasury Bills & Government securities	16,008	-	-	16,008

INR figures are unaudited

Bonds	**15,302**	**-**	**-**	**15,302**
Equity	**274**	**-**	**113**	**387**
Total	**31,584**	**-**	**113**	**31,697**

Investments held at fair value at March 31, 2022, by valuation hierarchy:

*restated USD 000s

	Level 1	Level 2	Level 3	Total
Treasury Bills & Government securities	141,631	-	-	141,631
Bonds	163,858	-	-	163,858
Equity	4,943	-	929	5,872
Total	310,432	-	929	311,361

*restated INR million

	Level 1	Level 2	Level 3	Total
Treasury Bills & Government securities	11,638	-	-	11,638
Bonds	13,464	-	-	13,464
Equity	406	-	77	483
Total	25,508	-	77	25,585

22 Fixed assets

	Leasehold Improvements USD 000s	**Tangible Fixed Assets USD 000s**	**Intangible Fixed Assets USD 000s**	**Total USD 000s**
Cost:				
At April 1, 2022	**10,831**	**5,636**	**4,678**	**21,145**
Additions	**-**	**74**	**205**	**279**
Disposal	**-**	**-**	**-**	**-**
At March 31, 2023	**10,831**	**5,710**	**4,883**	**21,424**
Accumulated depreciation:				
At April 1, 2022	**9,027**	**5,081**	**4,347**	**18,455**
Charge for year	**522**	**217**	**217**	**956**
Disposal	**-**	**-**	**-**	**-**
At March 31, 2023	**9,549**	**5,298**	**4,564**	**19,411**
Net book value:				
Capital work in progress				**335**
At March 31, 2023	**1,282**	**412**	**319**	**2,348**
At April 1, 2022	1,804	555	331	2,690

Leasehold Improvements INR million	**Tangible Fixed Assets INR million**	**Intangible Fixed Assets**	**Total INR million**

INR figures are unaudited

Cost:				
At April 1, 2022	**890**	**466**	**384**	**1,737**
Additions	**-**	**5**	**17**	**23**
Disposal	**-**	**-**	**-**	**-**
At March 31, 2023	**890**	**471**	**401**	**1,760**
Accumulated depreciation:				
At April 1, 2022	**742**	**419**	**357**	**1,516**
Charge for year	**43**	**18**	**18**	**79**
Disposal	**-**	**-**	**-**	**-**
At March 31, 2023	**785**	**437**	**375**	**1,595**
Net book value:				
Capital work in progress				**28**
At March 31, 2023	**105**	**34**	**26**	**193**
At April 1, 2022	148	46	27	221

23 Other assets

	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022
	USD 000s	USD 000s	**INR million**	INR million
Amounts in clearing	**69**	15	**6**	1
Deposits receivable	**1,785**	12,133	**147**	997
Deferred tax asset[1]	**6,364**	8,121	**523**	666
Derivative financial instruments	**579**	-	**48**	-
Settlement balances[2]	**(1)**	-	**-**	-
Other receivables	**425**	7,114	**34**	586
Total	**9,221**	27,383	**758**	2,250

[1] Refer note 11

[2] Including margin placed with clearing counterparties

24 Deposit by Banks

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

Banks	**March 31, 2023 USD 000s**	March 31, 2022 restated* USD 000s	**March 31, 2023 INR million**	March 31, 2022 restated* INR million
5 years or less but over 1 year	**-**	18,850	**-**	1,549
1 year or less but over 3 months	**18,454**	10,022	**1,516**	823
3 months or less but not repayable on demand	**14,002**	-	**1,151**	-
	32,456	28,872	**2,667**	**2,372**

INR figures are unaudited

*refer note no 44 for further details of restatements.

25 Customer accounts

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

	March 31, 2023 USD 000s	March 31, 2022 restated* USD 000s	**March 31, 2023 INR million**	March 31, 2022 restated* INR million
5 years or less but over 1 year	**92,464**	49,911	**7,598**	4,101
1 year or less but over 3 months	**574,881**	247,060	**47,238**	20,301
3 months or less but not repayable on demand	**213,523**	203,880	**17,545**	16,753
	880,868	500,851	**72,381**	41,155
Repayable on demand	**736,570**	1,044,079	**60,524**	85,792
Total	**1,617,438**	1,544,930	**132,905**	126,947

*refer note no 44 for further details of restatements.

26 Bonds and medium term notes

Bonds issued#	**March 31, 2023** USD 000s	March 31, 2022 restated* USD 000s	**March 31, 2023** INR million	March 31, 2022 restated* INR million
Residual Maturity				
5 year or less but over 1 year	**-**	25,000	**-**	2,054
1 year or less but over 3 months	**25,000**	105,000	**2,054**	8,628
3 months or less	**151**	16,717	**12**	1,374
	25,151	146,717	**2,066**	12,056
Less: Bond issue expenses	**(29)**	(90)	**(2)**	(8)
	25,122	146,627	**2,064**	12,048

*refer note no 44 for further details of restatements.
Details of various bonds and notes under the medium term notes programmes issued by the Bank at March 31, 2023 are as follows:

Nature of Issue: Senior unsecured bonds (accrued interest is not included)

Date of Issue	Interest frequency	Interest Rate	Maturity	USD 000s	INR million*
20-Feb-19	Quarterly	4.96%	Bullet repayment in February 24	25,000	2,054
			Total	**25,000**	**2,054**
Less: Bond issue expenses				(29)	(2)
Total bonds and medium term notes				**24,971**	**2,052**

27 Subordinated debt liabilities

Bonds issued#	**March 31, 2023** USD 000s	March 31, 2022 restated* USD 000s	**March 31, 2023** INR million	March 31, 2022 restated* INR million
Residual Maturity				
5 year or less but over 1 year	**-**	73,842	**-**	6,068
1 year or less but over 3 months	**75,215**	43	**6,180**	4
	75,215	73,885	**6,180**	6,072
Less: Bond issue expenses	**(152)**	(202)	**(12)**	(18)
Less: change in fair value hedge which is ineffective and fx revaluation	**(2,447)**	(686)	**(201)**	(56)
	72,616	72,997	**5,967**	5,998

#listed with Singapore stock exchange.

Details of the Subordinated debt liabilities issued by the Bank at March 31, 2023 are as follows:

Date of Issue	Nature of Issue	Interest Rate	Interest frequency	Maturity
26-Sep-18	Subordinated Debt issued in SGD currency	5.375%	Semi-annual	Callable in 2023, Maturity in September 2028

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

28 Other liabilities

	March 31, 2023 **USD 000s**	March 31, 2022 USD 000s	**March 31, 2023** **INR million**	March 31, 2022 INR million
Amounts in clearing	**1,236**	1,879	**102**	154
Margin for derivative transactions*	**22,017**	7,233	**1,809**	594
Other creditors	**14,615**	6,435	**1,201**	529
Total	**37,868**	15,547	**3,112**	1,277

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

29 Repurchase agreements

	March 31, 2023 USD 000s		**March 31, 2022 restated* USD 000s**	
	Carrying amount of liabilities	Carrying amount of transferred assets	Carrying amount of transferred liabilities	Carrying amount of transferred assets
Repurchase agreements	-	-	88,675	103,368

March 31, 2023 **March 31, 2022**

INR figures are unaudited

	INR million		restated* INR million	
	Carrying amount of transferred liabilities	Carrying amount of transferred assets	Carrying amount of transferred liabilities	Carrying amount of transferred Assets
Repurchase agreements	-	-	7,286	8,494

The repurchase transactions enable the Bank to raise funds using its portfolio of government bonds or corporate/financial institution bonds as collateral. These bonds are issued by corporates and financial institutions with carrying value of USD Nil million (*INR Nil million) (2022: USD 103 million; *INR 8,494 million). These have been pledged as collateral under GMRA (Global Master Repurchase agreement) entered by the Bank with its various counterparties. These form part of the AFS book & Loans and Receivable book (refer Note 21 and Note 40). As per the contract, the Bank agrees to repay the principal along with the interest at maturity and receive the collateral from the counter party.

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

	March 31, 2023 USD 000s	March 31, 2022 restated* USD 000s	**March 31, 2023 INR million**	March 31, 2022 restated* INR million
1 year or less but over 3 months	-	61,249	-	5,033
3 months or less	-	27,425	-	2,252
Total	-	88,674	-	7,285

*refer note no 44 for further details of restatements.

30 Called up share capital

At March 31, 2022 the Issued share capital of ICICI Bank UK PLC was:

	March 31, 2023 USD 000s	March 31, 2022 USD 000s	**March 31, 2023 INR million**	March 31, 2022 INR million
220 million ordinary shares of USD 1 each	**220,000**	220,000	**18,077**	18,077
50,002 ordinary shares of £1 each	**95**	95	**8**	8
Total Share Capital	**220,095**	220,095	**18,085**	18,085

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

31 Employee benefits

During the year, the Bank made a contribution of USD 512,829, INR 42,139,193 (2022: USD 574,615; *INR 47,216,119) to the pension scheme. Out of this amount, USD 45,804, INR 3,763,742 was accrued at the yearend (2022: USD 44,093; *INR 3,623,119).

32 Contingent liabilities and commitments (Off Balance Sheet)

As a part of its banking activities, the Bank issued bank guarantees to support business requirements of customers. Guarantees represent irrevocable assurances that the Bank will pay in the event a

INR figures are unaudited

customer fails to fulfil its financial or performance obligations. The credit risks associated with these guarantees are similar to those relating to other types of unfunded facilities. The Bank enters into guarantee arrangements after conducting appropriate due diligence on the customers. Upon default by a customer under the terms of the guarantee, the beneficiary may exercise its rights under the guarantees, and the Bank is obligated to honour payments to the beneficiaries.

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

(a) Guarantees and other commitments:

	March 31, 2023 USD 000s	March 31, 2022 USD 000s	**March 31, 2023 INR million**	March 31, 2022 INR million
Guarantees	**58,628**	115,860	**4,817**	9,520
Other commitments				
Undrawn formal standby facilities, credit lines and other commitments to lend maturing in:			**-**	-
Less than one year	**718**	-	**59**	-
Total guarantees and commitments	**59,346**	115,860	**4,876**	9,520

(b) Significant concentrations of contingent liabilities and commitments

The contingent liabilities and commitments relate to counterparties primarily in Europe & UK at 88% (2022:81%) with 73% of the beneficiaries in India (2022:89%).

For contingent liability related to Forex and Derivative refer note 40.

33 Litigation

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

34 Operating lease commitments

The Bank has entered into non-cancellable lease agreements for its offices and branches. These lease agreements contain standard terms & conditions.

As at March 31, 2023, the Bank has the following non-cancellable operating lease commitments:

Land and Buildings	**March 31, 2023 USD 000s**	March 31, 2022 USD 000s	**March 31, 2023 INR million**	March 31, 2022 INR million
Within 1 year	**1,451**	1,150	**119**	94

INR figures are unaudited

Between 1 and 5 years	**5,084**	5,259	**418**	432
More than 5 years	**4,197**	5,552	**345**	456
	10,732	11,961	**882**	982

35 Categories and classes of Financial Instruments

The carrying amounts of the financial assets and liabilities include:

	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022
	USD 000s	restated* USD 000s	**INR million**	restated* INR million
Financial assets measured at fair value through profit or loss	**52,721**	23,964	**4,333**	1,971
Financial assets under Available for Sale category	**381,808**	305,848	**31,373**	25,264
Financial assets under Loans and receivable category	**1,445,657**	1,688,544	**118,789**	138,348
Financial assets under Held to maturity category	**252,415**	211,529	**20,741**	17,645
Total financial assets	**2,132,601**	2,229,885	**175,236**	183,228
Liabilities measured at fair value through profit or loss	**28,483**	18,208	**2,340**	1,496
Liabilities measured at amortised cost	**1,795,234**	1,907,893	**147,515**	156,772
Total financial liabilities	**1,823,717**	1,926,101	**149,855**	158,268

Assets:

March 31, 2023 **USD 000s**

	Fair value though P&L	**Available for Sale**	**Loans & Receivables**	**Held to maturity**	**Total**
Cash and cash equivalents	-	-	**352,907**	-	**352,907**
Loans and advances to banks	-	-	**190,371**	-	**190,371**
Loans and advances to customers	-	-	**899,505**	-	**899,505**
Investment Securities	**3,953**	**381,808**	-	**252,415**	**638,176**
Derivative financial instruments	**48,189**				**48,189**
Other assets*	**579**	-	**2,857**	-	**3,436**
Accrued income#	-	-	**17**	-	**17**
Total financial assets	**52,721**	**381,808**	**1,445,657**	**252,415**	**2,132,601**

INR figures are unaudited

March 31, 2023 **INR million**

	Fair value though P&L	Available for Sale	Loans & Receivables	Held to maturity	Total
Cash and cash equivalents	-	-	**28,998**	-	**28,998**
Loans and advances to banks	-	-	**15,643**	-	**15,643**
Loans and advances to customers	-	-	**73,912**	-	**73,912**
Investment Securities	**325**	**31,373**	-	**20,741**	**52,439**
Derivative financial instruments	**3,960**	-			**3,960**
Other assets*	**48**	-	**235**	-	**283**
Accrued income#	-	-	**1**	-	**1**
Total financial assets	**4,333**	**31,373**	**118,789**	**20,741**	**175,236**

March 31, 2022 restated* USD 000s

Cash and cash equivalents	-	-	336,706	-	336,706
Loans and advances to banks	-	-	141,460	-	141,460
Loans and advances to customers	-	-	1,186,105	-	1,186,105
Investment in Securities	3,897	307,464	-	214,743	526,104
Derivative financial instruments	20,096				20,096
Other assets*		-	19,262	-	19,262
Accrued income#	-	-	152	-	152
Total financial assets	23,993	307,464	1,683,685	214,743	2,229,885

March 31, 2022 restated* INR million

Cash and cash equivalent	-	-	27,667	-	27,667
Loans and advances to banks	-	-	11,624	-	11,624
Loans and advances to customers	-	-	97,462	-	97,462
Investment in Securities	320	25,264	-	17,645	43,229
Derivative financial instruments	1,651				1,651
Other assets*	-	-	1,583	-	1,583
Accrued income#	-	-	12	-	12
Total financial assets	1,971	25,264	138,348	17,645	183,228

* excludes deferred tax assets and fixed assets, refer note no 44 for further details of restatements.
#excludes prepaid expenses, fixed assets

INR figures are unaudited

Liabilities:

March 31, 2023 **USD 000s**

	Fair value though P&L	Amortised cost	Total
Deposits by banks	-	32,456	32,456
Customer accounts	-	1,617,438	1,617,438
Bonds and Medium term notes	-	25,122	25,122
Subordinated debts		72,616	72,616
Derivative financial instruments	28,483	-	28,483
Other liabilities	-	37,868	37,868
Accruals and deferred income	-	9,734	9,734
Repurchase agreements	-	-	-
Total financial liabilities	28,483	1,795,234	1,823,717

March 31, 2023 INR million

	Fair value though P&L	Amortised cost	Total
Deposits by banks	-	2,667	2,667
Customer accounts	-	132,905	132,905
Bonds and Medium term notes	-	2,064	2,064
Subordinated debts	-	5,967	5,967
Derivative financial instruments	2,340		2,340
Other liabilities	-	3,112	3,112
Accruals and deferred income	-	800	800
Repurchase agreements	-	-	-
Total financial liabilities	2,340	147,515	149,855

March 31, 2022 restated* USD 000s

	Fair value though P&L	Amortised cost	Total
Deposits by banks	-	28,872	28,872
Customer accounts	-	1,544,930	1,544,930
Bonds and Medium term notes	-	146,627	146,627
Subordinated debts		72,997	72,997
Derivative financial instruments	18,208	-	18,208
Other liabilities	-	15,547	15,547
Accruals and deferred income	-	10,246	10,246
Repurchase agreements	-	88,674	88,674
Total financial liabilities	18,208	1,907,893	1,926,101

March 31, 2022 restated* INR million

	Fair value though P&L	Amortised cost	Total

Deposits by banks	-	2,372	2,372
Customer accounts	-	126,947	126,947
Bonds and Medium term notes	-	12,048	12,048
Subordinated debts	-	5,998	5,998
Derivative financial instruments	1,496	-	1,496
Other liabilities	-	1,277	1,277
Accruals and deferred income	-	844	844
Repurchase agreements	-	7,286	7,286
Total financial liabilities	1,496	156,772	158,268

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

*refer note no 44 for further details of restatements.

36 Capital Management

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

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

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

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

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

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

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

FPC announced in July 2022 to further increase the UK's CCyB rate from 1% to 2%. The rate increase will be applicable from July 2023 in line with the usual 12- month implementation period.

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

The Bank has not repatriated any equity share capital, part of Tier 1 capital, to its shareholders during the year (FY2022: USD 200 million). The Board has proposed a final dividend payment of USD 10.0 million (FY2022: USD 10.0 million) for the year, subject to necessary approval.

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

	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022
	USD million	USD million	**INR million**	INR million
Total Capital	371.9	378.0	30,559	31,060
- Tier I	295.4	293.0	24,273	24,076
- Tier II	76.5	85.0	6,286	6,984

37 Country by country reporting

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

The Bank has one branch in the EU which is outside UK, in Eschborn (Germany). The details of the business activities are provided in the Business Review section of the Strategic Report. Details as at March 31, 2023 are provided below:

	UK		**Germany**	
Number of employees	**127**		**16**	
	USD million	**INR million**	**USD million**	**INR million**
Turnover [1 2]	52.0	4,270	8.1	664
Pre tax profit	15.2	1,245	0.6	53
Corporation tax paid	0.6	49	-	-

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

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

INR figures are unaudited

38 Risk Management Framework

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

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

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

1. The Board of Directors has oversight over the risks assumed by the Bank. Specific Board committees have been constituted to facilitate focused oversight of various risks.
2. Policies approved from time to time by the Board of Directors or Committees of the Board form the governing framework for each type of risk. The business activities are undertaken within this policy framework.
3. Independent groups and sub-groups have been constituted across the Bank to facilitate independent evaluation, monitoring and reporting of risks. These groups function independently of the business groups/sub-groups.

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

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

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

Stress testing framework

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

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

Credit Risk

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

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

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

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

Industry risk is evaluated by considering, inter alia:

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

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

Credit approval

The delegation structure for approval of credit limits is approved by the Board Credit Committee. Credit proposals are approved by the respective delegated authorities including Executive Credit and

Risk Committee (ECRC) or the Board Credit Committee (BCC) based on, inter alia, the amount and internal risk rating of the facility. All credit proposals put up to the BCC are evaluated first by the ECRC.

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

- Developing credit policies in consultation with the Corporate Banking Group and Retail Banking Group which cover collateral management, the credit rating framework, provisioning, etc.
- Establishing the delegation of sanctioning powers available to individuals, singly or jointly, and the credit committees which are documented in the Credit Approval Authorisation Manual.
- Limiting and monitoring concentrations of exposure to counterparties, geographies, industrial sectors, internal rating categories, etc.
- Performing portfolio specific reviews, thematic reviews and presenting the results to the BCC for guidance
- Performing periodic credit stress tests on the Bank's portfolio and communicating the results to the BRC.

The Lending Services Operations Group (LSOG) is responsible for credit administration which includes monitoring compliance with the terms and conditions prior to disbursement. It also reviews the completeness of documentation and creation of security.

Concentration risk

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

Credit monitoring

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

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

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

Internal risk rating of the Bank's investment portfolio:

	March 31, 2023 **USD 000s**	March 31, 2022 restated* USD 000s	**March 31, 2023** **INR million**	March 31, 2022 restated* INR million
AAA	**321,832**	347,889	**26,445**	28,586
AA+	**39,177**	91,904	**3,219**	7,552
AA	**71,927**	56,570	**5,910**	4,648
AA-	**157,582**	-	**12,948**	-
A+	**19,150**	15,306	**1,574**	1,258
A & A-	**23,879**	8,605	**1,962**	707
Non rated	**4,710**	5,872	**387**	483
Total	**638,257**	526,146	**52,445**	43,234

*refer note no 44 for further details of restatements.

Credit quality of loan portfolio

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

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

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

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

Loans and advances to banks

Internal risk rating of loans and advances to banks

Rating	**March 31, 2023**	March 31, 2022	**March 31, 2023**	March 31, 2022

	USD 000s	restated* USD 000s	INR million	restated* INR million
AAA to AA-	**190,258**	140,658	**15,634**	11,559
A+ to A-	**-**	164	**-**	13
BBB+ to BBB-	**152**	669	**12**	55
Total	**190,410**	141,491	**15,646**	11,627

*refer note no 44 for further details of restatements.

Loans and advances to customers

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

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

	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022
Rating	**USD 000s**	restated* USD 000s	**INR million**	restated* INR million
AAA to AA-	**259,094**	76,389	**21,290**	6,277
A+ to A-#	**453,390**	**742,616**	**37,257**	61,021
BBB+ to BBB-##	**141,699**	**310,570**	**11,643**	25,520
BB and below###	**90,169**	**97,280**	**7,410**	**7,993**
Total	**944,352**	1,226,855	**77,600**	100,811

*refer note no 44 for further details of restatements.

During FY2023, the Bank has adopted S&P's Real Estate Asset Finance scorecard and methodology for evaluating exposures for its LAP portfolio. The ratings derived from the S&P methodology have been mapped to Bank's internal rating scale. The Bank has used these internal ratings for portfolio classification at March 31, 2023, while the Bank had used slotting criteria under the Basel framework for portfolio classification at March 31, 2022.

Includes (2022: USD 442.4 million (*INR 36,352 million)) of loans classified as "Strong"; the classification is based on the supervisory slotting criteria under the Basel framework.

Includes (2022: USD 114.9 million (*INR 9,441 million)) of loans classified as "Good"; the classification is based on the supervisory slotting criteria under the Basel framework.

Includes (2022: USD 13.0 million (*INR 1,068 million)) of loans classified as "Satisfactory"; the classification is based on the supervisory slotting criteria under the Basel framework.

Industry exposure

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

	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022
	USD 000s	restated* USD	**INR million**	restated* INR

INR figures are unaudited

		000s		million
Industrials	**79,000**	148,635	**6,491**	12,213
Consumer Discretionary	**100,014**	124,582	**8,218**	10,237
Consumer Staples	**42,938**	56,104	**3,528**	4,610
Energy	**43,724**	60,087	**3,593**	4,937
Financials	**84,705**	75,419	**6,960**	6,197
Gems and Jewellery	**10,164**	14,349	**835**	1,179
Healthcare	**21,353**	21,355	**1,755**	1,755
Materials	**108,617**	144,233	**8,925**	11,852
Real Estate*	**445,608**	573,967	**36,616**	47,163
Telecom Services	**8,229**	8,124	**676**	668
Total	**944,352**	1,226,855	**77,597**	100,811

*refer note no 44 for further details of restatements.

Collateral management

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

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

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

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

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

As per the policy, the basis of valuation depends on the type of security. The CRMP details the general basis of valuation of various collateral and the expected frequency of valuation. Management may apply haircuts (in the range of 10%-20%) to the valuations if required (for example, when the valuation available is not recent and may not reliably reflect the recoverable value of the security).

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

Loans and advances to customers	**March 31, 2023**	March 31, 2022	**March 31, 2023**	March 31, 2022
	USD 000s	USD 000s	**INR million**	INR million
Collateral value	**546,313**	789,235	**44,891**	64,851
Gross loan and advances against which collateral held	**944,352**	1,226,855	**77,597**	100,811

The collateral value was computed as the value of collateral or loans and advances amount, whichever is lower.
Value of collateral held against loans and advances to banks as at March 31, 2023 is NIL (2022:NIL).

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

The maximum amount of on balance sheet credit risk, without taking account any collateral or netting arrangements, as at March 31, 2023 is approximately USD 2.1 billion (*INR 175 billion) (2022: USD 2.2 billion; *INR 183 billion). The maximum amount of off balance sheet credit risk on guarantees and letters of credit is approximately USD 59 million (*INR 4,876 million) (2022: USD 116 million; *INR 9,520 million). Potential credit risk on financial instruments is detailed in Note 19.

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

The Bank follows FRS102 guidelines for collective impairment wherein the provisioning is determined based on underlying credit risk and is sensitive to various factors including credit ratings and economic scalars for countries and sectors. For example, a 5% increase in all country scalars would result in USD 0.05 million (FY2022: USD 0.3 million) increase in the collective impairment allowance and 5% increase in LGD and PD would result in USD 0.08 million (FY2022: USD 0.3 million) increase in the collective impairment allowance.

Market risk

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

- Treasury policy manual and mandate (TPMM) which also includes the trading book policy statement (TBPS)
- IRRBB management policy

- Valuation, model validation policy and independent price verification policy

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

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

- Price risk - Price risk is the risk to the fair value of investments arising out of changes in the market rates. The Bank monitors the price risk through price value of basis point (PV01), value at risk (VaR) and cumulative stop loss limits. The risk appetite of the Bank includes limits for such risk metrics. The Bank does not have material trading book subjected to mark to market risk. The Bank hedges most of its AFS bond investments to minimise impact due to interest rate changes by entering into interest rate swaps. In view of this, price risk is not deemed as material risk. Further, the Bank has discussed price risk through the section on VaR and also through the impact of a change in interest rates on investments held in the AFS portfolio.
- Interest rate risk – Interest rate risk is defined as the risk of loss which the Bank will incur as a result of an increase or decrease in interest rates. Interest income and expense from interest sensitive assets and liabilities are impacted by changes in interest rates. The overall value of the investment portfolio, the underlying value of the Bank's other assets, its liabilities, and off balance sheet (OBS) instruments are also impacted due to changes in interest rates because the present value of future cash flows changes when interest rates change.

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

  The Bank uses Duration of Equity (DoE) as an all-encompassing measure, which takes into consideration the duration and value of both assets and liabilities. DoE is a measure of interest rate sensitivity, which indicates how much the market value of equity would change if interest rates change by 1%. Currently a limit band of -2.8 to +2.8 has been prescribed for the overall net DoE of the Bank. Additionally, the Bank computes Delta EVE for various PRA prescribed interest rate scenarios across different currencies that the Bank's balance sheet is exposed to including a standard scenario of a 200 basis points adverse change in the level of interest rates.

  Further, to manage the interest rate risk in the investment portfolio and ineffective derivatives, the Bank uses various risk metrics such as value-at-risk (VaR), price value of basis point (PV01) and credit spread per basis point (CS01).
- Forex risk – This risk arises due to positions in non-USDollar denominated currencies, which in turn arise from assets and liabilities in those currencies. Foreign exchange risk is managed within the Treasury function in accordance with approved position limits. The net overnight open position (NOOP) of the Bank as at March 31, 2023 was USD 2.5 million (*INR 207.9 million) (2022: USD 1.9 million; *INR 165.9 million).

The Bank has devised various risk metrics for different products and investments. These risk metrics are measured and reported to senior management by an independent Treasury Control and Services

Group (TCSG). Some of the risk metrics adopted by the Bank for monitoring its risks are VaR, DoE, Delta NII, Delta EVE, PV01 and stop loss amongst others. The risk appetite of the Bank includes limits for these risk metrics.

* VaR is calculated using a parametric approach at a 99% confidence level over a one day holding period. The total VaR for the Bank's AFS book portfolio, including its investment portfolio as at March 31, 2023 was USD 1.8 million (*INR 147.9 million) (2022: USD 1.2 million; *INR 98.6 million). The maximum, average and minimum VaR during the year for the AFS book portfolio, including its investment portfolio, was USD 1.8 million (*INR 147.9 million) (2022: USD 2.5 million; *INR 205.5 million), USD 1.3 million (*INR 106.8 million) (2022: USD 1.0 million; *INR 82.2 million) and USD 0.9 million (*INR 74.0 million) (2022: USD 0.7 million; *INR 57.5 million) respectively.

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

Particulars	**March 31, 2023**	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
	USD 000	**USD 000**	**INR million***	**INR million***
Portfolio size (Market value)	375,451	299,976	30,851	24,649
Change in value due to 200 bps movement in interest rate	(22,215)	(15,681)	(1,825)	(1,289)

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

Particulars	**March 31, 2023**	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
	USD 000	**USD 000**	**INR million***	**INR million***
Portfolio size (Market value)	375,451	299,976	30,851	24,649
Change in value due to 200 bps movement in interest rate	22,215	15,681	1,825	1,289

Volatility in interest rates has an impact on an entity's interest earnings. The impact of an increase/decrease in interest rates on the Bank's net interest income (Delta NII) as at March 31, 2023, assuming a parallel shift in the yield curve, has been set out in the following table:

Equivalent in USD million

Currency	Impact on Net Interest Income over a one year horizon	
	Increase in interest rates by 200 bps	Decrease in interest rates by 200 bps
USD	(0.2)	0.2

Equivalent in INR million

Currency	Impact on Net Interest Income over a one year horizon	
	Increase in interest rates by 200 bps	Decrease in interest rates by 200 bps
USD	(16)	16

INR figures are unaudited

GBP	0.7	(3.0)	GBP	58	(247)
EUR	(0.1)	0.1	EUR	(8)	8
Other currencies	(0.0)	0.0	Other currencies	0	0
Total	0.4	(2.7)	Total	34	(223)

The equivalent impact analysis as at March 31, 2022 is set out in the following table:

Equivalent in USD million

Currency	Impact on Net Interest Income over a one year horizon	
	Increase in interest rates by 200 bps	Decrease in interest rates by 200 bps
USD	0.5	2.5
GBP	0	(6.3)
EUR	(0.5)	3.0
Other currencies	0	0.0
Total	**0.0**	**(0.8)**

Equivalent in INR million*

Currency	Impact on Net Interest Income over a one year horizon	
	Increase in interest rates by 200 bps	Decrease in interest rates by 200 bps
USD	41	205
GBP	0	(518)
EUR	(41)	247
Other currencies	0	0
Total	**0**	**(66)**

Liquidity risk

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

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

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

The Bank also has a LC-RRP which details the overall approach and actions the Bank would undertake in order to manage the Bank's liquidity position during stressed conditions. The LC-RRP addresses both the funding and operational requirements of the Bank and sets-out a funding, operational and communication plan to enable the Bank to deal with a liquidity crisis. In summary,

INR figures are unaudited

the Bank seeks to follow a conservative approach in its management of liquidity and has in place, a robust governance structure, policy framework and review mechanism to ensure availability of adequate liquidity even under stressed market conditions.

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

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

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

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

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

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

As part of the stock and flow approach of monitoring liquidity, the Bank monitors certain liquidity ratios covering various liquidity risk drivers inter-alia short-term liquidity risk, structural mismatch risk, wholesale funding risk, off balance sheet risk and non-marketable assets risk as detailed in the Bank's ILAAP. The customer advances to total assets ratio provides a measure of the structural liquidity of the Bank's asset portfolio. The ratio as at March 31, 2023 was 0.5 (0.6 as at March 31, 2022).

Refer Note 39 for details on the cash flow payable under contractual maturity.

39 Cash flow payable under contractual maturity

At March 31, 2023, the contractual maturity comprised USD 000s

	Less than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Total
Deposits by banks	14,002	18,454	-	-	-	32,456
Customer accounts	952,517	290,069	302,052	97,529	-	1,642,167
Other liabilities	15,851	-	-	22,017	-	37,868
Derivative financial liabilities#	5,996	2,322	2,170	17,127	824	28,439
Accruals and deferred income	9,734	-	-	-	-	9,734
Bonds and medium term notes	151	-	25,000	-	-	25,151
Subordinated debt	-	72,768	-	-	-	72,768
Total Liabilities	998,251	383,613	329,222	136,673	824	1,848,583

At March 31, 2023, the contractual maturity comprised INR million*

	Less than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Total
Deposits by banks	1,151	1,516	-	-	-	2,667
Customer accounts	78,268	23,835	24,820	8,014	-	134,937
Other liabilities	1,302	-	-	1,809	-	3,111
Derivative financial liabilities#	493	191	178	1,407	68	2,337
Accruals and deferred income	800	-	-	-	-	800
Bonds and medium term notes	12	-	2,054	-	-	2,066
Subordinated debt	-	5,979	-	-	-	5,979
Total Liabilities	82,026	31,521	27,052	11,230	68	151,897

#excludes Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA) for the derivative portfolio which amounted to USD 45 thousand (2022: USD 10 thousand).

At March 31, 2022, the contractual maturity comprised restated* USD 000s

	Less than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Total
Deposits by banks	-	-	10,022	18,850	-	28,872
Customer accounts	1,247,959	165,000	82,060	49,911	-	1,544,930
Other liabilities	6,805	1,507	-	7,245	-	15,557
Derivative financial liabilities	5,766	7,174	2,827	667	1,764	18,198
Accruals and deferred income	10,246	-	-	-	-	10,246
Bonds and medium term notes	16,717	105,000	-	25,001	-	146,718
Subordinated debt	-	43	-	73,156	-	73,199
Repurchase Agreements	27,426	34,948	26,300	-	-	88,674
Total Liabilities	1,314,919	313,672	121,209	174,830	1,764	1,926,394

At March 31, 2022, the contractual maturity comprised restated* INR million

	Less than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Total
Deposits by banks	-	-	824	1,549	-	2,373
Customer accounts	102,545	13,558	6,743	4,101	-	126,947
Other liabilities	559	124	-	595	-	1,278
Derivative financial liabilities	474	589	232	55	145	1,495
Accruals and deferred income	842	-	-	-	-	842
Bonds and medium term notes	1,374	8,628	-	2,054	-	12,056
Subordinated debt	-	4	-	6,011	-	6,015
Repurchase Agreements	2,254	2,872	2,161	-	-	7,287
Total Liabilities	108,048	25,775	9,960	14,365	145	158,293

*refer note no 44 for further details of restatements.

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

The Bank does not have any convertible debt securities as on March 31, 2023 (Nil for March 31, 2022)

40 Derivative financial instruments

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

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

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

The Bank has computed the Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA) for the derivative portfolio which amounted to USD 50 thousand (*INR 4 million) and USD 5 thousand (*INR 0.5 million) respectively. The probability of defaults (PD) used for computation of CVA/DVA are in line with the PDs used for collective provision computation at March 31, 2023. The loss given default (LGD) of 45% is used for the calculation (except for real estate transactions) based on Basel guidelines for credit risk capital charge computation under foundation Internal Risk Based (IRB) approach for senior unsecured claims. The CVA for real estate transactions is calculated based on scalar adjusted expected loss.

Change in fair value under hedge accounting:

The Bank enters into fixed-for-floating-interest-rate swaps to manage the exposure to changes in fair value caused by movements in market interest rates on certain fixed-rate financial instruments that are not measured at fair value through profit or loss, including debt securities held and issued. As at March 31, 2023, the notional amounts of interest rate swaps and foreign exchange contracts designated as fair value hedges were USD 686 million (*INR 56,343 million) (2022: USD 260 million; *INR 21,379 million) and these contracts had a net positive fair value of USD 12,2 million (*INR 1,005 million) (2022: net positive fair value of USD 3.67 million; *INR 302 million).The notional principal amounts of these instruments are not indicative of the amounts at risk which are smaller amounts payable under the terms of these instruments and upon the basis of the contract or notional principal amount. Derivatives contracts in the non-trading book are used for hedging purposes only and are accounted for on this basis and are executed with bank counterparties for whom volume and settlement limits have been approved. Counterparty group limits are approved for connected exposures.

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

INR figures are unaudited

rate for the currency. Further, the floating rate cash flows for currency swaps and forward transactions are calculated from the zero rates derived from the swap curve and the appropriate basis spread applicable for the currency. The floating rate cash flows for interest rate swaps are calculated from the zero rates derived from the swap curve and the appropriate interest rate basis applicable for the currency.

	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022
	USD 000s	USD 000s	**INR million**	INR million
Change in fair value of hedged items recognised in profit and loss account	**(4,991)**	(7,798)	**(411)**	(640)
Investments	**(5,422)**	(10,346)	**(446)**	(850)
Borrowings	**(82)**	2,769	**(07)**	228
Loans and receivable	**-**	-	**-**	-
Deposits	**513**	(221)	**42**	(18)
Change in fair value of hedged instruments recognised in profit and loss account#	**5,450**	8,026	**448**	659

#excludes Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA) for the derivative portfolio which amounted to USD 45 thousand (2022: USD 10 thousand).

Principal amounts of derivative financial instruments

As at March 31, 2023 USD 000s

Instrument	**Non-trading Notional Principal**	**Trading Notional Principal**	**Gross Positive Fair Value**	**Gross Negative Fair Value#**
Foreign exchange contracts	72,982	1,186,585	17,121	9,054
Interest rate	612,709	835,730	31,068	19,384
Total	**685,691**	**2,022,315**	**48,189**	**28,438**

As at March 31, 2023 INR million*

Instrument	**Non-trading Notional Principal**	**Trading Notional Principal**	**Gross Positive Fair Value**	**Gross Negative Fair Value**
Foreign exchange contracts	5,997	97,502	1,406	744
Interest rate	50,346	68,672	2,554	1,593
Total	**56,343**	**166,174**	**3,960**	**2,337**

Principal amounts of derivative financial instruments

As at March 31, 2022 USD 000s

Instrument	Non-trading Notional Principal	Trading Notional Principal	Gross Positive Fair Value	Gross Negative Fair Value#
Foreign exchange contracts	72,982	844,822	8,964	10,377
Interest rate	187,200	787,698	11,132	7,821
Total	260,182	1,632,520	20,096	18,198

As at March 31, 2022 INR million*

Instrument	Non-trading Notional Principal	Trading Notional Principal	Gross Positive Fair Value	Gross Negative Fair Value#
Foreign exchange contracts	5,997	69,419	737	853
Interest rate	15,382	64,725	915	643
Total	21,379	134,144	1,652	1,496

#excludes Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA) for the derivative portfolio which amounted to USD 45 thousand (2022: USD 10 thousand)

Derivative financial instruments by valuation hierarchy

As at March 31, 2023 USD'000s

	Foreign exchange contracts		**Interest rate**	
	Gross Positive Fair Value	**Gross Negative Fair Value#**	**Gross Positive Fair Value**	**Gross Negative Fair Value#**
Level 2	**17,121**	**9,054**	**19,788**	**8,744**
Level 3	**-**	**-**	**11,280**	**10,640**
Total	**17,121**	**9,054**	**31,068**	**19,384**

As at March 31, 2023 INR million*

	Foreign exchange contracts		**Interest rate**	
	Gross Positive Fair Value	**Gross Negative Fair Value#**	**Gross Positive Fair Value**	**Gross Negative Fair Value#**
Level 2	**1,406**	**744**	**1,626**	**718**
Level 3	**-**	**-**	**927**	**874**
Total	**1,406**	**744**	**2,553**	**1,592**

INR figures are unaudited

As at March 31, 2022 USD'000s

	Foreign exchange contracts		Interest rate	
	Gross Positive Fair Value	Gross Negative Fair Value #	Gross Positive Fair Value	Gross Negative Fair Value #
Level 1	72	4		
Level 2	8,892	10,373	7,519	4,966
Level 3	-	-	3,613	2,855
Total	8,964	10,377	11,132	7,821

As at March 31, 2022 INR million*

	Foreign exchange contracts		Interest rate	
	Gross Positive Fair Value	Gross Negative Fair Value #	Gross Positive Fair Value	Gross Negative Fair Value #
Level 1	6	0	-	-
Level 2	731	852	618	408
Level 3	-	-	-	235
Total	737	852	618	643

#excludes Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA) for the derivative portfolio which amounted to USD 45 thousand (2022: USD 10 thousand).

Exposures that completed the transition for the IBOR reform

Following the financial crisis, the replacement of benchmark interest rates such as LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. Interest rate benchmarks including, among others, the London Interbank Offered Rate (LIBOR), the Euro Interbank Offered Rate (EURIBOR), the Euro Overnight Index Average (EONIA) and certain other Interbank Offered Rates (IBORs) are being reformed. The Bank formed a Steering Committee chaired by the Head of Corporate Banking and attended by the executive management with regular meetings to monitor and discuss the developments related to IBOR reform.

The Financial Conduct Authority (FCA), announced on March 5, 2021, the future cessation or loss of representativeness of the 35 LIBOR benchmark settings currently published by ICE Benchmark Administration (IBA), an authorised administrator, regulated and supervised by the FCA.

- Publication of all seven euro LIBOR settings, all seven Swiss franc LIBOR settings, the Spot Next, 1-week, 2-month and 12-month Japanese yen LIBOR settings, the overnight, 1-week, 2-month and 12-month sterling LIBOR settings, and the 1-week and 2-month US dollar LIBOR settings ceased immediately after December 31, 2021.

- Publication of the overnight and 12-month US dollar LIBOR settings will cease immediately after June 30, 2023.

The FCA – as the global regulator of LIBOR – announced on April 3, 2023 that, under the UK Benchmarks Regulation, the methodology for US dollar LIBOR for tenors 1, 3 and 6 months will change on the cessation of panel bank LIBOR to synthetic LIBOR for certain legacy contracts, including bonds, until September 30, 2024. It is proposed that the synthetic US dollar rate should be the same as the replacement rate under the US LIBOR Act for as long as the synthetic rate for US

INR figures are unaudited

dollar LIBOR continues to be published. Publication of 1, 3 and 6 month synthetic US dollar LIBOR is intended to cease on September 30, 2024.

Progress made during FY 2023

The Bank has completed transition of all non USD LIBOR linked exposures to RFRs. During the year, the Bank has identified all its USD LIBOR linked exposures in the loan portfolio and has communicated transition options to its clients and transition process has already begun. The Bank endeavors to complete this process by June 30, 2023. The Bank has transitioned all its USD LIBOR linked derivative exposures to the alternate risk free rates except for one deal where the last reset is due in June 2023.

The publication of major US Dollar LIBOR is expected to continue till June 30, 2023 and the Bank will continue to work on its planned transition to alternative benchmark rates for US Dollar LIBOR referenced loan contracts.

The Bank has adhered to ISDA's IBOR protocol for transition of its legacy non-cleared derivatives trades with other counterparties who choose to adhere to the protocol.

The Bank has upgraded its internal systems to offer products linked to new Risk Free Rates (RFRs) and has ceased issuance of new products linked to LIBOR.

The Bank has adhered to ISDA's IBOR protocol for transition of its legacy non-cleared derivatives trades with other counterparties who choose to adhere to the protocol.

The IAS 39 requirements in respect of hedge accounting have been amended in two phases. The Phase 1 amendments, which were adopted by the Bank in April 2019, provide relief to the hedge accounting requirements prior to changing a hedge relationship due to the interest rate benchmark reform. The phase 2 amendments provide relief when changes are made to hedge relationships as a result of the interest rate benchmark reform.

The Bank continue to apply both Phase 1 and 2 amendments on hedging relationships as on March 31, 2023. There is no modification of financial instruments on which phase 2 relief applies.

The following table summarises the significant hedge accounting exposures impacted by the IBOR reform as at March 31, 2023,

USD 000s

Current benchmark rate	**Expected convergence to RFR**	**Nominal amount of hedged items directly impacted by IBOR reform**	**Nominal amount of hedging instruments directly impacted by IBOR reform**
USD LIBOR	Secured Overnight Financing Rate (SOFR)	145,919	145,919
Total IBOR Notionals		**145,919**	**145,919**

INR million*

Current benchmark rate	**Expected convergence to RFR**	**Nominal amount of hedged items directly impacted by IBOR reform**	**Nominal amount of hedging instruments directly impacted by IBOR**

INR figures are unaudited

			reform
USD LIBOR	Secured Overnight Financing Rate (SOFR)	11,990	11,990
Total IBOR Notionals		**11,990**	**11,990**

The following table summarises the significant exposures impacted by interest rate benchmark reform as at 31 March 2023:

USD 000

Particulars	USD Libor	Other Libor
Non-derivative financial assets		
Loans and advances at amortised cost	123,008	-
Non-derivative financial liabilities		
Debt securities in issue	25,000	-
Total	**148,008**	**-**

INR 000

Particulars	USD Libor	Other Libor
Non-derivative financial assets		
Loans and advances at amortised cost	10,108	-
Non-derivative financial liabilities		
Debt securities in issue	2,054	-
Total	**12,162**	**-**

The table below provides detail on the residual maturity of the above exposures:

USD 000

Current benchmark rate	Within one year	Over one year but not more than two years	Over two years but not more than five years	Over five years but not more than ten years	Over ten years
Non-derivative financial assets					
Loans and advances at amortised cost					
USD LIBOR	61,759	12,696	48,553		
Other	-	-	-		
Loans and advances at fair value through other comprehensive income					
USD LIBOR					
GBP LIBOR					
Non-derivative financial liabilities					
Debt securities in issue					
USD LIBOR	25,000				
Total	**86,759**	**12,696**	**48,553**	**-**	**-**

INR figures are unaudited

INR 000

Current benchmark rate	Within one year	Over one year but not more than two years	Over two years but not more than five years	Over five years but not more than ten years	Over ten years
Non-derivative financial assets					
Loans and advances at amortised cost					
USD LIBOR	5,075	1,043	3,990		
Other	-	-	-		
Loans and advances at fair value through other comprehensive income					
USD LIBOR					
GBP LIBOR					
Non-derivative financial liabilities					
Debt securities in issue					
USD LIBOR	2,054	-			
Total	**7,129**	**1,043**	**3,990**		

41 Assets and liabilities denominated in foreign currency

Total assets / Liabilities (incl. Equity)	March 31, 2023 USD 000s	March 31, 2022 USD 000s	March 31, 2023 INR million	March 31, 2022 INR million
Denominated in US Dollars	**917,482**	878,635	**75,389**	72,197
Denominated in Sterling	**904,394**	973,842	**74,314**	80,021
Denominated in other currencies	**320,184**	389,496	**26,310**	32,005
Total assets	**2,142,060**	2,241,973	**176,013**	184,223
Denominated in US Dollars	**509,908**	748,151	**41,899**	61,476
Denominated in Sterling	**1,407,481**	1,232,707	**115,653**	101,291
Denominated in other currencies	**224,671**	261,115	**18,461**	21,456
Total liabilities	**2,142,060**	2,241,973	**176,013**	184,223

The above should not be considered to demonstrate the Bank's exposure to foreign exchange risk due to the existence of compensating exchange rate contracts as discussed in Note 40 which are held for hedging purposes.

INR figures are unaudited

The Bank follows a conservative policy with regard to its foreign exchange risk which is managed within the Treasury function in accordance with the position limits approved by the Board Risk Committee and by using value-at- risk measure. The Net overnight open position (NOOP) of the Bank as at March 31, 2023 was USD 2.5 million (*INR 207.9 million) (2022: USD 1.9 million; *INR 165.9 million).

42 Post balance sheet events

There have been no material events after the balance sheet date up until the date of signing these financial statements which would require disclosure or adjustments to the March 31, 2023 financial statements.

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

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

44 Prior period restatement

Accrued interest should be included as the amortised cost and fair value of financial assets and financial liabilities. Accrued interest was previously classified in "Prepayments and accrued income" and "Accruals and deferred income" rather than included in amortised cost and fair value of financial assets and financial liabilities. It has now been restated and reclassified within the relevant financial asset and liability balances for the current and prior financial year. This has resulted in a total reclassification of USD 8.2 million (INR 670 million) being reduced from "Prepayment and accrued income" and added in respective asset balances and USD 3.4 million (INR 282 million) being reduced from "Accrual and deferred income" and added in respective liability balances. There was no impact on profit, total assets, total liabilities or total equity due to this reclassification The impacted notes to accounts are as per below table,

	Note	**March 31, 2022 USD 000s**	Security classification adjustment	Adjustment USD 000s	**As restated USD 000s**
Assets					
Investment in Government Securities	21	**154,441**	(1,008)	325	**153,758**
Loans and advances to banks	17	**141,379**		81	**141,460**
Loans and advances to customers	18	**1,182,895**		3,210	**1,186,105**
Investment Securities other than Government securities	21	**366,804**	1,008	4,534	**372,346**
Prepayments and accrued income		**9,579**		(8,150)	**1,429**
Total assets		**1,855,098**	-	-	**1,855,098**
Liabilities					
Deposits by banks	24	**28,850**		22	**28,872**
Customer accounts	25	**1,541,957**		2,973	**1,544,930**

INR figures are unaudited

Bonds and medium term notes	26	**146,358**		269	**146,627**
Accruals and deferred income		**13,679**		(3,433)	**10,246**
Subordinated debt	27	**72,954**		43	**72,997**
Repurchase Agreements	29	**88,548**		126	**88,674**
Total Liabilities		**1,892,346**	-	-	**1,892,346**

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

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

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

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

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

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

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

By order of the Board

Loknath Mishra
Managing Director & Chief Executive Officer

Dharam Singla

Dharam Singla
CFO, CS & Head of Treasury

May 13, 2022
Registered number: 4663024
Registered address:
One Thomas More Square
London E1W 1YN

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

Opinion on the financial statements

In our opinion the financial statements
:

- give a true and fair view of the state of the Bank's affairs as at 31 March 2022 and of the Bank's profit for the year then ended;
- have been properly prepared in accordance United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ICICI Bank UK PLC (the 'Bank' or the 'Company') for the year ended 31 March 2022 which comprise the Profit and loss account, the Statement of other comprehensive income, the Balance Sheet and the Statement of Changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kindom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

Following the recommendation of the audit committee, we were appointed by the Annual General Meeting on 30th July 2021 to audit the financial statements for the year ended 31 March 2022. The period of total uninterrupted engagement including retenders and reappointments is 1 year, covering the year ended 31 March 2022. We remain independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Bank.

Conclusions relating to going concern

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

- Reviewing correspondences with the bank's regulator;
- Reviewing the Internal Capital Adequacy Assessment Process (ICAAP), Internal liquidity adequacy assessment process (ILAAP) and regulatory capital and liquidity requirements;
- Challenging the Directors' assumptions and judgements made with regard to their forecast by:
  - Assessing any re-financing risk;
  - Assessing the appropriateness of the model used by management when performing their assessment;
  - Assessing the accuracy of management's historical forecasts to actuals, to prove the track record and get some comfort over the budgeting process; and
- Checking the arithmetical accuracy of forecast.

- Assessing how the Directors have factored in key external factors expected to impact the Bank such as the ongoing impact of the Covid-19 pandemic, inflationary pressures and the Ukraine/ Russia conflict, checking these had been appropriately considered as part of the Directors' going concern assessment; and
- Checking that going concern disclosures were appropriate and sufficient.

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

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

Overview

		2022
Key audit matters	Revenue recognition - EIR	✔
	Impairment allowance on loans and advances	✔
Materiality	$521,000 based on 5% of Profit Before Tax	

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Bank and its environment, including the Bank's system of internal control, 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.

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

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

Key audit matters

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

Key audit matter		**How the scope of our audit addressed the key audit matter**
Revenue recognition (Effective Interest Rate ("EIR") See accounting policies in Note 3 to the financial statements.	The Bank's interest income on loan book is recognised using an effective interest rate ("EIR") method in accordance with the requirements of the applicable accounting standards. This method involves adjusting fee and interest income to ensure it complies with the EIR method. The models used to achieve this are complex and reliant on the completeness and accuracy of input data. Significant management judgement is also required to determine the expected cash flows for Bank's loans and advances within these models, in particular the expected behavioural life redemption profiles of the loansdue to the impact on timing and quantum of expected future cash flows. Errors within the EIR models themselves or bias in key assumptions applied could result in the material misstatement of revenue together with the relevant disclosures required. Revenue recognition on an EIR basis is therefore considered to be a significant risk area and a key audit matter.	We assessed whether the revenue recognition policies adopted by the Bank were in accordance with the requirements of the accounting framework. This included an assessment of the types of fees and costs being spread within the effective interest rate models versus the requirements of the applicable financial reporting standards. We performed an end-to-end process walkthrough to identify the key applications and process controls. We tested the design, implementation and operating effectiveness of key controls relating to completeness and accuracy of the model inputs and outputs. With the assistance of our IT team, we tested the completeness and accuracy of data and key model inputs feeding into the EIR spreadsheet models by checking the reports used in the EIR models. Additional we have agreed samples back to the loan management system or source documents. We assessed whether the spreadsheet models calculate the EIR adjustments as designed, by checking the arithmetical calculations of the model. We critically analysed management's assessment showing the proximation of contractual and expected lives per product. Additionally, we performed sensitivity analysis on the lives of loans applied. We checked that the relevant interest income and effective interest rate disclosures made by management were appropriate and in line with accounting standards, and agreed the disclosures to supporting evidence. We assessed the adequacy and appropriateness of disclosures for compliance with the applicable accounting standards. Key observations: We have not identified any indicators that the assumptions included in the EIR

		models and the related disclosures are unreasonable, incomplete and inaccurate in consideration of the Bank's loan portfolio, historic behaviours and current economic and market conditions.
Impairment losses on loans and advances See Note 3 and Note 4 (critical estimates and judgements) The Bank holds £40.7M of impairment provisions at year-end (2021: £39M).	The Bank accounts for the impairment of loans and advances to customers using an incurred loss model. In accordance with the requirements of the applicable accounting standards, management has calculated two types of provisions. (i) A specific provision is calculated for loans where there is an observable loss event. (ii) A collective provision is recognised for loans which are impaired as at the year end date and, whilst not specifically identified as such, are known from experience to be present in any portfolio of loans. Estimating an appropriate loan loss provision requires significant management judgement in determining the value and timing of future cash flows. In particular, the assumptions related to the cash flows expected to be received from the sale of property following repossession , have the most significant impact on the calculation of the provision and this has therefore been identified as a significant risk and key audit matter, together with the relevant disclosures required.	We tested the operating effectiveness of the controls in place around the loan loss provisions models. We assessed the specific and collective provision methodology against the requirements of applicable accounting standards. Our testing on specific provisions included: • Reviewing all of the Bank's impaired loans as well as selecting a sample of loans within the 'good' portfolio, and checking the collateral valuation on loan inception to the external valuations obtained by management. • We tested management assumptions such as hair cut and the discount rate applied to the collateral valuations based on industry information available and the use of BDO valuations team, who have assessed key asumptions considered and reasonableness of the valuation reports. • We tested the controls around the approval of loans to be added or removed from the impaired or asset under watch list. • With our IT audit team's assistance, we understood and tested the data and reports that feed into the Bank's assessment. We also tested the automatic flagging of loans in arrears via the irregularity reports. • We performed a detailed analysis of the loan book and the processes for identifying underperforming loans. We tested the reasonableness and the accuracy of the loan provision by performing sensitivity analysis on key inputs in the model. • We reviewed the Bank's assessment of the impaired and asset under watch facilities and reviewed the Bank's calculations in arriving at the specific provision. We also performed sensitivity analysis over key variables. • We reviewed the minutes of Executive

		Credit and Risk Committee meetings where performance of facilities are discussed and highlighted to ensure that no facility has been omitted from management's assessment. For the collective provision, • We tested the appropriateness of the key assumptions within this model such as Credit Risk Ratings, Loans Against Properties (LAP) Slotting Approach, Parent Bank and S&P Probability of Default (PDs) data, Economic Scalars, and Loss Given Defaul (LGDs) bucketing and calculations by agreeing to source data on a sample basis. • With our IT audit team's assistance, we tested the completeness and accuracy of the data that feed into the model by checking the reports used in the models. We also agreed a sample of loan data from the model to the underlying loan contracts. Additionally, we performed benchmarking and sensitivity analysis on these key inputs. • We challenged management on the adequacy of segmentation of the portfolio by assesing the impact of segmenting the portfolio in a variety of ways and on a more granulary basis on the collective provision amount. • Management has assessed the need for a management overlay to the collective provision model. We tested the appropriateness of management's overlay through assessing the rationale for changes to the assumptions and risk segments identified. We obtained support for this where available or considered and challenged the basis of management's estimate by benchmarking with observable peer and market data. We assessed the adequacy and appropriateness of disclosures for compliance with the applicable accounting standards. Key observations: We have not identified any indicators that the provision for loans and advances to

		customers and the related disclosures unreasonably estimated in consideration of the key assumptions and judgements made.

Our application of materiality

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

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

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

	2022
Materiality	$521,000
Basis for determining materiality	5% of Profit before Tax
Rationale for the benchmark applied	Selected as our benchmark as the entity focuses on profitability, seen as the main interest of investors.
Performance materiality	$338,000
Basis for determining performance materiality	65% of materiality
Rationale for the benchmark applied	This level was been selected to reflect our first year as auditors and overall assessment of auditing the Bank.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $27,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

In our opinion the information given in note 37 for the financial year ended 31 March 2022 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

<u>Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations</u>

We focused on laws and regulations that could give rise to a material misstatement in the company financial statements. We gained an understanding of the legal and regulatory framework applicable to the Bank and the industry in which it operates and considered the risk of acts by the Bank which would be contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA") regulations, pension legislation and tax legislation.

Our tests included:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, internal audit and the audit committee about compliance with relevant laws and regulations;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and correspondence with the Financial Conduct Authority and the Prudential Regulation Authority for indication of any non-compliance; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations.

<u>Identifying and responding to risks of material misstatement due to fraud</u>

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be in relation to accounting estimates such as the EIR and loan loss provisioning (see Key Audit Matters section above) and management override of controls.

Our tests included:

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates were indicative of a potential bias such as EIR and loan provisioning as set out in the Key Audit Matters section; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists 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:
D Taylor
A26B5174278F419...

Daniel Taylor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
May 13, 2022

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

Profit and loss account for the year ended March 31, 2022

	Note	Year ended March 31, 2022 USD 000s	Year ended March 31, 2021 USD 000s	Convenience translation (Refer to Note 2 (b)) Year ended March 31, 2022 INR million*	Year ended March 31, 2021 INR million*
Interest income and similar income	5	**54,766**	82,846	**4,151**	6,279
Interest expense	6	**(14,268)**	(31,939)	**(1,081)**	(2,421)
Net interest income		**40,498**	50,907	**3,070**	3,858
Fees and commissions receivable		**7,352**	6,461	**557**	490
Dealing profits;					
a) Foreign exchange revaluation gains		**5,786**	6,376	**439**	483
b) Income/(Loss) on financial instruments at fair value through profit or loss	7	**461**	(157)	**35**	(12)
c) Gain/(Loss) on sale of financial assets		**66**	(1,336)	**5**	(101)
Other operating income		**294**	326	**22**	25
Total revenue		**54,457**	62,577	**4,128**	4,743
Administrative expenses	8,9	**(38,960)**	(35,531)	**(2,953)**	(2,693)
Depreciation	22	**(1,229)**	(1,157)	**(93)**	(88)
Impairment on investment securities	21	**(20)**	49	**(02)**	04
Impairment on loans and advances	20	**(2,906)**	(8,414)	**(220)**	(638)
Operating profit before tax		**11,342**	17,524	**860**	1,328
Tax on operating profit	11	**(441)**	(2,732)	**(33)**	(207)
Profit after tax		**10,901**	14,792	**827**	1,121

The result for the year is derived entirely from continuing activities. The notes on pages 44 to 104 form part of these financial statements.

** INR figures are unaudited*

Statement of other comprehensive Income for the year ended March 31, 2022

			Convenience translation (Refer to Note 2 (b))	
	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Profit on ordinary activities after tax	**10,901**	14,792	**827**	1,121
Other comprehensive Income				
Movement in fair value of available for sale debt securities during the year	**(2,087)**	47,779	**(159)**	3,621
Movement in cash flow hedge during the year#	**-**	-	**-**	-
Taxation relating to movement of available for sale debt securities	**231**	(9,636)	**18**	(730)
Net movement in other comprehensive income	**(1,856)**	38,143	**(141)**	2,891
Other comprehensive (loss) / income for the period, net of tax	**(1,856)**	38,143	**(141)**	2,891
Total comprehensive (loss) / income for the year	**9,045**	52,935	**686**	4,012

refer note 41 for movement in cash flow hedge reserve

The notes on pages 44 to 104 form part of these financial statements

** INR figures are unaudited*

Balance sheet at March 31, 2022

	Note	March 31, 2022 USD 000s	March 31, 2021 USD 000s	Convenience translation (Refer to Note 2 (b)) March 31, 2022 INR million*	March 31, 2021 INR million*
Assets					
Cash and cash equivalents	16	**336,706**	**733,560**	**25,520**	55,598
Investment in Treasury Bills	21	**154,441**	**125,760**	**11,705**	9,532
Loans and advances to banks	17	**141,379**	**52,372**	**10,715**	3,969
Loans and advances to customers	18	**1,182,895**	**1,522,138**	**89,655**	115,367
Other investment securities	21	**366,804**	**412,986**	**27,801**	31,301
Derivative financial instruments	41	**20,096**	**49,181**	**1,523**	3,728
Tangible and Intangible fixed assets	22	**2,690**	**3,549**	**204**	269
Other assets	23	**27,383**	**46,158**	**2,075**	3,498
Prepayment and accrued income		**9,579**	**11,050**	**728**	837
Total assets		**2,241,973**	**2,956,754**	**169,926**	224,099
Liabilities					
Deposits by banks	24	**28,850**	**65,315**	**2,187**	4,950
Customer accounts	25	**1,541,957**	**1,957,458**	**116,869**	148,360
Bonds and medium term notes	26	**146,358**	**197,852**	**11,093**	14,996
Derivative financial instruments	41	**18,208**	**40,360**	**1,380**	3,059
Other liabilities	28	**15,546**	**19,620**	**1,178**	1,487
Accruals and deferred income		**13,680**	**14,139**	**1,038**	1,072
Subordinated liabilities	27	**72,954**	**76,116**	**5,529**	5,769
Repurchase agreements	29	**88,548**	**79,153**	**6,711**	5,999
Total Liabilities		**1,926,101**	**2,450,013**	**145,985**	185,692
Shareholders' funds:					
Issued share capital	30	**220,095**	**420,095**	**16,682**	31,840
Capital contribution		**12,194**	**12,108**	**924**	918
Retained earnings		**83,076**	**72,175**	**6,297**	5,470
Available for sale reserve		**507**	**2,363**	**38**	179
Total Equity		**315,872**	**506,741**	**23,941**	38,407
Total Equity and Liabilities		**2,241,973**	**2,956,754**	**169,926**	224,099

The notes on pages 44 to 104 form part of these financial statements. These financial statements were approved by the Board of Directors on May 13, 2022 and were signed on its behalf by:

Dharam Singla

Loknath Mishra
Managing Director
& Chief Executive Officer
ICICI Bank UK PLC
Registered number 4663024

Dharam Singla
CFO, CS & Head of Treasury

** INR figures are unaudited*

Statement of change in equity for the year ended March 31, 2022

	Issued share capital	Retained earnings	Other comprehensive Income	Capital contribution	Total
	USD 000s	USD 000s	USD 000s	USD 000s	USD 000s
As at April 1, 2020	420,095	57,383	(35,780)	11,634	453,332
Capital contribution (share based payments)	-	-	-	474	474
Profit on ordinary activities after tax	-	14,792	-	-	14,792
Movement in the valuation of available for sale debt securities (net-off deferred tax)	-	-	38,143	-	38,143
As at April 1, 2021	**420,095**	**72,175**	**2,363**	**12,108**	**506,741**
Capital contribution (share based payments)	-	-	-	86	86
Profit on ordinary activities after tax	-	10,901	-	-	10,901
Movement in the valuation of available for sale debt securities (net-off deferred tax)	-	-	(1,856)	-	(1,856)
Capital reduction	(200,000)	-	-	-	(200,000)
Closing shareholders' funds as at March 31, 2022	**220,095**	**83,076**	**507**	**12,194**	**315,872**

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

The notes on pages 44 to 104 form part of these financial statements.

Convenience translation* (Refer to Note 2 (b))	**Issued share capital**	**Retained earnings**	**Other comprehensive Income**	**Capital contribution**	**Total**
	INR million	**INR million**	**INR million**	**INR million**	**INR million**
As at April 1, 2020	31,840	4,349	(2,712)	882	34,359
Capital contribution (share based payments)	-	-	-	36	36
Profit on ordinary activities after tax	-	1,121	-	-	1,121
Movement in the valuation of available for sale debt securities (net-off deferred tax)	-	-	2,891	-	2,891
As at April 1, 2021	**31,840**	**5,470**	**179**	**918**	**38,407**
Capital contribution (share based payments)					
Profit on ordinary activities after tax	-	-	-	6	6
Movement in the valuation of available for sale debt securities (net-off deferred tax)	-	827	-	-	827
Profit on ordinary activities after tax	-	-	(141)	-	(141)
Capital reduction	(15,158)	-	-	-	(15,158)
Closing shareholders' funds as at March 31, 2022	**16,682**	**6,297**	**38**	**924**	**23,941**

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

The notes on pages 44 to 104 form part of these financial statements.

** INR figures are unaudited*

Notes

(Forming part of the financial statements)

1 Reporting entity

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

2 Basis of preparation

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

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

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

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

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

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

(a) Statement of Compliance

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

(b) Functional and presentation currency and convenience translation

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

***(c)* Cash flow exemptions**

Under section 1 of FRS 102, the Bank is exempted from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Bank in its own published consolidated financial statements. (Refer Note 44).

***(d)* Related party transactions**

As the Bank is a wholly owned subsidiary of ICICI Bank Limited, the Bank has taken advantage of the exemption contained in section 33 of FRS 102 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of ICICI Bank Limited any transactions with key management personnel of the entity or its parent. (Refer Note 44).

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

***(e)* Going concern**

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

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

- Considered existing and emerging risks which could impact the Bank's current business operations. Reviewed the Bank's plans and actions to identify, manage and control these risks.
- Conducted a strategic review of the business model including the impact of various emerging risks including geopolitical risk triggered by Russia Ukraine conflict, rising inflation, supply chain disruptions and Covid-19 on the Bank's portfolio, profitability and business model. The details of the same is provided in the Strategic report.
- Assessed Bank's financial projections and taking account of potential changes in its business model in subsequent years. Reviewed funding profile and assessed Bank's ability to maintain adequate liquidity levels through managing both retail and wholesale funding sources and meet the regulatory liquidity requirements through maintaining liquid assets.
- As at March 31, 2022, the Bank maintained liquidity and capital positions in surplus over the regulatory requirements.

The Directors considered financial resilience of the Bank taking into account the Bank's decision to keep sufficient liquidity. The Bank has been maintaining sufficient liquidity through selective new business volumes, sell down of loans and investments and engaging with counterparties for funding. The Bank keeps in touch with the counterparties for interbank borrowings and other funding sources to test the availability of liquidity in the market. As at March 31, 2022, the Bank maintained liquidity and capital positions in surplus over the regulatory requirements. In consideration of the steps taken, the Directors are satisfied with the operational and financial resilience of the Bank.

With regards to ICICI Bank Limited (the Parent Bank) support, the Directors considered that the parent bank has issued a letter of comfort to the Bank's regulators, the Financial Services Authority (FSA), now the PRA, stating that the parent bank intends to financially support the Bank in ensuring that it meets all of its financial obligations as they fall due. The Directors also considered the last available capital adequacy ratio of the Parent Bank at 19.8% and Tier 1 ratio at 18.8% on standalone basis as at December 31, 2021.

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

The Bank's risk management policies and procedures are outlined in Note 38.

3 Significant accounting policies

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

(a) Interest income and expense

Interest income and expense are recognised in the profit and loss account using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates the future cash flows considering all contractual terms of the financial instruments but not the credit losses. The effective interest rate is established on initial recognition (or upon reclassification) of the financial asset and liability and is not revised subsequently.

(b) Fees and commissions income and expense

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

(c) Foreign currencies

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

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

(d) Financial assets and financial liabilities

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

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

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

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

(e) Investment securities

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

(f) Loans and receivables

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) Held to maturity financial assets

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

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

(i) Available for sale financial assets

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

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

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

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

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

(j) Fair value measurement

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

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

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

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

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

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

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

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

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

The Bank discontinues hedge accounting prospectively when it is either determined that the derivative is no longer highly effective in offsetting changes in the fair value or cash flows of a hedged item; the derivative expires, or is sold, terminated or exercised; the derivative is de-

designated because it is unlikely that a forecasted transaction will occur; or management determines that designation of the derivative as a hedging instrument is no longer appropriate.

The Bank shall discontinue hedge accounting when:

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

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

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

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

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

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

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

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

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

(m) Sale and repurchase agreements

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

(n) Identification and measurement of impairment

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

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

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

The coronavirus pandemic is having a major impact on wider economy and businesses and the Bank assesses its portfolio for impairment considering the indicators and triggers mentioned above, also, in the context of Covid-19. The Bank makes the assessment in consideration of long term viability of the business of its borrowers as temporary difficulties in making near-term payments due to a temporary loss of income do not on their own automatically result in a significant increase in credit risk or a detrimental impact on the estimated future cash flows from the loan. Hence they do not, automatically result in a credit impairment.

The Bank continues to maintain a management overlay within its collective provisioning on account of Covid-19 and other emerging risks.

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

(o) Fixed assets

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

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

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

[1]The useful life averages around 5 years.

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

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

(p) Provisions

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

(q) Deposits, debt securities issued and subordinated liabilities

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

(r) Tax on profit on ordinary activities

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

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

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

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

(s) Employee benefits

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

(t) Leases

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

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

(u) Share based payments

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

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

(v) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

(w) Other assets

The other assets mainly consist of interest receivables, margins placed with the counterparties for repurchase and derivative financial itransactions, cash reserves maintained with the Bank of England, deferred tax assets, amounts in clearing and other receivables.

(x) Other liabilities

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

(y) Share capital

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

(z) Dividend

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

4 Significant judgements and estimates

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

(a) Allowances for credit losses

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

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

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

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

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

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

The following disclosure practices have been adopted in Note 19:

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

The following disclosures have been provided in Note 20:

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

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

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

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

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

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

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

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

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

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

Payment deferrals under Covid-19

Any payment deferrals and covenants relaxation sought by the borrowers are evaluated on a case to case basis. A reasonable period of the deferment is considered in line with the internal guidelines approved by the Board Credit Committee. The deferment of debt obligations under these guidelines are for specified period and for the purpose to support borrowers adversely impacted due to COVID-19. Any deferment of principal/interest/both in accordance with these guidelines will not be treated as a concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower and consequently, such a measure, by itself, shall not result in change in asset classification and will not trigger forbearance classification.

The rescheduling of above payments, including interest, will not qualify as a default, such as counting of days past due, for the purposes of accounting, supervisory reporting and reporting to credit bureau(s), if any, by the Bank. Such rescheduling shall not be considered as an objective evidence of impairment for accounting and regulatory purposes. Interest will be charged on all principal/interest deferrals.

The Bank would apply IAS 39 AG8 Accounting standard to recalculate the carrying amount by computing the present value of estimated future cash flows using the original effective interest rate on any revision in receipt estimate after initial recognition. The difference between the present value of estimated future cash flows and the carrying amount is recognised as income or expense in profit or loss (Interest line) in the period when the estimate is revised. The Bank adjust the carrying amount of its financial assets or financial liabilities carried at amortised cost in case of any revision in the estimates of its receipts or payments after initial recognition. This adjustment to the carrying amount is amortised using effective interest method over the revised tenure of the financial instrument.

The deferral policy was discontinued effective October 01, 2021.

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

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

Significant judgments and estimates include the following:

- In the absence of adequate internal default history and on account of a similar internal credit rating scale, the Bank has used Probability of Default (PD) data of its Parent (ICICI Bank Limited) for estimating the collective provisioning on its internally rated India country of exposure portfolio
- For the internally rated non-India country of exposure portfolio, the Bank has used PD data from S&P, corresponding to the geographies which make up the majority of its non-India exposures
- The Bank considers a time horizon of one year to be appropriate for estimating collective provisions, as it believes that this is reflective of the emergence period for losses in its portfolio. The Parent bank has data on rating history and adequate default data covering benign and stress phases over FY2013 to FY2021. Therefore, PD Data of annual cohorts at a quarterly frequency has been captured over FY2013 to FY2021 period for the India country of exposure portfolio. The Bank has used historical PDs over a ten year look back

period for the non-India linked and externally rated portfolios to calculate the collective provision

- As regards the Loans Against Property (LAP) portfolio, the Bank commenced its LAP lending business in FY2017. In absence of appropriate internal risk assessment and rating framework, it was considered appropriate to build on the supervisory slotting approach for specialised lending outlined in the Basel II framework. This includes approach for Commercial real estate lending, which is similar to the Bank's business model. Under the approach, each exposure is classified as either 'Strong', 'Good', 'Satisfactory' or 'Weak'. Each of these classifications is mapped to appropriate risk weights and expected loss estimates, as published by Basel from time to time. The Bank has adopted a stringent underwriting and risk evaluation approach. The assessment of each sub-criteria under this approach is aided by detailed guidance to ensure consistency of scoring.

The Bank has a framework for applying economic scalars for each portfolio which are applied while estimating the collective provision and are reviewed periodically. The economic scalars take into account macroeconomic factors as well as variables relevant to the Bank's customer base. The LGD for the externally rated Asset Backed Securities (ABS) portfolio has been assumed at 50.0% based on S&P's experience of recovery rates. For the internally rated portfolio, the LGD has been calculated based on the collateral available with the Bank. LGD and haircuts applicable for each collateral as prescribed in Basel II guidelines have been considered. The historical average PD data being used covers a full economic cycle and captures periods of low economic activity when relatively higher default rates were observed.

In view of the uncertainties, initially of the impact of the Covid-19 pandemic on global economic activities and subsequently the emergence of other risks such as geopolitical risks, supply shocks and rising inflation, etc, the Bank felt it necessary to provide a management overlay for potential stress in its portfolio on this account. Accordingly, the Bank had assessed the severity of its potential impact on global economic activities vis-à-vis the previous crises and further based on GDP projections by the International Monetary Fund (IMF), fiscal and monetary stimulus rolled out by the Governments, vaccination drive for Covid-19 and probability of default data, a management overlay of USD 6.1 million (*INR 462.3 million) (FY2020: USD 11.8 million, INR 894.4) was computed, in addition to the collective provisioning computed based on PDs and LGDs, as at March 31, 2022.

Refer Note 38 (Risk Management Framework- Credit risk section) for sensitivity analysis on Collective provisions.

(b) Impairment of available for sale financial assets

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

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

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

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

(c) Valuation of financial instruments

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

(d) Deferred tax asset

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

5 Interest income and similar income

Interest income is recognised in the profit and loss account using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument (or where appropriate, a shorter period) to the carrying amount of the financial asset.

	Year ended March 31, 2022 USD 000s	Year ended March 31, 2021 USD 000s	**Year ended March 31, 2022 INR million***	Year ended March 31, 2021 INR million*
Interest income on financial assets under AFS category	**6,072**	11,871	**460**	900
Interest income on financial assets under HTM category	**8,849**	9,119	**671**	691

** INR figures are unaudited*

Interest income on financial assets under Loans and receivable category	**42,823**	65,801	**3,246**	4,987
Interest income on financial assets measured at FVTPL	**(2,978)**	(3,945)	**(226)**	(299)
Total	**54,766**	**82,846**	**4,151**	6,279

6 Interest expense

Interest expense is recognised in the profit and loss account using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability (or where appropriate, a shorter period) to the carrying amount of the financial liability.

	Year ended March 31, 2022 USD 000s	Year ended March 31, 2021 USD 000s	**Year ended March 31, 2022 INR million***	Year ended March 31, 2021 INR million*
Interest expense on financial liabilities - measured at amortised cost	**(14,268)**	(31,939)	**(1,081)**	(2,421)
Total	**(14,268)**	(31,939)	**(1,081)**	(2,421)

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

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

	Year ended March 31, 2022 USD 000s	Year ended March 31, 2021 USD 000s	**Year ended March 31, 2022 INR million***	Year ended March 31, 2021 INR million*
Realised (losses)/gain on derivative instruments	**(498)**	490	**(37)**	36
Unrealised gains/(losses) on derivative instruments#	**959**	(647)	**72**	(48)
Total	**461**	(157)	**35**	(12)

#includes reverse amortisation of fair value (MTM) of re-designated hedges and an offset lying in Net interest income on account of amortisation/accretion of MTM on de-designated hedges.

8 Administrative expenses

	Year ended March 31, 2022 USD 000s	Year ended March 31, 2021 USD 000s	**Year ended March 31, 2022 INR million***	Year ended March 31, 2021 INR million*
Staff costs (including Directors' emoluments):				
- Wages and salaries	**19,999**	17,518	**1,516**	1,328
- Social security costs	**1,806**	1,937	**137**	147
- Other pension costs	**575**	627	**44**	48
Operating lease expenses	**1,309**	1,913	**99**	145
Other administrative expenses	**15,271**	13,536	**1,157**	1,025
Total	**38,960**	35,531	**2,953**	2,693

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

** INR figures are unaudited*

	Year ended March 31, 2022 No. of Employees	Year ended March 31, 2021 No. of Employees
Management	68	74
Non Management	74	83
Total	**142**	**157**

9 Auditor's remuneration

	Year ended March 31, 2022 USD 000s	Year ended March 31, 2021 USD 000s	**Year ended March 31, 2022 INR million***	Year ended March 31, 2021 INR million*
Fees payable to the Bank's statutory auditors and their associates for the audit of Bank's annual accounts	**572**	731	**43**	55
The audit of the accounts of Germany Branch	**116**	78	**9**	6
Total audit services	**688**	809	**52**	**61**
Fees payable to the Bank's statutory auditors and their associates for other services:				
Audit related assurance services	**163**	257	**12**	19
Total	**851**	1,066	**64**	80

10 Segmental reporting

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

11 Taxation

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

	Year ended March 31, 2022	Year ended March 31, 2021	**Year ended March 31, 2022**	Year ended March 31, 2021
	USD 000s	USD 000s	**INR million***	INR million*
UK Corporation tax at 19% (2021: 19%)	**367**	1,148	**27**	87
Overseas corporation charge	**(5)**	(2)	**0**	0
Double tax relief	**-**	-	**-**	-
Adjustments for prior years	**(145)**	(78)	**(11)**	(6)
	217	1,068	**16**	81
Deferred tax charge/(credit)	**-**	-	**-**	-
- Origination/timing and rate difference	**224**	1,664	**17**	126
Total tax for the year ended March 31	**441**	2,732	**33**	207

** INR figures are unaudited*

***(b)* Analysis of total taxation in the year**

USD 000s

	Year ended March 31, 2022			Year ended March 31, 2021		
	Current tax	**Deferred tax**	**Total tax**	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	**217**	**224**	**441**	1,068	1,664	2,732
Recognised in other comprehensive income		**(231)**	**(231)**		9,636	9,636
Total tax	**217**	**(7)**	**210**	1,068	11,300	12,368

INR million*

	Year ended March 31, 2022			Year ended March 31, 2021		
	Current tax	**Deferred tax**	**Total tax**	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	**16**	**17**	**33**	81	126	207
Recognised in other comprehensive income	**-**	**(18)**	**(18)**	-	730	730
Total tax	**16**	**(1)**	**15**	81	856	937

***c)* Total tax reconciliation**

	Year ended March 31, 2022	Year ended March 31, 2021	**Year ended March 31, 2022**	Year ended March 31, 2021
	USD 000s	USD 000s	**INR million***	INR million*
Profit before tax	**11,342**	17,524	**860**	1,328
Tax using the UK CT rate of 19% (2020: 19%)	**2,155**	3,330	**162**	252
Add effects of:				
- Overseas corporate taxes	**(5)**	(2)	**-**	-
- Expenses not tax deductible	**(304)**	(122)	**(23)**	(9)
- Timing differences on fixed assets	**-**	-	**-**	-
- Adjustment for prior years	**(145)**	(78)	**(11)**	(6)
- Gain on shares	**246**	-	**19**	-
- Base/Rate differential/reversal of DTA	**(1,506)**	(396)	**(114)**	(30)
Total tax for year ended March 31	**441**	2,732	**33**	207

d) Movement in Deferred tax

	Year ended March 31, 2022	Year ended March 31, 2021	**Year ended March 31, 2022**	Year ended March 31, 2021
Deferred Tax Asset	**USD 000s**	USD 000s	**INR million***	INR million*
Balance as at April 1	**8,175**	19,905	**620**	1,509
Origination and timing differences:				
- on consolidated taxable losses	**(24)**	(2,324)	**(2)**	(176)

** INR figures are unaudited*

- on timing difference on fixed assets	**133**	(91)	**10**	(7)
- on AFS (gains)/losses	**333**	(9,315)	**26**	(706)
Total Deferred Tax Assets	**8,617**	8,175	**654**	620
Deferred Tax Liability				
Balance as at April 1	**(60)**	(491)	**(5)**	(37)
Origination and timing differences;				
- on AFS transitional adjustment	**-**	356	**-**	25
- on gain on shares	**(436)**	75	**(33)**	6
Total Deferred Tax Liability	**(496)**	(60)	**(38)**	(6)
Net Deferred Tax as at March 31	**8,121**	8,115	**616**	614

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

	Year ended March 31, 2022	Year ended March 31, 2021	**Year ended March 31, 2022**	Year ended March 31, 2021
	USD 000s	USD 000s	**INR million***	INR million*
Effect of:				
- On consolidated losses	**8,641**	8,665	**655**	657
- On timing difference on fixed assets	**172**	40	**13**	3
- On gain on shares	**(496)**	(60)	**(38)**	(5)
- On AFS	**(196)**	(530)	**(14)**	(41)
Total	**8,121**	8,115	**616**	614

(f) Factors that may affect future tax charges

The Finance Bill 2021 enacted provisions to increase the main rate of UK corporation tax to 25% from 1 April 2023. The DTA on consolidated losses have been remeasured based on changed tax rate, which resulted into lower tax expense to the extent of USD 1.6 million. The DTA on consolidated losses and timing difference on fixed assets amounting to USD 8.8 million is expected to be utilised in the foreseeable future against future profits. The Bank carries losses to the extent of USD 13.7 million (FY2021: USD 13.7 mn) on which DTA of USD 3.2 million (FY2021: 2.6 million) has not been recognised in the books of account. As per the Finance Act 2017, the carry forward of losses arising pre April 1, 2017 will be subject to the loss restriction rules and would therefore only be available for offset against 50% of profits (subject to an amount of £5 million which can be relieved in full). The deferred tax liability of USD 0.5 million pertains to the gain on transfer of shares under share by share scheme. This liability would be payable at the time of sale of shares in future. The Deferred Tax Liability (DTL) on AFS of USD 0.2 million created on unrealised Available For Sale (AFS) gains relating to change in the timing of AFS gains and losses. As per UK tax law, the unused trading losses could be carried forward indefinitely. Tax rate for the Germany branch was 27.4% for FY2022.

12 Emoluments of Directors

	Year ended March 31, 2022 USD 000s	Year ended March 31, 2021 USD 000s	**Year ended March 31, 2022 INR million***	Year ended March 31, 2021 INR million*
Directors' fees and gross emoluments	**927**	**902**	**70**	68

The gross emoluments[1] of the highest paid director were USD 570,272 (*INR 43,222,370) (2021: USD 554,694; *INR 42,041,612) excluding share based payments. Post-employment benefits accruing for highest paid director under a money purchase pension scheme amounted to USD 32,374 (*INR 2,453,734 in the current year (2021: USD 30,862; *INR 2,339,078). Stock options[2] were granted to one

** INR figures are unaudited*

director (2021: One). The number of stock options granted to the director during the year was 93,200 (2021: 173,400).

[1] Gross emoluments include base salary and performance bonus

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

13 Share-based payments

During the year, USD 0.8 million (*INR 61.1 million) was charged to the profit and loss account in respect of equity-settled share-based payment transactions (2021: USD 1.0 million; *INR 75.3 million). This expense, which was computed from the fair values of the share-based payment transactions when granted, arose under employee share awards made in accordance with the ICICI Bank Limited group's reward structures.

Stock Option Scheme

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

14 Related party transactions

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

15 Financial Services Compensation Scheme

The Financial Services Compensation Scheme ('FSCS') is an annual levy, on firms regulated by FCA and PRA, to fund the cost of running services and the compensation paid to customers when financial services firms fail. The Bank is obligated to pay its share of forecast management expenses based on the Bank's market share of deposits protected under the FSCS. As per the plan and budget, FSCS expects to levy the deposit taking sector a total of GBP 47.1 million of indicative annual levy for 2022/2023. The actual amount of levy will be billed to the Bank based on its share of deposits protected under the FSCS.

The Bank has recognized an expense of USD 0.5 million (*INR 40.47 million) during FY2022 (FY2021: USD 0.4 million; *INR 32.1 million), in respect of all statutory levies. This mainly includes the Bank's share of the regular deposit protection charges. The Bank has adopted IFRIC 21 'Levies', effective FY2014 for accounting of the FSCS liability as there is no equivalent guidance within FRS 102 and section 10 of FRS 102 (Accounting Policies) that allows for the use of alternative accounting framework, where this is the case.

** INR figures are unaudited*

16 Cash and cash equivalents

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Cash	**439**	245	**33**	19
Balances with Banks				
-Central Bank	**295,809**	653,683	**22,421**	49,543
-Other banks	**40,458**	79,632	**3,066**	6,036
	336,706	733,560	**25,520**	**55,598**

17 Loans and advances to banks

(a) Residual Maturity

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Banks				
Repayable on demand	**-**	-	**-**	-
Other loans and advances				
Remaining Maturity:				
5 years or less but over 1 year	**2,685**	-	**204**	-
1 year or less but over 3 months	**71,158**	258	**5,393**	20
3 months or less	**14,322**	8,575	**1,087**	650
	88,165	8,833	**6,684**	670
Parent and Group Companies				
Repayable on demand	**-**	-	**-**	-
Other loans and advances				
Remaining Maturity:				
5 years or less but over 1 year	**49**	**2,312**	**4**	175
1 year or less but over 3 months	**15,325**	**22,238**	**1,161**	1,685
3 months or less	**37,871**	**19,000**	**2,869**	1,440
	53,245	**43,550**	**4,034**	3,300
Sub Total	**141,410**	**52,383**	**10,718**	3,970
Collective provision	**(31)**	**(11)**	**(3)**	(1)
Total	**141,379**	**52,372**	**10,715**	3,969

(b) Concentration of exposure

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

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Total gross advances to banks located in:				
UK	**-**	-	**-**	-
Europe	**-**	-	**-**	-
North America	**-**	-	**-**	-
India	**141,410**	52,156	**10,718**	3,953
Rest of the world	**-**	227	**-**	17
Total	**141,410**	52,383	**10,718**	3,970

** INR figures are unaudited*

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

18 Loans and advances to customers

(a) Residual Maturity

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Repayable on demand or at short notice	37	23	**3**	2
Other loans and advances				
Remaining Maturity:				
Over 5 years	28,329	105,939	**2,147**	8,029
5 years or less but over 1 year	850,518	1,058,566	**64,461**	80,230
1 year or less but over 3 months	185,093	233,483	**14,029**	17,696
3 months or less	154,173	153,295	**11,685**	11,619
Sub total	**1,218,150**	1,551,306	**92,325**	117,576
Collective provision	(11,119)	(18,336)	(843)	(1,390)
Specific impairment allowance	(29,625)	(20,705)	(2,245)	(1,569)
Total	**1,177,406**	1,512,265	**89,237**	114,617

(b) Finance lease receivables

Residual Maturity

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Remaining Maturity:				
Over 5 years	-	-	-	-
5 years or less but over 1 year	**2,542**	6,186	**194**	470
1 year or less but over 3 months	**2,278**	3,411	**173**	259
3 months or less	**859**	738	**65**	56
Sub total	**5,679**	10,335	**432**	785
Unearned income	**(184)**	(446)	**(14)**	(34)
Collective provision	**(6)**	(16)	**-**	(1)
Specific impairment allowance	**-**	-	**-**	-
Net investment in finance lease receivables	**5,489**	9,873	**418**	750
Over 5 years	-	-	-	-
5 years or less but over 1 year	**2,463**	5,959	**189**	452
1 year or less but over 3 months	**2,202**	3,245	**167**	247
3 months or less	**824**	669	**62**	51
Total	**5,489**	9,873	**418**	750

The geographical concentration of the net investment in finance lease receivables is in the UK as at March 31, 2022 and as at March 31, 2021.

** INR figures are unaudited*

c) Concentration of exposure

Geographical concentrations of loans and advances to customers

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
UK	**670,608**	787,443	**50,827**	59,684
Europe	**204,622**	275,917	**15,509**	20,912
North America	**118,683**	139,360	**8,995**	10,562
India	**180,146**	278,973	**13,654**	21,144
Rest of the World	**49,770**	79,948	**3,772**	6,059
Total	**1,223,829**	1,561,641	**92,757**	118,361

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

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

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Carrying amount of loans	**26,611**	44,620	**2,017**	3,382

19 Potential credit risk on financial instruments

March 31, 2022 **USD 000s**

	Neither past due nor impaired	Past due not impaired	Impaired	Impairment allowances & collective provision	Total
Cash and cash equivalents	336,706	-	-	-	336,706
Loans and advances to banks	141,410	-	-	(31)	141,379
Loans and advances to customers	1,098,791	69,855	54,999	(40,750)	1,182,895
Investment securities	518,231	-	23,462	(20,448)	521,245
Derivative financial instruments	20,096	-	-	-	20,096
Other assets**:					
- Cheques in clearing	15	-	-	-	15
- Deposits receivable	12,133	-	-	-	12,133
Accrued income and other receivables	15,416	-	-	-	15,416
Total financial instruments	2,142,798	69,855	78,461	(61,229)	2,229,885

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

* INR figures are unaudited

March 31, 2022 **INR million***

	Neither past due nor impaired	Past due not impaired	Impaired	Impairment allowances & collective provision	Total
Cash and cash equivalents	**25,520**	**-**	**-**	**-**	**25,520**
Loans and advances to banks	**10,717**	**-**	**-**	**(2)**	**10,715**
Loans and advances to customers	**83,281**	**5,294**	**4,169**	**(3,089)**	**89,655**
Investment securities	**39,278**	**-**	**1,778**	**(1,550)**	**39,506**
Derivative financial instruments	**1,523**	**-**	**-**	**-**	**1,523**
Other assets:**					
- Cheques in clearing	**1**	**-**	**-**	**-**	**1**
- Deposits receivable	**920**	**-**	**-**	**-**	**920**
Accrued income and other receivables	**1,169**	**-**	**-**	**-**	**1,169**
Total financial instruments	**162,409**	**5,294**	**5,947**	**(4,641)**	**169,009**

March 31, 2021 **USD 000s**

	Neither past due nor impaired	Past due not impaired	Impaired	Impairment allowances & collective provision	Total
Cash and cash equivalents	733,560	-	-	-	733,560
Loans and advances to banks	52,383	-	-	(11)	52,372
Loans and advances to customers	1,382,011	123,976	55,208	(39,057)	1,522,138
Investment securities	536,497	-	52,145	(49,896)	538,746
Derivative financial instruments	49,181	-	-	-	49,181
Other assets**:					
- Cheques in clearing	100	-	-	-	100
- Deposits receivable	23,628	-	-	-	23,628
Accrued income and other receivables	24,289	-	-	-	24,289
Total financial instruments	2,801,649	123,976	107,353	(88,964)	2,944,014

March 31, 2021 **INR million***

	Neither past due nor impaired	Past due not impaired	Impaired	Impairment allowances & collective provision	Total
Cash and cash equivalents	55,598	-	-	-	55,598
Loans and advances to banks	3,971	-	-	(1)	3,970
Loans and advances to customers	104,746	9,396	4,184	(2,960)	115,366
Investment securities	40,661	-	3,952	(3,782)	40,831
Derivative financial instruments	3,728	-	-	-	3,728
Other assets**:					
- Cheques in clearing	8	-	-	-	8
- Deposits receivable	1,791	-	-	-	1,791
Accrued income and other receivables	1,841	-	-	-	1,841
Total financial instruments	212,344	9,396	8,136	(6,743)	223,133

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

** INR figures are unaudited*

Loans and advances to customers (including finance lease)

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Loans contractually past due as to principal or interest				
- Less than 60 days	**69,855**	104,465	**5,294**	7,918
- 61 to 90 days	**-**	19,511	**-**	1,479
- more than 90 days	**51,096**	48,885	**3,873**	3,705
Total	**120,951**	172,861	**9,167**	13,102
Concentration of past due exposure				
United Kingdom	**941**	55,156	**71**	4,180
Europe	**36,899**	18,143	**2,797**	1,375
India	**41,349**	70,172	**3,134**	5,319
Rest of the World	**41,762**	29,390	**3,165**	2,228
Total	**120,951**	172,861	**9,167**	13,102
Past due whether impaired or not				
Past due not impaired	**69,855**	123,976	**5,294**	9,396
Past due impaired	**51,096**	48,885	**3,873**	3,706
Total	**120,951**	172,861	**9,167**	13,102
Past due not impaired				
- Less than 60 days	**69,855**	104,465	**5,294**	7,918
- 61 to 90 days	**-**	19,511	**-**	1,478
- more than 90 days	**-**	-	**-**	-
Total	**69,855**	123,976	**5,294**	9,396

#Past due not impaired are stated at the total value of the exposure. The overdues relating to total gross exposure amounting USD 49.5 million has been received / settled subsequent to the year ended March 31, 2022 (2021: USD 83.4 million). FY 2021 past due not impaired figures have been reinstated to include the amount received/settled subsequent to the year end to be comparable to FY 2022. Impaired but not past due gross exposures amounted to USD 3.9 million at March 31, 2022. (2021: USD 6.3 million).
During the financial year the Bank has not received any requests for deferment of payment (FY2021: USD 23.6 mn) on account of Covid-19.

Forbearance

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

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Gross impaired loans	**24,092**	**16,967**	**1,826**	1,286
Less: Provisions	**(11,293)**	**(11,275)**	**(856)**	(855)
Net impaired loans	**12,799**	**5,692**	**970**	431
Gross non impaired loans	**27,009**	**38,193**	**2,047**	2,895
Past dues	**-**	**-**	**-**	-
Not past dues	**27,009**	**38,193**	**2,047**	2,895

** INR figures are unaudited*

20 Impairment on loans and advances

Net loan impairment charge to profit and loss account

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
New charges	**(16,129)**	(19,863)	**(1,222)**	(1,505)
Collective provision	**7,206**	266	**546**	20
Release to P&L through BS	**1,928**	11,457	**146**	868
Recovery from written off cases	**4,335**	-	**329**	-
Legal expenses on NPA's	**(246)**	(274)	**(19)**	(21)
	(2,906)	(8,414)	**(220)**	(638)

Movement in impairment allowance on loans and advances

	March 31, 2022 (USD 000s)			March 31, 2021 (USD 000s)		
	Specific Impairment	**Collective Provision**	**Total**	Specific Impairment	Collective Provision	Total
Opening Balance	**20,705**	**18,363**	**39,068**	141,544	18,629	160,173
Charge to profit and loss account	**16,129**	**-**	**16,129**	19,863	-	19,863
Other provision on interest income	**-**	**-**	**-**	-	-	-
Amounts written off	**(4,792)**	**-**	**(4,792)**	(131,647)	-	(131,647)
Recovery	**(1,990)**	**(7,206)**	**(9,196)**	(11,821)	(266)	(12,087)
Others (incl. FX)	**(428)**	**-**	**(428)**	2,766	-	2,766
Closing Balance	**29,624**	**11,157**	**40,781**	20,705	18,363	39,068

	March 31, 2022 (INR million*)			March 31, 2021 (INR million*)		
Opening Balance	**1,569**	**1,392**	**2,961**	10,728	1,412	12,140
Charge to profit and loss account	**1,222**	**-**	**1,222**	1,505	-	1,505
Other provision on interest income	**-**	**-**	**-**	-	-	-
Amounts written off	**(363)**	**-**	**(363)**	(9,978)	-	(9,978)
Recovery	**(151)**	**(546)**	**(697)**	(896)	(20)	(916)
Others (incl. FX)	**(32)**	**-**	**(32)**	210	-	210
Closing Balance	**2,245**	**846**	**3,091**	1,569	1,392	2,961

21 Investment securities

Classification of Investment securities

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Analysed by class:				
Government Securities	**154,441**	125,760	**11,705**	9,532
Other securities				
- Bonds	**360,975**	399,427	**27,359**	30,274

** INR figures are unaudited*

- Asset Backed Securities	**-**	8,642	**-**	655
- Equity	**5,872**	4,952	**445**	375
Collective provisions	**(43)**	(35)	**(3)**	(3)
Total other securities	**366,804**	412,986	**27,801**	31,301
Total	**521,245**	538,746	**39,506**	40,833

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Analysed by issuer:				
Available for sale				
Issued by public bodies:				
Government Issued	**138,508**	113,172	**10,496**	8,578
Other Public sector securities	**108,661**	120,333	**8,236**	9,120
Issued by other issuers	**58,679**	80,249	**4,447**	6,082
Held to Maturity				
Government Issued	**12,065**	12,589	**915**	954
Issued by other issuers	**199,507**	212,438	**15,121**	16,102
Collective provisions	**(43)**	(35)	**(3)**	(3)
Financial instruments at fair value through profit and loss				
Government Issued	**2,860**	-	**217**	**-**
Issued by other issuers	**1,008**	-	**77**	**-**
Total	**521,245**	538,746	**39,506**	40,833
Analysed by listing status:				
Available for sale				
Unlisted	**24,019**	44,735	**1,819**	3,391
Listed	**281,829**	269,019	**21,361**	20,390
Held to Maturity				
Listed	**211,572**	225,027	**16,036**	17,055
Collective provisions	**(43)**	(35)	**(3)**	(3)
Financial instruments at fair value through profit and loss				
Unlisted	**3,868**	-	**293**	**-**
Total	**521,245**	538,746	**39,506**	40,833
Analysed by maturity#:				
Due within 1 year	**159,821**	105,079	**12,113**	7,964
Due 1 year and above	**355,594**	428,750	**26,951**	32,496
Total	**515,415**	533,829	**39,064**	40,460

#does not include USD 5.9 million (*INR 445 million) of investment in equity (FY2021: USD 4.95 million, INR 376 million) and collective provision of USD 0.04 million *INR 3.3 million (FY2021: USD 0.3 million, INR 2.6 million)

Investments placed as collateral against borrowings from Central banks

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Carrying value of investments	**-**	16,287	**-**	1,234

** INR figures are unaudited*

Impairment on investment securities

During the year the Bank has not booked any impairment loss (FY2021: USD 0.02 million) in respect of equity investments held as available for sale.

Valuation Hierarchy

The valuation hierarchy is set out below:

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

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

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

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

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

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

Refer note 40 for detailed valuation hierarch and assumption considered in valuation.

Investments held at fair value at March 31, 2022, by valuation hierarchy:

USD 000s

	Level 1	Level 2	Level 3	Total
Treasury Bills & Government securities	**141,368**	**-**	**-**	**141,368**
Bonds	**162,476**	**-**	**-**	**162,476**
Asset Backed Securities	**-**	**-**	**-**	**-**
Equity	**4,943**	**-**	**929**	**5,872**
Total	**308,787**	**-**	**929**	**309,716**

INR million*

	Level 1	Level 2	Level 3	Total
Treasury Bills & Government securities	**10,714**	**-**	**-**	**10,714**
Bonds	**12,314**	**-**	**-**	**12,314**
Asset Backed Securities	**-**	**-**	**-**	**-**
Equity	**375**	**-**	**70**	**445**
Total	**23,403**	**-**	**70**	**23,473**

Investments held at fair value at March 31, 2021, by valuation hierarchy:

USD 000s

	Level 1	Level 2	Level 3	Total
Treasury Bills & Government securities	113,172	-	-	113,172
Bonds	186,988	-	-	186,988
Asset Backed Securities	-	8,642	-	8,642
Equity	4,049	-	903	4,952
Total	304,209	8,642	903	313,754

** INR figures are unaudited*

INR million*

	Level 1	Level 2	Level 3	Total
Treasury Bills & Government securities	8,578	-	-	8,578
Bonds	14,172	-	-	14,172
Asset Backed Securities	-	655	-	655
Equity	307	-	69	376
Total	23,057	655	69	23,781

Investments placed as collateral against liabilities/borrowings

Under repurchase agreements the Bank has placed certain Bonds & ABSs issued by financial institutions and corporates as collateral against liabilities/ borrowings (refer Note 29).

22 Fixed assets

	Leasehold Improvements USD 000s	Tangible Fixed Assets USD 000s	Intangible Fixed Assets USD 000s	Total USD 000s
Cost:				
At April 1, 2021	**10,831**	**5,533**	**4,409**	**20,773**
Additions	**-**	**103**	**269**	**372**
Disposal	**-**	**-**	**-**	**-**
At March 31, 2022	**10,831**	**5,636**	**4,678**	**21,145**
Accumulated depreciation:				
At April 1, 2021	**8,328**	**4,806**	**4,092**	**17,226**
Charge for the year	**699**	**275**	**255**	**1,229**
Disposal	**-**	**-**	**-**	**-**
At March 31, 2022	**9,027**	**5,081**	**4,347**	**18,455**
Net book value:				
At March 31, 2022	**1,804**	**555**	**331**	**2,690**
At April 1, 2021	**2,503**	**727**	**317**	**3,547**

	Leasehold Improvements INR million*	Tangible Fixed Assets INR million*	Intangible Fixed Assets INR million*	Total INR million*
Cost:				
At April 1, 2021	**820**	**422**	**334**	**1,574**
Additions	**-**	**7**	**20**	**28**
Disposal	**-**	**-**	**-**	**-**
At March 31, 2022	**820**	**429**	**354**	**1,603**
Accumulated depreciation:				
At April 1, 2021	**631**	**365**	**310**	**1,306**
Charge for the year	**53**	**21**	**19**	**93**
Disposal	**-**	**-**	**-**	**-**
At March 31, 2022	**684**	**386**	**329**	**1,399**
Net book value:				

** INR figures are unaudited*

At March 31, 2022	**136**	**43**	**25**	**204**
At April 1, 2021	**190**	**55**	**24**	**269**

23 Other assets

	March 31, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021
	USD 000s	USD 000s	**INR million***	INR million*
Amounts in clearing	**15**	100	**1**	8
Deposits receivable[1]	**12,133**	23,628	**920**	1,791
Deferred tax asset[2]	**8,121**	8,115	**616**	614
Other receivables	**7,114**	14,315	**538**	1,085
Total	**27,383**	46,158	**2,075**	3,498

[1] Including margin placed with clearing counterparties
[2]Refer note 11

24 Deposit by Banks

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

Banks	**March 31, 2022 USD 000s**	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
5 years or less but over 1 year	**18,850**	19,961	**1,429**	1,514
1 year or less but over 3 months	**10,000**	45,354	**758**	3,436
3 months or less but not repayable on demand	**-**	-	**-**	-
Total	**28,850**	65,315	**2,187**	**4,950**

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

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31,2022 INR million***	March 31,2021 INR million*
More than 5 years	**-**	-	**-**	-
5 years or less but over 1 year	**49,563**	**179,733**	**3,757**	13,622
1 year or less but over 3 months	**245,821**	**485,160**	**18,631**	36,771
3 months or less but not repayable on demand	**202,494**	**226,542**	**15,348**	17,170
	497,878	**891,435**	**37,736**	67,563
Repayable on demand	**1,044,079**	**1,066,023**	**79,133**	80,797
Total	**1,541,957**	**1,957,458**	**116,869**	148,360

26 Bonds and medium term notes

Bonds issued	**March 31, 2022 USD 000s**	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Residual Maturity	**-**	-	**-**	-
5 year or less but over 1 year	**25,000**	148,076	**1,895**	11,223
1 year or less but over 3 months	**105,000**	50,000	**7,958**	3,790
3 months or less	**16,448**	-	**1,247**	-

** INR figures are unaudited*

	146,448	198,076	**11,100**	15,013
Less: Bond issue expenses	**(90)**	(224)	**(7)**	(17)
Total bonds and medium term notes	**146,358**	197,852	**11,093**	14,996

Details of various bonds and notes under the medium term notes programmes issued by the Bank at March 31, 2022 are as follows:
Nature of Issue: Senior unsecured bonds

Date of Issue	Interest frequency	Interest Rate	Maturity	USD 000s	INR million*
20-Feb-19	Quarterly	1.61%	Bullet repayment in February 24	25,000	1,895
17-May-19	Semi-annual	0.45%	Bullet repayment in May 22	16,448	1,246
10-Jul-19	Quarterly	1.29%	Bullet repayment in July 22	5,000	379
07-Aug-19	Quarterly	1.32%	Bullet repayment in August 22	25,000	1,895
07-Aug-19	Quarterly	1.32%	Bullet repayment in August 22	25,000	1,895
07-Aug-19	Quarterly	1.30%	Bullet repayment in August 22	25,000	1,895
07-Aug-19	Quarterly	1.32%	Bullet repayment in August 22	25,000	1,895
			Total	**146,448**	**11,100**
Less: Bond issue expenses				(90)	(7)
Total bonds and medium term notes				**146,358**	**11,093**

27 Subordinated debt liabilities

Sub-ordinated debt#	**March 31, 2022 USD 000s**	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Residual Maturity				
Over 5 years	**-**	-	**-**	-
5 year or less but over 1 year#	**73,842**	74,380	**5,597**	5,637
1 year or less but over 3 months	**-**	-	**-**	-
3 months or less	**-**		**-**	-
	73,842	74,380	**5,597**	5,637
Less: Bond issue expenses	**(202)**	(251)	**(16)**	(19)
Less: Adjustments to carrying amount for change in the value of hedge which is ineffective	**(686)**	1,987	**(52)**	151
Total	**72,954**	76,116	**5,529**	5,769

#listed with Singapore stock exchange.

Details of the Subordinated debt liabilities issued by the Bank at March 31, 2022 are as follows:

Date of Issue	Nature of Issue	Interest Rate	Interest frequency	Maturity
26-Sep-18	Subordinated Debt issued in SGD currency	5.375%	Semi-annual	Callable in 2023, Maturity in September 2028

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

** INR figures are unaudited*

28 Other liabilities

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Amounts in clearing	**1,879**	**1,179**	**142**	89
Corporation tax payable	**-**		**-**	-
Margin for derivative and repurchase transactions*	**7,233**	**10,279**	**548**	779
Other creditors	**6,434**	**8,162**	**488**	619
Total	**15,546**	**19,620**	**1,178**	1,487

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

29 Repurchase agreements

	March 31, 2022 USD 000s		**March 31, 2021 USD 000s**	
	Carrying amount of liabilities	Carrying amount of collateral assets	Carrying amount of liabilities	Carrying amount of collateral assets
Repurchase agreements	**88,548**	**103,368**	79,153	109,731

	March 31, 2022 INR million*		**March 31, 2021 INR million***	
	Carrying amount of liabilities	Carrying amount of collateral assets	Carrying amount of liabilities	Carrying amount of collateral assets
Repurchase agreements	**6,711**	**7,835**	5,999	8,317

The repurchase transactions enable the Bank to raise funds using its portfolio of government bonds or corporate/financial institution bonds and Asset Backed Securities (ABS) as collateral. These bonds and ABS are issued by corporates and financial institutions with carrying value of USD 103 million (*INR 7,835 million) (2021: USD 110 million; *INR 8,317 million). These have been pledged as collateral under GMRA (Global Master Repurchase agreement) entered by the Bank with its various counterparties. These form part of the AFS book & Loans and Receivable book (refer Note 21 and Note 40). As per the contract, the Bank agrees to repay the principal along with the interest at maturity and receive the collateral from the counter party.

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

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
5 years or less but over 1 year	**-**	61,248	**-**	4,643
1 year or less but over 3 months	**61,249**	17,905	**4,642**	1,356

** INR figures are unaudited*

3 months or less	**27,299**	-	**2,069**	-
Total	**88,548**	79,153	**6,711**	5,999

30 Called up share capital

At March 31, 2022 the Issued share capital of ICICI Bank UK PLC was:

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
220 million ordinary shares of USD 1 each	**220,000**	420,000	**16,675**	31,833
50,002 ordinary shares of £1 each	**95**	95	**7**	7
Total Share Capital	**220,095**	420,095	**16,682**	31,840

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

31 Employee benefits

During the year, the Bank made a contribution of USD 574,615, INR 43,551,512 (2021: USD 627,384; *INR 47,550,987) to the pension scheme. Out of this amount, USD 44,093, INR 3,341,916 was accrued at the yearend (2021: USD 52,465; *INR 3,976,491).

32 Contingent liabilities and commitments (Off Balance Sheet)

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

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

(a) Guarantees and other commitments:

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Guarantees	**115,860**	195,430	**8,781**	14,812
Other commitments				
Undrawn formal standby facilities, credit lines and other commitments to lend maturing in:				

** INR figures are unaudited*

Less than one year	-	236	-	18
More than one year	-	-	-	-
Total guarantees and commitments	**115,860**	195,666	**8,781**	14,830

(b) Significant concentrations of contingent liabilities and commitments

The contingent liabilities and commitments relate to counterparties primarily in Europe & UK at 81% (2021:90%) with 89% of the beneficiaries in India (2021:93%).

For contingent liability related to Forex and Derivative refer note 41.

33 Litigation

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

34 Operating lease commitments

The Bank has entered into non-cancellable lease agreements for its offices and branches. These lease agreements contain standard terms & conditions.

As at March 31, 2022, the Bank has the following non-cancellable operating lease commitments:

Land and Buildings	**March 31, 2022 USD 000s**	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Within 1 year	**1,150**	1,838	**87**	139
Between 1 and 5 years	**5,259**	2,839	**399**	215
More than 5 years	**5,552**	2,233	**421**	169
Total	**11,961**	6,910	**907**	523

35 Categories and classes of Financial Instruments

The carrying amounts of the financial assets and liabilities include:

	March 31, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021
	USD 000s	USD 000s	**INR million***	INR million*
Financial assets measured at fair value through profit or loss	**23,964**	49,181	**1,816**	3,728
Financial assets under Available for Sale category	**305,848**	313,754	**23,181**	23,780
Financial assets under Loans and receivable category	**1,688,544**	2,356,087	**127,979**	178,573
Financial assets under Held to maturity category	**211,529**	224,992	**16,032**	17,053
Total financial assets	**2,229,885**	2,944,014	**169,008**	223,134
Liabilities measured at fair value through profit or loss	**18,208**	40,360	**1,380**	3,059
Liabilities measured at amortised cost	**1,907,893**	2,409,653	**144,604**	182,634
Total financial liabilities	**1,926,101**	2,450,013	**145,984**	185,693

** INR figures are unaudited*

Assets:

As at March 31, 2022 **USD 000s**

	Fair value though P&L	Available for Sale	Loans & Receivables	Held to maturity	Total
Cash and cash equivalents	-	-	336,706	-	336,706
Loans and advances to banks	-	-	141,379	-	141,379
Loans and advances to customers	-	-	1,182,895	-	1,182,895
Investment Securities	3,868	305,848	-	211,529	521,245
Derivative financial instruments	20,096				20,096
Other assets#		-	19,262	-	19,262
Accrued income	-	-	8,302	-	8,302
Total financial assets	23,964	305,848	1,688,544	211,529	2,229,885

As at March 31, 2022 **INR million***

Cash and cash equivalents	-	-	25,520	-	25,520
Loans and advances to banks	-	-	10,715	-	10,715
Loans and advances to customers	-	-	89,655	-	89,655
Investment Securities	293	23,181	-	16,032	39,506
Derivative financial instruments	1,523	-			1,523
Other assets#	-	-	1,460	-	1,460
Accrued income	-	-	629	-	629
Total financial assets	1,816	23,181	127,979	16,032	169,008

As at March 31, 2021 USD 000s

Cash and cash equivalents	-	-	733,560	-	733,560
Loans and advances to banks	-	-	52,372	-	52,372
Loans and advances to customers	-	-	1,522,138	-	1,522,138
Investment in Securities	-	313,754	-	224,992	538,746
Derivative financial instruments	49,181				49,181
Other assets##		-	38,044	-	38,044
Accrued income	-	-	9,973	-	9,973
Total financial assets	49,181	313,754	2,356,087	224,992	2,944,014

As at March 31, 2021 INR million*

Cash and cash equivalents	-	-	55,598	-	55,598
Loans and advances to	-	-	3,969	-	3,969

** INR figures are unaudited*

banks					
Loans and advances to customers	-	-	115,367	-	115,367
Investment in Securities	-	23,780	-	17,053	40,833
Derivative financial instruments	3,728				3,728
Other assets##	-	-	2,883	-	2,883
Accrued income	-	-	756	-	756
Total financial assets	3,728	23,780	178,573	17,053	223,134

excludes deferred tax assets, prepaid expenses and fixed assets

##excludes deferred tax assets, prepaid expenses, fixed assets and assets acquired in settlement of loan claims, held as inventory at lower of cost or net realizable value

Liabilities:

As at March 31, 2022 **USD 000s**

	Fair value though P&L	Non trading liability	Total
Deposits by banks	-	28,850	28,850
Customer accounts	-	1,541,957	1,541,957
Bonds and Medium term notes	-	146,358	146,358
Subordinated debts		72,954	72,954
Derivative financial instruments	18,208	-	18,208
Other liabilities	-	15,546	15,546
Accruals and deferred income	-	13,680	13,680
Repurchase agreements	-	88,548	88,548
Total financial liabilities	**18,208**	**1,907,893**	**1,926,101**

As at March 31, 2022 **INR million***

Deposits by banks	-	2,187	2,187
Customer accounts	-	116,869	116,869
Bonds and Medium term notes	-	11,093	11,093
Subordinated debts	-	5,529	5,529
Derivative financial instruments	1,380		1,380
Other liabilities	-	1,178	1,178
Accruals and deferred income	-	1,037	1,037
Repurchase agreements	-	6,711	6,711
Total financial liabilities	**1,380**	**144,604**	**145,984**

As at March 31, 2021 USD 000s

Deposits by banks	-	65,315	65,315
Customer accounts	-	1,957,458	1,957,458
Bonds and Medium term notes	-	197,852	197,852
Subordinated debts		76,116	76,116
Derivative financial instruments	40,360	-	40,360
Other liabilities	-	19,620	19,620
Accruals and deferred income	-	14,139	14,139
Repurchase agreements	-	79,153	79,153
Total financial liabilities	40,360	2,409,653	2,450,013

** INR figures are unaudited*

As at March 31, 2021 INR million*

Deposits by banks	-	4,950	4,950
Customer accounts	-	148,361	148,361
Bonds and Medium term notes	-	14,996	14,996
Subordinated debts	-	5,769	5,769
Derivative financial instruments	3,059	-	3,059
Other liabilities	-	1,487	1,487
Accruals and deferred income	-	1,072	1,072
Repurchase agreements	-	5,999	5,999
Total financial liabilities	3,059	182,634	185,693

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

36 Capital Management

The Bank's regulatory capital requirements are set and monitored by the PRA. The Bank implemented the CRD IV (Basel III) framework, comprising of Capital Requirement Regulation (CRR) and Capital Requirement Directive (CRD IV), for calculating minimum capital requirements, with effect from January 1, 2014. The CRD IV framework was amended by CRR II and CRD V issued in 2019 and were applicable in phases. Pursuant to withdrawal of UK from the European Union (EU), the UK regulators exercised their temporary transitional powers to delay or phase in on shoring changes to UK regulatory requirements arising at the end of the transition period until March 31, 2022. During the year, Prudential Regulatory Authority (PRA) published its final policy statement to implement certain Basel III standards, which were part of CRR II amendments, in UK with effect from January 1, 2022.

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

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

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

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

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

The capital conservation buffer applicable to banks in the UK is 2.5% in line with guidance from the PRA. During March 2020, the Financial Policy Committee (FPC) reduced the UK countercyclical capital buffer (CCYB) rate from 1% to 0% of banks' exposures to UK borrowers with immediate effect as part

** INR figures are unaudited*

of measures to support the credit supply on account of COVID-19 related disruption. In December 2021, the FPC announced to increase the UK's CCYB rate from 0% to 1% and will be applicable from December 13, 2022 in line with the usual 12- month implementation period.

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

During the year, in consideration of the Bank's surplus capital as compared to the regulatory capital requirements, the Board took a decision to return some of the surplus capital back to the shareholder i.e., Parent Bank. The Bank has repatriated equity share capital, part of Tier 1 capital, of USD 200.0 million (FY2021: NIL) to its shareholders during the year post receipt of requisite approvals including regulatory and court approval for reduction of capital. The Board has proposed a final dividend payment of USD 10.0 million (FY2021: NIL) for the year, subject to necessary approval.

The Bank did not redeem any subordinated Tier 2 capital during the year as against USD 150.0 million redeemed during FY2021, on its scheduled maturity, under its Medium Term Note Program.

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

	March 31, 2022	March 31, 2021	**March 31,2022**	March 31, 2021
	USD million	USD million	**INR million***	INR million*
Total Capital	378.0	586.7	28,650	44,468
- Tier I	293.0	493.9	22,208	37,434
- Tier II	85.0	92.8	6,442	7,034

37 Country by country reporting

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

The Bank has one branch in the EU which is outside UK, in Eschborn (Germany). The details of the business activities are provided in the Business Review section of the Strategic Report. Details as at March 31, 2022 are provided below:

	UK		**Germany**	
Number of employees	**128**		**14**	
	USD million	**INR million***	**USD million**	**INR million***
Turnover[1,2]	49.1	3,716	5.4	412
Pre-tax profit	12.4	943	(1.1)	(83)
Corporation tax paid	0.7	53	2.3	175

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

** INR figures are unaudited*

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

38 Risk Management Framework

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

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

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

1. The Board of Directors has oversight over the risks assumed by the Bank. Specific Board committees have been constituted to facilitate focused oversight of various risks.
2. Policies approved from time to time by the Board of Directors or Committees of the Board form the governing framework for each type of risk. The business activities are undertaken within this policy framework.
3. Independent groups and sub-groups have been constituted across the Bank to facilitate independent evaluation, monitoring and reporting of risks. These groups function independently of the business groups/sub-groups.

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

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

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

Credit Risk

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

Bank's approach to credit risk management together with the systems and processes through which they are implemented and administered.

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

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

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

Industry risk is evaluated by considering, inter alia:

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

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

Credit approval

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

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

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

- Limiting and monitoring concentrations of exposure to counterparties, geographies, industrial sectors, internal rating categories, etc.
- Performing portfolio specific reviews, thematic reviews and presenting the results to the BCC for guidance
- Performing periodic credit stress tests on the Bank's portfolio and communicating the results to the BRC.

The credit middle office function is responsible for credit administration which includes monitoring compliance with the terms and conditions prior to disbursement. It also reviews the completeness of documentation and creation of security.

Concentration risk

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

Credit monitoring

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

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

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

** INR figures are unaudited*

Internal risk rating of the Bank's investment portfolio:

	March 31, 2022 USD 000s	March 31, 2021* USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
AAA	**345,134**	391,428	**26,159**	29,667
AA+	**90,716**	39,944	**6,876**	3,027
AA	**56,117**	-	**4,253**	-
AA-	**-**	68,476	**-**	5,190
A+	**14,961**	16,077	**1,134**	1,219
A and A-	**8,488**	9,261	**643**	702
BBB			**-**	-
BBB-	**-**	-	**-**	-
BB+ and below	**-**	-	**-**	-
Unrated	**5,872**	13,594	**445**	1,030
Total	**521,288**	538,780	**39,510**	40,835

Credit quality of loan portfolio

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

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

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

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

Loans and advances to banks

Internal risk rating of loans and advances to banks

Rating	**March 31, 2022 USD 000s**	March 31, 2021 USD 000s	**March 31,2022 INR million***	March 31, 2021 INR million*
AAA to AA-	**140,578**	**52,117**	**10,655**	3,950
A+ to A-	**163**	**266**	**12**	20
BBB+ to BBB-	**669**	**-**	**51**	-
BB and below	**-**	**-**	**-**	-
Total	**141,410**	**52,383**	**10,718**	3,970

Loans and advances to customers

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

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

** INR figures are unaudited*

Rating	**March 31, 2022 USD 000s**	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
AAA to AA-	**76,173**	85,765	**5,773**	6,500
A+ to A-#	**740,790**	908,150	**56,148**	68,831
BBB+ to BBB-##	**309,626**	452,244	**23,467**	34,277
BB and below###	**97,057**	106,364	**7,357**	8,062
Total	**1,223,646**	1,552,523	**92,745**	117,670

#Includes USD 441.0 million (*INR 33,426 million) of loans classified as "Strong" (2021: USD 502.8 million: *INR 38,106 million); the classification is based on the supervisory slotting criteria under the Basel framework.

##Includes USD 114.7 million (*INR 8,690 million) of loans classified as "Good" (2021: USD 110.0 million: *INR 8,338 million); the classification is based on the supervisory slotting criteria under the Basel framework.

###Includes USD 12.9 million (*INR 981 million) of loans classified as "Satisfactory" (2021: NIL); the classification is based on the supervisory slotting criteria under the Basel framework.

(b) Investments held as loans and receivables which are externally rated:

Rating	**March 31, 2022 USD 000s**	March 31, 2021 USD 000s	**March 31,2022 INR million***	March 31, 2021 INR million*
AAA to AA-	-	2,651	-	201
A+ to A-	-	6,021	-	456
Total	-	8,672	-	657

The Bank has adopted the standardised approach to Credit Risk Management under the Basel II framework.

Industry exposure

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

	March 31, 2022 USD 000s	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Industrials	**148,121**	188,745	**11,226**	14,305
Consumer Discretionary	**124,277**	174,986	**9,419**	13,263
Consumer Staples	**56,021**	96,584	**4,246**	7,320
Energy	**59,942**	80,169	**4,543**	6,076
Financials	**75,199**	100,263	**5,700**	7,599
Gems and Jewellery	**14,347**	18,143	**1,087**	1,375
Healthcare	**21,351**	27,166	**1,618**	2,059
Information Technology	**0**	3,978	**0**	302
Materials	**144,003**	229,247	**10,914**	17,375
Real Estate#	**572,261**	633,799	**43,376**	48,038
Telecom Services	**8,124**	8,115	**616**	615
Total	**1,223,646**	1,561,195	**92,745**	118,327

#Includes ABS/MBS portfolio held as loans and receivables

** INR figures are unaudited*

Collateral management

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

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

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

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

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

As per the policy, the basis of valuation depends on the type of security. The CRMP details the general basis of valuation of various collateral and the expected frequency of valuation. Management may apply haircuts (in the range of 10%-20%) to the valuations if required (for example, when the valuation available is not recent and may not reliably reflect the recoverable value of the security).

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

Loans and advances to customers	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
	USD 000s	USD 000s	**INR million***	INR million*
Collateral value	**789,235**	906,131	**59,818**	68,678
Gross loans and advances	**1,223,646**	1,561,196	**92,745**	118,327
Less: Investments held as loans and receivables	**-**	(17,344)	**-**	(657)
Outstanding balance against which collateral held	**1,223,646**	1,543,852	**92,745**	117,670

Value of collateral held against loans and advances to banks as at March 31, 2022 is NIL (2021:NIL).

The collateral valuations in the table above are based on the valuation available from the latest available audited financial statements of the security provider, valuation reports for tangible assets wherever applicable, and reports from security trustee/market value of listed shares for loans against the shares. The valuations exclude any charges which might be incurred for selling or obtaining the

** INR figures are unaudited*

collateral, or time value. In the ordinary course of business, the Bank pursues litigation in order to recover any overdue exposures. Sometimes the successful outcome of litigation can be material to the results of the Bank.

The maximum amount of on balance sheet credit risk, without taking account any collateral or netting arrangements, as at March 31, 2022 is approximately USD 2.2 billion (*INR 169 billion) (2021: USD 2.9 billion; *INR 223 billion). The maximum amount of off balance sheet credit risk on guarantees and letters of credit is approximately USD 116 million (*INR 8,781 million) (2021: USD 196 million; *INR 14,830 million). Potential credit risk on financial instruments is detailed in Note 19.

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

The Bank follows FRS102 guidelines for collective impairment wherein the provisioning is determined based on underlying credit risk and is sensitive to various factors including credit ratings and economic scalars for countries and sectors. For example, a 5% increase in all country scalars would result in USD 0.3 million increase in the collective impairment allowance and 5% increase in LGD and PD would result in USD 0.3 million increase in the collective impairment allowance.

Market risk

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

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

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

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

- Price risk - Price risk is the risk to the fair value of investments arising out of changes in the market rates. The Bank monitors the price risk through price value of basis point (PV01), value at risk (VaR) and cumulative stop loss limits. The risk appetite of the Bank includes limits for such risk metrics. The Bank does not have material trading book subjected to mark to market risk. The Bank hedges most of its AFS bond investments to minimise impact due to interest rate changes by entering into interest rate swaps. In view of this, price risk is not deemed as material risk. Further, the Bank has discussed price risk through the section on VaR and also through the impact of a change in interest rates on investments held in the AFS portfolio.
- Interest rate risk – Interest rate risk is defined as the risk of loss which the Bank will incur as a result of an increase or decrease in interest rates. Interest income and expense from interest sensitive assets and liabilities are impacted by changes in interest rates. The overall value of the investment portfolio, the underlying value of the Bank's other assets, its liabilities, and off balance sheet (OBS) instruments are also impacted due to changes in interest rates because the present value of future cash flows changes when interest rates change.

** INR figures are unaudited*

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

The Bank uses Duration of Equity (DoE) as an all-encompassing measure, which takes into consideration the duration and value of both assets and liabilities. DoE is a measure of interest rate sensitivity, which indicates how much the market value of equity would change if interest rates change by 1%. Currently a limit band of -2.8 to +2.8 has been prescribed for the overall net DoE of the Bank. Additionally, the Bank computes Delta EVE for various PRA prescribed interest rate scenarios across different currencies that the Bank's balance sheet is exposed to including a standard scenario of a 200 basis points adverse change in the level of interest rates.

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

- Forex risk – This risk arises due to positions in non-USDollar denominated currencies, which in turn arise from assets and liabilities in those currencies. Foreign exchange risk is managed within the Treasury function in accordance with approved position limits. The net overnight open position (NOOP) of the Bank as at March 31, 2022 was USD 1.9 million (*INR 140.2 million) (2021: USD 2.2 million; *INR 165.9 million).

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

*VaR is calculated using a parametric approach at a 99% confidence level over a one day holding period. The total VaR for the Bank's AFS book portfolio, including its investment portfolio as at March 31, 2022 was USD 1.2 million (*INR 92.5 million) (2021: USD 1.5 million; *INR 116.7 million). The maximum, average and minimum VaR during the year for the AFS book portfolio, including its investment portfolio, was USD 2.5 million (*INR 187.2 million) (2021: USD 4.9 million; *INR 370.6 million), USD 1.0 million (*INR 73.5 million) (2021: USD 3.9 million; *INR 291.8 million) and USD 0.7 million (*INR 52.3 million) (2021: USD 1.5 million; *INR 115.2 million) respectively.

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

Particulars	**March 31, 2022 USD 000**	**March 31, 2021 USD 000**	**March 31, 2022 INR million***	**March 31, 2021 INR million***
Portfolio size (Market value)	299,976	288,838	22,736	21,892
Change in value due to 200 bps movement in interest rate	(15,681)	(11,384)	(1,189)	(863)

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

** INR figures are unaudited*

Particulars	**March 31, 2022 USD 000**	**March 31, 2021 USD 000**	**March 31, 2022 INR million***	**March 31, 2021 INR million***
Portfolio size (Market value)	299,976	288,838	22,736	21,892
Change in value due to 200 bps movement in interest rate	15,681	11,384	1,189	863

Volatility in interest rates has an impact on an entity's interest earnings. The impact of an increase/decrease in interest rates on the Bank's net interest income (Delta NII) as at March 31, 2022, assuming a parallel shift in the yield curve, has been set out in the following table:

Equivalent in USD million | Equivalent in INR million*

Currency	Impact on Net Interest Income over a one year horizon			Impact on Net Interest Income over a one year horizon	
	Increase in interest rates by 200 bps	Decrease in interest rates by 200 bps		Increase in interest rates by 200 bps	Decrease in interest rates by 200 bps
USD	0.5	2.5		38	189
GBP	0.0	(6.3)		0	(477)
EUR	(0.5)	3.0		(38)	227
Other currencies	0.0	0.0		0	0
Total	0.0	(0.8)		**0**	**(61)**

The equivalent impact analysis as at March 31, 2021 is set out in the following table:

Equivalent in USD million | Equivalent in INR million*

Currency	Impact on Net Interest Income over a one year horizon			Impact on Net Interest Income over a one year horizon	
	Increase in interest rates by 200 bps	Decrease in interest rates by 200 bps		Increase in interest rates by 200 bps	Decrease in interest rates by 200 bps
USD	5.7	0.5		432	38
GBP	8.2	(8.8)		621	(667)
EUR	0.5	2.4		38	182
Other currencies	0.2	(0.2)		15	(15)
Total	**14.6**	**(6.1)**		**1,106**	**(462)**

Liquidity risk

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

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

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

** INR figures are unaudited*

a monthly and quarterly basis respectively. The Bank also monitors the Basel III liquidity ratios LCR and NSFR as prescribed by the CRD V liquidity guidelines prescribed by the PRA.

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

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

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

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

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

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

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

As part of the stock and flow approach of monitoring liquidity, the Bank monitors certain liquidity ratios covering various liquidity risk drivers inter-alia short-term liquidity risk, structural mismatch risk, wholesale funding risk, off balance sheet risk and non-marketable assets risk as detailed in the Bank's ILAAP. The customer advances to total assets ratio provides a measure of the structural liquidity of the Bank's asset portfolio. The ratio as at March 31, 2022 was 0.6 (0.5 as at March 31, 2021).
Refer Note 39 for details on the cash flow payable under contractual maturity.

** INR figures are unaudited*

39 Cash flow payable under contractual maturity

At March 31, 2022, the contractual maturity comprised

USD 000s

	Less than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Total
Deposits by banks	-	-	10,022	18,850	-	28,872
Customer accounts#	1,248,341	166,269	81,739	50,963	-	1,547,312
Other liabilities	6,806	1,507	-	7,233	-	15,546
Derivative financial liabilities	5,766	7,174	2,827	667	1,764	18,198
Accruals and deferred income#	13,680	-	-	-	-	13,680
Bonds and medium term notes	16,997	105,338	248	25,434	-	148,017
Subordinated debt	1,004	1,004	2,020	75,043	-	79,071
Repurchase Agreements	27,300	34,948	26,300	-	-	88,548
Total Liabilities	1,319,894	316,240	123,156	178,190	1,764	1,939,244

** INR figures are unaudited*

INR million*

	Less than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Total
Deposits by banks	**-**	**-**	**760**	**1,429**	**-**	**2,189**
Customer accounts#	**94,615**	**12,602**	**6,195**	**3,863**	**-**	**117,275**
Other liabilities	**516**	**114**	**-**	**548**	**-**	**1,178**
Derivative financial liabilities	**437**	**544**	**214**	**51**	**134**	**1,380**
Accruals and deferred income#	**1,037**	**-**	**-**	**-**	**-**	**1,037**
Bonds and medium term notes	**1,288**	**7,984**	**19**	**1,928**	**-**	**11,219**
Subordinated debt	**76**	**76**	**153**	**5,688**	**-**	**5,993**
Repurchase Agreements	**2,069**	**2,649**	**1,993**	**-**	**-**	**6,711**
Total Liabilities	**100,038**	**23,969**	**9,334**	**13,507**	**134**	**146,982**

At March 31, 2021, the contractual maturity comprised USD 000s

	Less than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Total
Deposits by banks	3	32,939	12,421	19,961	-	65,324
Customer accounts#	1,294,956	289,983	201,031	184,551	-	1,970,521
Other liabilities	9,306	-	-	10,279	35	19,620
Derivative financial liabilities	11,319	2,404	1,727	22,637	2,215	40,302
Accruals and deferred income#	14,139	-	-	-	-	14,139
Bonds and medium term notes	619	619	51,016	149,366	-	201,620
Subordinated debt	1,011	1,011	2,034	82,266	-	86,322
Repurchase Agreements	-	-	17,905	61,247	-	79,152
Total Liabilities	1,331,353	326,956	286,134	530,307	2,250	2,477,000

** INR figures are unaudited*

INR million*

	Less than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Total
Deposits by banks	-	2,497	941	1,513	-	4,951
Customer accounts#	98,148	21,979	15,237	13,988	-	149,352
Other liabilities	705	-	-	779	3	1,487
Derivative financial liabilities	858	182	131	1,716	168	3,055
Accruals and deferred income#	1,072	-	-	-	-	1,072
Bonds and medium term notes	47	47	3,867	11,321	-	15,282
Subordinated debt	77	77	154	6,235	-	6,543
Repurchase Agreements	-	-	1,357	4,642	-	5,999
Total Liabilities	100,907	24,782	21,687	40,194	171	187,741

Interest accrued on customer deposits is reclassified into customer accounts.

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

The Bank does not have any convertible debt securities as on March 31, 2022 (Nil for March 31, 2021)

40 Fair values of financial assets and financial liabilities

Set out below is a comparison by category of book values and fair values of the Bank's trading and non trading financial assets and financial liabilities as at the year end.

USD 000s

	March 31, 2022	**March 31, 2022**	March 31, 2021	March 31, 2021
	Fair value	**Book value**	Fair value	Book value
Non trading book financial assets and liabilities				
Assets:				
Cash and cash equivalents	**336,706**	**336,706**	733,560	733,560
Loans and advances to banks	**141,379**	**141,379**	52,372	52,372
Loans and advances to customers	**1,187,488**	**1,182,895**	1,518,792	1,522,138
Investment securities	**523,223**	**521,245**	551,996	538,746
Liabilities:				
Deposits by banks and customer accounts	**1,570,807**	**1,570,807**	2,022,773	2,022,773
Bonds and medium term notes	**149,965**	**146,358**	199,783	197,852
Subordinated debts	**74,999**	**72,954**	76,707	76,116
Repurchase agreements	**88,548**	**88,548**	79,153	79,153

** INR figures are unaudited*

Financial assets and liabilities at fair value through profit and loss				
Assets:				
Derivative financial instruments	**20,096**	**20,096**	49,181	49,181
Liabilities:				
Derivative financial instruments	**17,522**	**18,208**	42,346	40,360

INR million*

Non trading book financial assets and liabilities				
Assets:				
Cash and cash equivalents	**25,520**	**25,520**	55,598	55,598
Loans and advances to banks	**10,715**	**10,715**	3,969	3,969
Loans and advances to customers	**90,003**	**89,655**	115,113	115,367
Investment securities	**39,656**	**39,506**	41,837	40,833
Liabilities:				
Deposits by banks and customer accounts	**119,055**	**119,055**	153,311	153,311
Bonds and medium term notes	**11,366**	**11,093**	15,142	14,996
Subordinated debts	**5,684**	**5,529**	5,814	5,769
Repurchase agreements	**6,711**	**6,711**	5,999	5,999

Financial assets and liabilities at fair value through profit and loss				
Assets:				
Derivative financial instruments	**1,523**	**1,523**	3,728	3,728
Liabilities:				
Derivative financial instruments	**1,328**	**1,380**	3,210	3,059

Notes:
1. Fair value of loans and advances to banks and customers is determined using weighted average margins on market transactions done by the Bank during the year for loans with similar maturity and rating profile. The fair valuation is carried out post segmenting the disbursements done during the year by internal rating and tenor and comparing the pricing on the new disbursements with the existing portfolio. The difference is considered as the fair value adjustment.
2. The fair value of deposits by banks and customers has been estimated using current interest rates offered for deposits of similar maturities.
3. The fair value of debt securities is derived based on prevalent market quotes as at balance sheet date. In case market quotes are not available the Bank has used the internal valuation technique to calculate the fair value. Internal valuation discounts the estimated future cash flows, computed based on the prevailing interest rates and credit spreads in the market.
4. The Bank has applied management haircut on the valuation of investment in shares considering the uncertainties around pending legal case.
5. Financial instruments such as other assets and other liabilities are expected to have the similar fair value as the carrying value as these are short term in nature.

41 Derivative financial instruments

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

Exchange rate related contracts include spot, currency swaps and forward transactions. The Bank's currency swap transactions generally involve an exchange of currencies and an agreement to re-

** INR figures are unaudited*

exchange the currency at a future date where the swaps relate to assets and liabilities denominated in different currencies.

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

The Bank has computed the Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA) for the derivative portfolio which amounted to USD 14 thousand (*INR 1 million) and USD 3 thousand (*INR 0.0 million) respectively. The probability of defaults (PD) used for computation of CVA/DVA are in line with the PDs used for collective provision computation at March 31, 2021. The loss given default (LGD) of 45% is used for the calculation (except for real estate transactions) based on Basel guidelines for credit risk capital charge computation under foundation Internal Risk Based (IRB) approach for senior unsecured claims. The CVA for real estate transactions is calculated based on scalar adjusted expected loss.

Change in fair value under hedge accounting:

The Bank enters into fixed-for-floating-interest-rate swaps to manage the exposure to changes in fair value caused by movements in market interest rates on certain fixed-rate financial instruments that are not measured at fair value through profit or loss, including debt securities held and issued. As at March 31, 2022, the notional amounts of interest rate swaps and foreign exchange contracts designated as fair value hedges were USD 260 million (*INR 19,720 million) (2021: USD 245 million; *INR 18,594 million) and these contracts had a net positive fair value of USD 3.67 million (*INR 278 million) (2021: net negative fair value of USD 4.46 million; *INR 338 million).The notional principal amounts of these instruments are not indicative of the amounts at risk which are smaller amounts payable under the terms of these instruments and upon the basis of the contract or notional principal amount. Derivatives contracts in the non-trading book are used for hedging purposes only and are accounted for on this basis and are executed with bank counterparties for whom volume and settlement limits have been approved. Counterparty group limits are approved for connected exposures.

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

	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	USD 000s	USD 000s	INR million*	INR million*
Change in fair value of hedged items recognised in profit and loss account	**(7,798)**	(3,431)	**(591)**	(260)

** INR figures are unaudited*

Investments	**(10,346)**	(9,567)	**(784)**	(725)
Borrowings	**2,769**	6,263	**210**	475
Loans and receivable	**-**	(107)	**-**	(8)
Deposits	**(221)**	(20)	**(17)**	(2)
Change in fair value of hedging instruments recognised in profit and loss account#	**8,026**	3,786	**608**	287

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

Change in cash flow hedge accounting:

During FY2020, the Bank had entered into a cash flow hedge to hedge interest rate risk which got matured during the FY2021. There is no cash flow hedge deal outstanding as at March 31, 2022. As at March 31, 2022, the notional amounts of interest rate swaps designated as cash flow hedge was USD NIL (*INR NIL) (2021:USD NIL *INR NIL) and these contract had a net negative fair value of USD NIL (*INR NIL) (2021: NIL *INR NIL).

	March 31, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021
	USD 000s	USD 000s	**INR million***	INR million*
Change in fair value of hedged items	-	-	-	-
Borrowings	-	-	-	-
Change in fair value of hedgeding instruments#	-	-	-	-

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

Description of hedge relationship and hedged risk#	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	USD 000s	USD 000s	INR million*	INR million*
Cash flow hedge of interest rate risk	-	-	-	-
Recycled to net interest income:	-	-	-	-
a) Amount recycled from other comprehensive income due to hedged item affecting income statement	-	(354)	-	(27)

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

Principal amounts of derivative financial instruments

As at March 31, 2022 USD 000s

Instrument	Non-trading Notional Principal	Trading Notional Principal	Gross Positive Fair Value	Gross Negative Fair Value
Foreign exchange & Cross currency interest rate swaps	72,982	844,822	8,964	10,377
Interest rate	187,200	787,698	11,132	7,821
Total	**260,182**	**1,632,520**	**20,096**	**18,198**

** INR figures are unaudited*

As at March 31, 2022 **INR million***

Instrument	Non-trading Notional Principal	Trading Notional Principal	Gross Positive Fair Value	Gross Negative Fair Value
Foreign exchange & Cross currency interest rate swaps	5,531	64,031	678	786
Interest rate	14,188	59,702	845	593
Total	**19,719**	**123,733**	**1,523**	**1,379**

Principal amounts of derivative financial instruments
As at March 31, 2021 USD 000s

Instrument	Non-trading Notional Principal	Trading Notional Principal	Gross Positive Fair Value	Gross Negative Fair Value#
Foreign exchange & Cross currency interest rate swaps	72,982	1,352,260	32,427	15,249
Interest rate	172,354	1,423,539	16,775	25,075
Total	245,336	2,775,799	49,202	40,324

As at March 31, 2021 INR million*

Instrument	Non-trading Notional Principal	Trading Notional Principal	Gross Positive Fair Value	Gross Negative Fair Value#
Foreign exchange & Cross currency interest rate swaps	5,531	102,491	2,458	1,156
Interest rate	13,063	107,894	1,271	1,900
Total	18,594	210,385	3,729	3,056

#excludes Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA) for the derivative portfolio which amounted to USD 10 thousand (2021: USD 57 thousand)

Derivative financial instruments by valuation hierarchy

As at March 31, 2022 **USD 000s**

	Foreign exchange contracts		Interest rate	
	Gross Positive Fair Value	**Gross Negative Fair Value**	**Gross Positive Fair Value#**	**Gross Negative Fair Value**
Level 1	72	4	-	-
Level 2	8,892	10,373	7,519	4,966
Level 3	-	-	3,613	2,855
Total	**8,964**	**10,377**	**11,132**	**7,821**

As at March 31, 2022 **INR million***

	Foreign exchange contracts		Interest rate	
	Gross Positive Fair Value	**Gross Negative Fair Value**	**Gross Positive Fair Value#**	**Gross Negative Fair Value**
Level 1	5	-	-	-
Level 2	673	786	570	376
Level 3	-	-	274	216
Total	**678**	**786**	**844**	**592**

** INR figures are unaudited*

As at March 31, 2021 USD 000s

	Foreign exchange contracts		Interest rate	
	Gross Positive Fair Value	Gross Negative Fair Value	Gross Positive Fair Value	Gross Negative Fair Value#
Level 1	110	158	-	-
Level 2	32,317	15,091	16,316	24,324
Level 3	-	-	459	751
Total	32,427	15,249	16,775	25,075

As at March 31, 2021 INR million*

	Foreign exchange contracts		Interest rate	
	Gross Positive Fair Value	Gross Negative Fair Value	Gross Positive Fair Value	Gross Negative Fair Value#
Level 1	8	12	-	-
Level 2	2,449	1,144	1,237	1,844
Level 3	-	-	-	57.00
Total	2,457	1,156	1,237	1,901

#excludes Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA) for the derivative portfolio which amounted to USD 10 thousand (2021: USD 57 thousand).

IBOR reform

Following the financial crisis, the replacement of benchmark interest rates such as LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. Many uncertainties remain but the roadmap to replacement is becoming clearer. Interest rate benchmarks including, among others, the London Interbank Offered Rate (LIBOR), the Euro Interbank Offered Rate (EURIBOR), the Euro Overnight Index Average (EONIA) and certain other Interbank Offered Rates (IBORs) are being reformed. The Bank formed a Steering Committee chaired by the Head of Corporate Banking and Legal and attended by the executive management with regular meetings to monitor and discuss the developments related to IBOR reform.

The Financial Conduct Authority (FCA), announced on March 5, 2021, the future cessation or loss of representativeness of the 35 LIBOR benchmark settings currently published by ICE Benchmark Administration (IBA), an authorised administrator, regulated and supervised by the FCA.

- Publication of all seven euro LIBOR settings, all seven Swiss franc LIBOR settings, the Spot Next, 1-week, 2-month and 12-month Japanese yen LIBOR settings, the overnight, 1-week, 2-month and 12-month sterling LIBOR settings, and the 1-week and 2-month US dollar LIBOR settings will cease immediately after December 31, 2021.

- Publication of the overnight and 12-month US dollar LIBOR settings will cease immediately after June 30, 2023.

A high degree of uncertainty still remains with IBOR reform and LIBOR transition to the alternate risk free rates. Following to this, the Bank is still applying Phase 1 amendment on all hedging relationships.

Progress made during FY 2022

The Bank has completed transition of all non USD-LIBOR linked loans and advances to Risk Free Rates (RFRs) as at March 31, 2022 except for one case which was transitioned to synthetic LIBOR and cases where the next interest reset date is due in next financial year (FY 2023). During the year, the

** INR figures are unaudited*

Bank had also transitioned all non-USD linked derivatives to alternative benchmark rates that are settled through the London Clearing House (LCH) or entered with customers.

The publication of major US Dollar LIBOR is expected to continue till June 30, 2023 and the Bank will continue to work on its planned transition to alternative benchmark rates for US Dollar LIBOR referenced financial contracts.

The Bank has upgraded its internal systems to offer products linked to new Risk Free Rates (RFRs) and has ceased issuance of new products linked to LIBOR.

The IAS 39 requirements in respect of hedge accounting have been amended in two phases. The Phase 1 amendments, which were adopted by the Bank in April 2019, provide relief to the hedge accounting requirements prior to changing a hedge relationship due to the interest rate benchmark reform. The phase 2 amendments provide relief when changes are made to hedge relationships as a result of the interest rate benchmark reform.

The phase 2 amendments have been adopted as at March 31, 2021 to hedging relationships. The Bank continue to apply both Phase I and II amendments and as on March 31, 2022 there is no modification of financial instruments on which phase 2 relief applies.

The following table summarises the significant hedge accounting exposures impacted by the IBOR reform as at March 31, 2022,

USD 000s

Current benchmark rate	Expected convergence to RFR	Nominal amount of hedged items directly impacted by IBOR reform	Nominal amount of hedging instruments directly impacted by IBOR reform
USD LIBOR	Secured Overnight Financing Rate (SOFR)	164,717	163,857
Total IBOR Notionals		**164,717**	**163,857**

INR million*

Current benchmark rate	Expected convergence to RFR	Nominal amount of hedged items directly impacted by IBOR reform	Nominal amount of hedging instruments directly impacted by IBOR reform
USD LIBOR	Secured Overnight Financing Rate (SOFR)	12,484	12,419
Total IBOR Notionals		**12,484**	**12,419**

The following table summarises the significant exposures impacted by interest rate benchmark reform as at 31 March 2022:

USD 000

Particulars	USD Libor	Other Libor
Non-derivative financial assets		
Loans and advances at amortised cost	285,314	5,000
Non-derivative financial liabilities		
Debt securities in issue	130,000	
Total	**415,314**	**5,000**

** INR figures are unaudited*

INR 000

Particulars	USD Libor	Other Libor
Non-derivative financial assets		
Loans and advances at amortised cost	21,625	379
Non-derivative financial liabilities		
Debt securities in issue	9,853	-
Total	**31,478**	**379**

The table below provides detail on the residual maturity of the above exposures:

0 USD 000

Current benchmark rate	Within one year	Over one year but not more than two years	Over two years but not more than five years	Over five years but not more than ten years	Over ten years
Non-derivative financial assets					
Loans and advances at amortised cost					
USD LIBOR	165,124	132,704	117,486		
Other	5,000	-	-		
Loans and advances at fair value through other comprehensive income					
USD LIBOR					
GBP LIBOR					
Non-derivative financial liabilities					
Debt securities in issue					
USD LIBOR	105,000	25,000			
Total	**275,124**	**157,704**	**117,486**		

INR 000

Current benchmark rate	Within one year	Over one year but not more than two years	Over two years but not more than five years	Over five years but not more than ten years	Over ten years
Non-derivative financial assets					
Loans and advances at amortised cost					
USD LIBOR	12,515	10,058	8,905		
Other	379	-	-		
Loans and advances at fair value through other comprehensive income					
USD LIBOR					
GBP LIBOR					

** INR figures are unaudited*

Non-derivative financial liabilities					
Debt securities in issue					
USD LIBOR	7,958	1,895			
Total	**20,852**	**11,953**	**8,905**		

42 Assets and liabilities denominated in foreign currency

Total Assets / Liabilities (incl. Equity)	**March 31, 2022 USD 000s**	March 31, 2021 USD 000s	**March 31, 2022 INR million***	March 31, 2021 INR million*
Denominated in US Dollars	**878,635**	**1,043,466**	**66,595**	79,087
Denominated in Sterling	**973,842**	**1,422,258**	**73,810**	107,796
Denominated in other currencies	**389,496**	**491,030**	**29,521**	37,216
Total assets	**2,241,973**	**2,956,754**	**169,926**	224,099
Denominated in US Dollars	**748,151**	**984,041**	**96,850**	74,582
Denominated in Sterling	**1,232,707**	**1,641,800**	**46,588**	124,436
Denominated in other currencies	**261,115**	**330,913**	**26,488**	25,081
Total liabilities (incl. Equity)	**2,241,973**	**2,956,754**	**169,926**	224,099

The above should not be considered to demonstrate the Bank's exposure to foreign exchange risk due to the existence of compensating exchange rate contracts as discussed in Note 41 which are held for hedging purposes.

The Bank follows a conservative policy with regard to its foreign exchange risk which is managed within the Treasury function in accordance with the position limits approved by the Board Risk Committee and by using value-at- risk measure. The Net overnight open position (NOOP) of the Bank as at March 31, 2022 was USD 1.9 million (*INR 140.2 million) (2021: USD 2.2 million; *INR 165.9 million).

43 Post balance sheet events

There have been no material events after the balance sheet date up until the date of signing these financial statements which would require disclosure or adjustments to the March 31, 2022 financial statements.

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

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

** INR figures are unaudited*

THE ISSUER

ICICI Bank UK PLC
One Thomas More Square
London E1W 1YN
United Kingdom

TRUSTEE

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

PRINCIPAL PAYING AGENT AND AGENT BANK

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

REGISTRAR

Deutsche Bank Luxembourg S.A.
2, Boulevard Konrad Adenauer
L-1115 Luxembourg
Luxembourg

CMU LODGING AGENT

Deutsche Bank AG, Hong Kong Branch
Level 60, International
Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

LEGAL ADVISERS

To the Dealer and the Trustee as to English Law

Linklaters Singapore Pte. Ltd.
One George Street #17-01
Singapore 049145

AUDITORS

BDO LLP
55 Baker Street
London
W1U 7EU

ARRANGER AND DEALER

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom