



# AMERICAN EXPRESS BANKING CORP.

## INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

### INDEPENDENT AUDITOR'S REPORT

**TO**  
**THE CHIEF EXECUTIVE OFFICER**  
**American Express Banking Corp.-India Branch**

#### Report on the Audit of Financial Statements

##### Opinion

We have audited the accompanying financial statements of **AMERICAN EXPRESS BANKING CORP.-INDIA BRANCH** ("the Bank"), which comprise the Balance Sheet as at 31st March, 2023, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (together referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for Banking Companies and are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at 31st March, 2023, and its profit and its cash flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. 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 are independent of the Bank in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Information other than the financial statements and Auditor's Report Thereon

The Bank's management is responsible for the other information. The other information comprises the Pillar-III disclosure under the New Capital Adequacy Framework (Basel- III disclosures), but does not include the financial statements and our auditor's report thereon.

The other information is expected to be made available to us after the date of auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. When we read the other information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 "The Auditor's responsibilities Relating to other information".

##### Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Bank's Management is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the Reserve Bank of India ("the RBI") from time to time as applicable to the Bank. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Bank's management is also responsible for overseeing the Bank's financial reporting process.

##### Auditor's responsibility 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 SAs will always detect a material misstatement when it exists. Misstatements



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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.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on other legal and regulatory requirements**

1. The Balance Sheet and Profit and Loss Account and the Cash Flow Statement have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act read with Companies (Accounting Standards) Rules, 2021.
2. As required by sub-section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory.
  - (b) The transactions of the Bank, which have come to our notice during the course of our audit have been within the power of the Bank, and
  - (c) Since the Bank has only one branch which we have audited, the question on reporting the number of branches audited by us and the manner of audit doesn't arise.
3. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books except that the backup of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India, Refer Note I of Schedule 18 of the financial statements wherein it has been stated that the backup of the books of accounts and other papers maintained in electronic mode has been maintained on servers located outside India.
  - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Accounting Standards) Rules, 2021 to the extent they are not inconsistent with the accounting policies prescribed by RBI.



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- (e) The reporting requirement of Section 164(2) of the Act is not applicable to the Bank considering it is a branch of American Express Banking Corp. which is incorporated with limited liability in United States of America.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 12 and Note No. IV.11 of the Schedule 18 to the financial statements.
  - ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts- Refer Note No. IV. I (g) of the Schedule 18 to the financial statements.
  - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Bank during the year ended 31st March, 2023.
  - iv.
    - a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Bank from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. The clause (f) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 is not applicable to the Bank as the Bank has not declared or paid dividend during the year.
  - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Bank with effect from 1st April, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
4. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
The Bank is a Banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply.

**For SCV & Co. LLP**

Chartered Accountants

FIRM REGISTRATION No. 000235N/N500089

**(RAJIV PURI)**

PARTNER

MEMBERSHIP No. 084318

ICAI UDIN: 23084318BGYVPC9770

Place: Noida

Dated: 27th June, 2023



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### Annexure “A” To the Independent Auditor’s Report

#### Annexure referred to in paragraph 3(f) under the heading “Report on other legal and regulatory requirements” of our report of even date.

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of AMERICAN EXPRESS BANKING CORP.-INDIA BRANCH (“the Bank”) as of 31st March, 2023 in conjunction with our audit of the Financial statements of the Bank for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Bank’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors’ Responsibility

Our responsibility is to express an opinion on the Bank’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank’s internal financial controls system over financial reporting with reference to these financial statements.

#### Meaning of Internal Financial Controls Over Financial Reporting

A Bank’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank’s assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### For SCV & Co. LLP

Chartered Accountants

FIRM REGISTRATION No. 000235N/N500089

#### (RAJIV PURI)

PARTNER

MEMBERSHIP No. 084318

ICAI UDIN: 23084318BGYVPC9770

Place: Noida

Dated: 27th June, 2023



# AMERICAN EXPRESS BANKING CORP.

## INDIA BRANCH

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### BALANCE SHEET AS AT MARCH 31, 2023

### PROFIT AND LOSS ACCOUNT FOR THE TWELVE MONTHS ENDED MARCH 31, 2023

(Amount in INR. '000)

(Amount in INR. '000)

Particulars	Schedule	As at March 31, 2023	As at March 31, 2022	Particulars	Schedule	Year ended March 31, 2023	Year ended March 31, 2022
<b>CAPITAL AND LIABILITIES</b>				<b>INCOME</b>			
Capital	1	22,153,299	22,153,299	Interest Earned	13	6,026,518	5,295,710
Reserves and Surplus	2	664,512	487,531	Other Income	14	12,593,861	9,366,073
Deposits	3	32,142,161	28,180,680	<b>Total</b>		<b>18,620,379</b>	<b>14,661,783</b>
Borrowings	4	25,813,928	21,046,741	<b>EXPENDITURE</b>			
Other Liabilities and Provisions	5	17,722,865	14,907,723	Interest Expended	15	1,304,388	1,069,998
<b>Total</b>		<b>98,496,765</b>	<b>86,775,974</b>	Operating Expenses	16	16,171,872	12,576,525
<b>ASSETS</b>				Provisions and Contingencies	17	436,196	1,064,646
Cash and Balances with Reserve Bank of India	6	3,105,021	2,375,608	<b>Total</b>		<b>17,912,456</b>	<b>14,711,169</b>
Balances with Banks and Money at Call and Short Notice	7	63,794	77,404	<b>PROFIT / (LOSS)</b>			
Investments	8	40,959,055	30,974,058	Net Profit / (Loss) for the Year		707,923	(49,386)
Advances	9	39,707,783	36,709,513	Profit / (Loss) brought forward		(5,726,906)	(5,677,520)
Fixed Assets	10	4,921,232	5,575,702			<b>(5,018,983)</b>	<b>(5,726,906)</b>
Other Assets	11	9,739,880	11,063,689	<b>APPROPRIATIONS</b>			
<b>Total</b>		<b>98,496,765</b>	<b>86,775,974</b>	Transfer to Statutory Reserve		176,981	-
Contingent Liabilities	12	3,556,538	3,511,263	Transfer to Revenue and Other Reserves		-	-
Bills for Collection		-	-	Proposed dividend		-	-
Significant Accounting Policies and Notes to Financial Statements	18			Balance carried over to Balance Sheet		(5,195,964)	(5,726,906)
						<b>(5,018,983)</b>	<b>(5,726,906)</b>
				Significant Accounting Policies and Notes to Financial Statements	18		

The schedules referred above form an integral part of the Balance Sheet.

The schedules referred above form an integral part of the Profit and Loss Account.

This is the Balance Sheet referred to in our Report of even date.

This is the Profit and Loss Account referred to in our Report of even date.

For **SCV & Co. LLP**  
Chartered Accountants  
FRN 000235N/N500089

For and on behalf of  
**American Express Banking Corp.- India Branch**

**Rajiv Puri**  
Partner  
Membership No. 084318

**Sanjay Khanna**  
Chief Executive Officer

**Rupesh Satapathy**  
Financial Controller

Place: Noida  
June 27, 2023

Place: Gurugram  
June 27, 2023



# AMERICAN EXPRESS BANKING CORP.

## INDIA BRANCH

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### CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(Amount in INR. '000)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Cash Flow from Operating activities</b>		
Net profit/(loss) before income tax	707,923	(49,386)
<b>Adjustments for :</b>		
Net (write back)/depreciation on value of investments	-	-
Provision for standard advances	(202,343)	(290,105)
Provision for non-performing advances	398,546	(83,295)
Depreciation on fixed assets	1,336,895	559,370
Net (profit)/loss on sale of land, building and other assets	(2,640)	(1,823)
Operating profit before working capital changes	2,238,381	134,761
(Increase)/decrease in investments	(9,984,997)	1,633,300
(Increase)/decrease in advances	(3,374,735)	(5,250,265)
Increase/(decrease) in deposits	3,961,481	2,793,564
(Increase)/decrease in other assets	801,480	(2,325,435)
Increase/(decrease) in other liabilities and provisions	2,995,404	2,871,640
(Direct Taxes paid)/(Taxes deducted at source)/Refund received [net]	(8,613)	(457,159)
<b>A Net Cash Flow (used in)/from operating activities</b>	<u>(3,371,599)</u>	<u>(599,594)</u>
<b>Cash Flow from Investing activities</b>		
Fixed assets purchased	(715,751)	(5,896,209)
Proceeds from sale of fixed assets	35,966	13,331
<b>B Net Cash Flow (used in)/from Investing activities</b>	<u>(679,785)</u>	<u>(5,882,878)</u>
<b>Cash Flow from Financing activities</b>		
Infusion of capital	-	-
Proceeds/(Repayment) from/of Borrowings	(2,981,813)	5,361,707
Proceeds from Subordinate Debt	7,749,000	-
Long term borrowing	-	-
<b>C Net Cash Flow from/(used in)Financing activities</b>	<u>4,767,187</u>	<u>5,361,707</u>
<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>	<u>715,803</u>	<u>(1,120,765)</u>
Cash and cash equivalents at beginning of year	2,453,012	3,573,777
Cash and cash equivalents at end of year	3,168,815	2,453,012
Increase/(decrease) in cash and cash equivalents	<u>715,803</u>	<u>(1,120,765)</u>

#### Notes to the Cash Flow Statement

- Cash and cash equivalents represents cash and balances with banks, balance with RBI as disclosed in Schedules 6 and 7
- The above Cash Flow Statement has been prepared under the "Indirect method" as set out in the Accounting Standard (AS-3) on Cash Flow Statements prescribed under section 133 of Companies Act 2013 read with Companies (Accounting Standards) Rules, 2021

This is the Cash Flow Statement referred to in our Report of even date.

For **SCV & Co. LLP**  
Chartered Accountants  
FRN 000235N/N500089

**Rajiv Puri**  
Partner  
Membership No. 084318

Place: Noida  
June 27, 2023

For and on behalf of  
**American Express Banking Corp.- India Branch**

**Sanjay Khanna**  
Chief Executive Officer

**Rupesh Satapathy**  
Financial Controller

Place: Gurugram  
June 27, 2023



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### SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

	<i>(Amount in INR. '000)</i>		<i>(Amount in INR. '000)</i>	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>SCHEDULE 1 - CAPITAL</b>				
Amount of deposit kept with RBI under section 11 (2) of the Banking Regulation Act, 1949 as per contra.	489,057	489,057		
	<u>489,057</u>	<u>489,057</u>		
<b>HEAD OFFICE ACCOUNT</b>				
Opening balance	22,153,299	22,153,299		
Additions during the year	-	-		
Closing balance	<u>22,153,299</u>	<u>22,153,299</u>		
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>				
<b>I. STATUTORY RESERVES</b>				
Opening balance	487,057	487,057		
Additions during the year	176,981	-		
Closing balance	<u>664,038</u>	<u>487,057</u>		
<b>II. CAPITAL RESERVES</b>				
Opening balance	-	-		
Additions during the year	-	-		
Closing balance	-	-		
<b>III. SHARE PREMIUM</b>				
Opening balance	-	-		
Additions during the year	-	-		
Closing balance	-	-		
<b>IV. REVENUE AND OTHER RESERVES</b>				
Opening balance	474	474		
Additions during the year	-	-		
Closing balance	<u>474</u>	<u>474</u>		
<b>V. Balance of Profit and Loss Account</b>				
	-	-		
	<u>664,512</u>	<u>487,531</u>		
<b>SCHEDULE 3 - DEPOSITS</b>				
<b>A. In India</b>				
<b>I. DEMAND DEPOSITS</b>				
From banks	-	-		
From others	-	-		
<b>II. SAVINGS BANK DEPOSITS</b>				
	-	-		
<b>III. TERM DEPOSITS</b>				
From banks	-	-		
From others (Institutional)	32,142,161	28,180,680		
	<u>32,142,161</u>	<u>28,180,680</u>		
<b>B. (i) Deposits of branches in India</b>	32,142,161	28,180,680		
<b>(ii) Deposits of branches outside India</b>	-	-		
	<u>32,142,161</u>	<u>28,180,680</u>		
<b>SCHEDULE 4 - BORROWINGS</b>				
<b>I. BORROWINGS IN INDIA</b>				
Reserve Bank of India	-	-		
Other banks	2,783,628	5,765,441		
<b>II. BORROWINGS OUTSIDE INDIA</b>				
Tier 2 Debt Capital raised in the form of Head Office Borrowings in Foreign Currency [Refer Note IV. 1. b of Schedule 18]	23,030,300	15,281,300		
	<u>25,813,928</u>	<u>21,046,741</u>		
Secured borrowings included in I and II above	-	-		
<b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>				
<b>I. Bills payable</b>	-	-		
<b>II. Inter-office adjustments (net)</b>	-	-		
<b>III. Interest accrued</b>	724,026	660,269		
<b>IV. Others (including provisions) *</b>	16,998,839	14,247,454		
	<u>17,722,865</u>	<u>14,907,723</u>		
* Refer Note IV. 6 of Schedule 18				
<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>				
<b>I. Cash in hand (including foreign currency notes)</b>	-	-		
<b>II. Balances with Reserve Bank of India</b>				
i) In Current Account	3,105,021	2,375,608		
ii) In Other Accounts	-	-		
	<u>3,105,021</u>	<u>2,375,608</u>		
<b>SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE</b>				
<b>I. In India</b>				
Balances with banks				
i) In Current Accounts	63,794	77,404		
ii) In Other Deposit Accounts	-	-		
Money at call and short notice				
i) With banks	-	-		
ii) With other institutions	-	-		
	<u>63,794</u>	<u>77,404</u>		
<b>II. Outside India</b>				
i) In Current Accounts	-	-		
ii) In Other Deposit Accounts	-	-		
iii) Money at call and short notice	-	-		
	-	-		
<b>Total (I + II)</b>	<u>63,794</u>	<u>77,404</u>		



# AMERICAN EXPRESS BANKING CORP.

## INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

### SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

(Amount in INR. '000)			(Amount in INR. '000)		
	As at March 31, 2023	As at March 31, 2022		As at March 31, 2023	As at March 31, 2022
<b>SCHEDULE 8 - INVESTMENTS</b>			<b>SCHEDULE 10 - FIXED ASSETS</b>		
I. Investment in India in			I. PREMISES		
i) Government Securities (Treasury Bills)	40,959,055	30,974,058	At cost as on 31 March of the preceding year	-	-
ii) Other approved securities	-	-	Additions during the year	-	-
iii) Shares	-	-	Deductions during the year	-	-
iv) Debentures and Bonds	-	-		-	-
v) Subsidiaries and/or joint ventures	-	-	Depreciation to date	-	-
vi) Others	-	-	Total Net Book Value I	-	-
	<u>40,959,055</u>	<u>30,974,058</u>	II OTHER FIXED ASSETS		
II. Investment outside India in			(Including Furniture & Fixtures and Software)*		
i) Government Securities (including local authorities)	-	-	At cost as on March 31 of the preceding year	7,319,516	1,458,396
ii) Subsidiaries and/or joint ventures abroad	-	-	Additions during the year	715,751	5,896,209
iii) Others	-	-	Deductions during the year	(101,617)	(35,089)
	<u>40,959,055</u>	<u>30,974,058</u>		<u>7,933,650</u>	<u>7,319,516</u>
			Depreciation to date	(3,012,418)	(1,743,814)
			Total Net Book Value II	<u>4,921,232</u>	<u>5,575,702</u>
			Net Book Value I and II	<u>4,921,232</u>	<u>5,575,702</u>
			* Refer Note III. 7 of Schedule 18		
<b>SCHEDULE 9 - ADVANCES</b>			<b>SCHEDULE 11 - OTHER ASSETS</b>		
A. i) Bills purchased and discounted	-	-	I. Inter-office adjustments (net)	-	-
ii) Cash credits, overdraft and loan repayable on demand	39,707,781	36,709,490	II. Interest accrued	172,600	182,054
iii) Term loans - Staff	2	23	III. Tax paid in advance / tax deducted at source	934,554	925,941
	<u>39,707,783</u>	<u>36,709,513</u>	V. Stationery and Stamps	-	-
B. i) Secured by tangible assets (Secured primarily by Fixed Deposits)	219,189	154,246	VI. Non-banking assets acquired in satisfaction of claims	-	-
ii) Covered by bank/ governments guarantees	156,874	178,146	VII. Deferred tax asset	-	-
iii) Unsecured	39,331,720	36,377,121	VIII. Others (Including Debit Balance in Profit and Loss Account Rs. 5,195,964 (000); Previous Year Rs. 5,726,906 (000))	8,632,726	9,955,694
	<u>39,707,783</u>	<u>36,709,513</u>		<u>9,739,880</u>	<u>11,063,689</u>
C. I. Advances in India			<b>SCHEDULE 12 - CONTINGENT LIABILITIES</b>		
i) Priority sector *	-	-	I. Claims against the bank not acknowledged as debts	-	-
ii) Public sector	-	-	II. Liability for partly paid investments	-	-
iii) Banks	40,502	16,521	III. Liability on account of outstanding forward exchange and derivatives contracts	-	-
iv) Others	39,667,281	36,692,992	IV. Guarantees given on behalf of constituents	-	-
	<u>39,707,783</u>	<u>36,709,513</u>	a) In India	-	-
II. Advances Outside India			b) Outside India	-	-
i) Due from banks	-	-	V. Acceptances, endorsements and other obligations	-	-
ii) Due from others	-	-	VI. Other items for which the bank is contingently liable	3,556,538	3,511,263
(a) Bills purchased and discounted	-	-		<u>3,556,538</u>	<u>3,511,263</u>
(b) Syndicated loans	-	-			
(c) Others	-	-			
	<u>39,707,783</u>	<u>36,709,513</u>			

\* Not applicable to the Bank vide RBI letter no. RPCD.  
CO.Plan.11642/04.09.09/2008-09 dated 11/05/2009





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### SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

	<i>(Amount in INR. '000)</i>		<i>(Amount in INR. '000)</i>	
	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
<b>SCHEDULE 13 - INTEREST EARNED</b>			<b>SCHEDULE 16 - OPERATING EXPENSES</b>	
Interest/discount on advances/bills	4,055,663	4,082,084	Payments to and provisions for employees	3,558,562
Income on investments	1,970,855	1,213,626	Rent, taxes and lighting	1,028,243
Interest on balances with the Reserve Bank of India and other inter-bank funds	-	-	Printing and stationery	174,877
Others	-	-	Advertisement and publicity	6,038,794
	<u>6,026,518</u>	<u>5,295,710</u>	Depreciation on Bank's property	1,336,895
<b>SCHEDULE 14 - OTHER INCOME</b>			Director's fee, allowances and expenses	-
Commission, exchange and brokerage (net)			Auditors' fees and expenses [Refer Note IV. 17 of Schedule 18]	6,514
[Refer Note IV. 2 of Schedule 18]	12,426,918	9,219,965	Law charges	36,873
Net Profit/(Loss) on sale of investments	(9)	14	Postage, telegram, telephones etc.	247,013
Net Profit/(Loss) on revaluation of investments	-	-	Repairs and maintenance	145,133
Profit on sale of land, building and other assets	3,591	3,206	Insurance	39,015
Less: Loss on sale of land, building and other assets	(951)	(1,383)	Business Support Cost (net)*	1,533,800
Net profit on exchange transactions	-	-	Other expenditure	2,026,153
Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India	-	-		<u>16,171,872</u>
Miscellaneous Income	164,312	144,271		<u>12,576,525</u>
	<u>12,593,861</u>	<u>9,366,073</u>		
<b>SCHEDULE 15 - INTEREST EXPENDED</b>			<b>SCHEDULE 17 - PROVISIONS AND CONTINGENCIES *</b>	
Interest on deposits	1,255,336	1,054,035	Depreciation in the value of securities	-
Interest on Reserve Bank of India/ interbank borrowings	49,052	15,963	Provision for advances and receivables	436,196
Other Interest	-	-	Provision for income tax and wealth tax :	
	<u>1,304,388</u>	<u>1,069,998</u>	Income tax	-
			Deferred Income Tax	-
				<u>436,196</u>
				<u>1,064,646</u>
			*Refer Note IV.1.g) of Schedule 18 for details	

\*Business Support Cost (net) includes receipts towards Market Support payment amounting to INR 3,209,780 ('000); Previous Year 1,925,458 ('000) from American Express Travel Related Services Company, Inc.

#### Schedules forming part of the Financial Statements for the year ended March 31, 2023

#### SCHEDULE - 18 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

- I. The financial statements for the year ended March 31, 2023 comprises the Balance Sheet, Profit and Loss Account, Cash Flow Statement and Schedules of the India Branch of American Express Banking Corp. (the "Bank"), which is incorporated in the New York State Banking Law, United States of America. The Bank's ultimate holding company is American Express Company, which is incorporated in the United States of America. The Bank has maintained the books of accounts and other books and papers in the electronic mode, daily backup of which have been maintained on servers physically located outside of India. Additionally, in accordance with RBI circular on "Storage of Payment System Data", transactional data is stored in India.
- II. **Background:** American Express Banking Corp. - India Branch has been granted license by Reserve Bank of India ("RBI") to carry on banking business in India. The license authorises the Bank to conduct credit card business and accept institutional deposits. In line with the market practice and the RBI Guidelines, the bank issues credit cards and provides payment solutions to corporates and other entities for their purchases like inventory, fixed assets, payroll cost and other expenses like office supplies, utilities, advertising, couriers, etc.
- III. **Significant Accounting Policies**
  1. **Basis of preparation:** The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, unless otherwise stated and are in accordance with the generally accepted accounting principles in India, statutory provisions prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time and Accounting Standards (AS) prescribed under Section 133 of the Companies Act, 2013 read with Companies



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

(Accounting Standards) Rules, 2021 to the extent applicable to banks and conform to the statutory requirements prescribed by the RBI from time to time and current practices prevailing within the banking industry in India.

The financial statements are presented in Indian Rupees rounded off to the nearest thousand unless otherwise stated.

2. **Use of Estimates:** The preparation of financial statements, in conformity with the generally accepted accounting principles, requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates and these differences are recognized prospectively in the current and future periods.
3. **Revenue Recognition**
  - (i) Fees and commissions received, net of rebates/commissions paid, are recognized upon the occurrence of the transactions. Annual card fees, net of direct card acquisition costs are amortized over the period of one year. Joining fees on cards are recognised in the year of billing.
  - (ii) Interest income and other charges on card balances are recognized as it accrues, except in the case of non-performing assets, where it is recognised on realisation, as per the prudential norms prescribed by RBI.
  - (iii) Recovery from bad debts written off is recognized as income on the basis of actual realization from customers.
  - (iv) Interest income on discounted instruments is recognised over the tenure of the instruments.
4. **Foreign Currency transactions and balances**

Transactions denominated in foreign currencies are recorded on the date of transactions at the standard exchange rate determined by the Bank. Exchange differences arising on the foreign currency transactions settled during the year are recognized in the Profit and Loss Account of the same year.

Monetary Assets and Liabilities denominated in foreign currencies as at the Balance Sheet date are restated at the closing rates notified by Foreign Exchange Dealers' Association of India (FEDAI) and the resultant exchange differences are recognised in the Profit and Loss Account. Transactions wherein there is no foreign exchange risk, the amounts are carried at the settlement rates.
5. **Investments**
  - (i) **Classification**

In accordance with Reserve Bank of India ('RBI') guidelines, all investments are categorised as 'Held to Maturity', or 'Held for Trading' or 'Available for Sale'.

Investments that the Bank intends to hold to maturity are classified as 'Held to Maturity'. Investments that are held principally for resale within ninety days from the date of purchase are classified as 'Held for Trading'. All other investments are classified as 'Available for Sale'. An Investment is classified as 'Held to Maturity', 'Available for Sale' or 'Held for Trading' at the time of its purchase. Any subsequent change in classification is done as per RBI norms. As on date, all the investments are classified as 'Available for Sale'.
  - (ii) **Valuation**

Treasury Bills, being discounted instruments are valued at carrying cost as per RBI guidelines.
  - (iii) **Acquisition Cost**

Brokerage, commission, broken period interest etc., paid at the time of acquisition of debt securities are charged to Profit and Loss Account.
  - (iv) **Disposal of Investments**

Profit or loss on sale of investments is recognised in the Profit and Loss Account on trade/settlement date.
6. **Advances**

Loans and Advances comprise card outstanding and loans to staff. Loans and Advances are stated net of specific provision made towards Non-Performing Assets (NPAs) and provision towards diminution on restructured advances. Advances under card receivables are maintained at the card member level.

Provision for NPAs on card balances outstanding is made at card member level as per Bank's credit loss provisioning policy in accordance with the prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances issued by the Reserve Bank of India and are monitored and tracked at a portfolio level. Corporate clients who are solely or jointly liable, are classified based on their overdue amounts. In the case of sub-standard assets, in addition to minimum provision requirement prescribed by RBI, the bank makes additional provision based on best estimate of probable losses.

Provision for Standard Assets and Unhedged Foreign Currency Exposure is made in compliance with the prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances issued by the Reserve Bank of India and disclosed under Other Liabilities and Provisions. Provision for Standard Assets are monitored for sufficiency using the write off rates basis historical trend at a portfolio level.

The Bank identifies all card accounts with delinquencies and generally writes off in the books of account, the outstanding card receivables which are 210 days past billing from bill generation date. Accounts classified as doubtful/loss are provided at 100% till written off. Accelerated write off is effected for card receivables which are due for less than 210 days from bill generation date, where it is evident that the outstanding amount is unlikely to be recovered.

Restructured assets are classified and provided for in accordance with the guidelines issued by RBI from time to time.



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

Net Receivables from/payables to overseas group entities on account of merchant payments made for spends made by overseas/ Indian card members in India/overseas, have been classified under Other Assets/Other Liabilities in the Financial Statements.

#### 7. Fixed assets and depreciation

- (i) Fixed assets are stated at cost less accumulated depreciation. The Bank capitalises all costs relating to acquisition and installation of fixed assets.
- (ii) Carrying amounts of cash generating units are reviewed at each Balance Sheet date to determine whether there is any impairment. Impairment loss, if any, is recognised in the Profit and Loss Account whenever the carrying amount exceeds the recoverable amount.
- (iii) Depreciation on fixed assets is provided on pro-rata basis over the period of the estimated useful life of the asset on Straight Line Method over the estimated useful life prescribed in Schedule II to the Companies Act, 2013.
- (iv) Fixed assets are depreciated over the estimated useful life given in the table below:

<u>Asset</u>	<u>Estimated Useful Life</u>
Leasehold Improvements	Over the lease period
Data Processing Equipment	
Server and Networks	6 years
End User Devices such as laptop, desktop etc.	3 years
Transport Equipment	8 years
Furniture and Fixtures	10 years
Machinery and Equipment	
Office Equipment	5 years
Headsets and mobile phones*	3 years
Software	
Perpetual	5 years
Fixed Term	As per Term

\*Considered at par with End User Devices

#### 8. Accounting for Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating lease. Lease payments for assets taken on operating leases are recognized as an expense in the Profit and Loss Account over the lease term on a straight line basis.

#### 9. Employee Benefits

##### a) Provident Fund

The Bank contributes to mandatory government administered provident funds which are defined contribution schemes as the Bank does not carry any further obligation, apart from the contributions made on a monthly basis. The contributions are accounted for on an accrual basis and recognized in the Profit and Loss Account.

##### b) Pension

- (i) The Bank has a pension scheme which is a defined contribution plan. Eligible employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme under a defined contribution plan to the pension fund. Contributions under these schemes are recognised in the Profit and Loss Account in the period in which they accrue.
- (ii) In addition to the above arrangement, there are deferred (exited) employees who had opted for the defined benefit scheme. The Bank has set up a Pension Trust viz. American Express Banking Corp. India Staff Superannuation Fund to manage the contributions to the pension fund. The Bank provides for its pension liability based on actuarial valuation of the pension liability, based on Projected Unit Credit Method, as at the Balance Sheet date carried out by an independent actuary and contributes to the pension fund. The contributions made to the Trust are recognized as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognized in the Balance Sheet. Actuarial gains or losses are recognized in the Profit and Loss Account in the year in which they arise.

##### c) Gratuity

The Bank has set up a Gratuity Trust viz. American Express Banking Corp. India Employees Gratuity Fund which is defined benefit scheme to manage the contributions to the gratuity fund. The Bank provides for its gratuity liability based on actuarial valuation of the gratuity liability as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary and contributes to the gratuity fund. The contributions made to the Trust are recognized as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognized in the Balance Sheet. Actuarial gains or losses are recognized in the Profit and Loss Account in the year in which they arise.

##### d) Leave encashment/Compensated Absences

The Bank provides for leave encashment/compensated absences liability, which is payable on separation or termination of service. The liability for leave encashment, which is a defined benefit scheme, is provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

##### 10. Income Taxes

Income tax expense comprises of the current tax, the net change in the deferred tax asset and the deferred tax liability during the year. Current tax is determined as the amount of tax payable in respect of taxable income for the year on the basis of the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax asset, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

In case there are carry forward tax losses, the Deferred Tax Asset is recognized only when there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

##### 11. Membership Reward Points

The Membership Reward programme is a card-based rewards programme through which eligible card members can earn points for purchases charged on the Bank's card products. Membership Rewards points can be redeemed for a broad variety of rewards. The Bank establishes balance sheet provisions that represent the estimated cost of points earned to date that are ultimately expected to be redeemed based on the management's judgement and shown as a part of Other Liabilities and Provisions. The cost of Membership Reward Points is included as part of Advertisement and Publicity Expense.

##### 12. Accounting for Provision, Contingent Liabilities and Contingent Assets

The Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate of the amount of the obligation can be made.

A disclosure for Contingent Liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

Contingent assets are not recognized in the financial statements.

##### 13. Segment Reporting

The Bank has recognised Banking Operations and Treasury operations, as the primary reporting Business Segments, in accordance with the RBI guidelines in compliance with Accounting Standard – 17 issued by Ministry of Corporate Affairs (MCA) as specified under Section 133 of Companies Act, 2013 read with Companies (Accounting Standards) Rules, 2021.

Banking Operations include card operations and institutional deposits. Interest income and expense (other than those identified with the Treasury Operations), other identified income and operating expenses are reckoned in the operating results of this segment.

Treasury activities are limited to managing liquidity and funding requirements for business operations of the bank as a support function and doesn't undertake any independent business activity such as trading investments, derivatives, etc. It includes the investments and balance in bank account to meet the Statutory Liquidity Ratio (SLR), Liquidity Coverage Ratio (LCR) and maintenance of Cash Balances to meet the Cash Reserve Ratio (CRR) requirement and the corresponding funding to meet these requirements. The interest income and interest expenses related to these activities comprise the revenue and expense of this segment.

##### 14. Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, balance with RBI, demand deposits with banks and other fixed deposits with bank with original maturities of three months or less.

##### 15. Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to ascertain if there is any indication of impairment based on internal/external factors in accordance with Accounting Standard – 28, Impairment of Assets issued by Institute of Chartered Accountants of India as specified under Section 133 of Companies Act, 2013 read with Companies (Accounting Standards) Rules, 2021. The carrying amount is reduced to the recoverable amount and reduction is recognised as an impairment loss in the Profit and Loss Account.

##### 16. Cash Flow Statement

Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Bank. Cash and cash equivalents consist of Cash and Balances with Reserve Bank of India and Balances with Banks.

#### IV. NOTES TO FINANCIAL STATEMENTS

##### 1. Statutory Disclosures as per RBI norms:

###### a) Composition of Regulatory Capital

In terms of the extant RBI guidelines on Basel III Capital Regulations, as of March 31, 2023, the Bank is required to maintain a minimum Pillar I Capital to Risk-weighted Asset Ratio (CRAR) (including capital conservation buffer of 2.5%) of 11.5%. Further, within this overall capital requirement, the Bank is also required to maintain a Minimum Common Equity Tier 1



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#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

(including capital conservation buffer of 2.5%) of 8% and Minimum Tier 1 Capital of 7%. The Bank's Capital Adequacy Ratio, calculated as per the Basel III Capital Regulations is provided here under.

(Amount in '000)

Particulars	2022-23	2021-22
Common Equity Tier 1 capital (i)	17,621,373	16,913,450
Additional Tier 1 Capital (ii)	-	-
Tier I Capital (i+ii)	17,621,373	16,913,450
Tier II Capital	12,708,421	9,733,797
Total Capital (Tier I and Tier II)	30,329,794	26,647,247
Total Risk Weighted Assets (RWAs)	93,782,977	92,738,675
CET 1 Ratio (CET 1 as a % of RWAs)	18.79%	18.24%
Tier I Ratio (Tier 1 capital as a % of RWAs)	18.79%	18.24%
Tier II Ratio (Tier 2 capital as a % of RWAs)	13.55%	10.49%
Capital to Risk Weighted Assets Ratio (CRAR) (Total capital as a % of RWAs)	32.34%	28.73%
Leverage Ratio	15.58%	17.00%
Percentage of the shareholding of the Government of India in public sector banks	NA	NA
Amount of paid-up equity capital raised during the year		
– Head Office Funds	-	-
– Conversion of Subordinated Debt to Head Office Funds	-	-
Amount of non-equity Tier 1 capital raised during the year, of which-		
– Basel III compliant Perpetual Non-Cumulative Preference shares	-	-
– Basel III compliant Perpetual Debt Instruments	-	-
Amount of Tier II capital raised during the year, of which		
– Basel III compliant Debt Capital instrument	7,749,000	-
– Basel III compliant Perpetual Non-cumulative Preference Share Capital	-	-

#### b) Subordinated Debt - Tier 2 Debt Capital Raised in the form of Head Office Borrowings in Foreign Currency:

Schedule 4 – Borrowings includes an amount of Rs.4,950,000 thousands, Rs.10,331,300 thousands and Rs.7,749,000 thousands pertaining to Tier 2 debt capital raised in the form of Head Office borrowings in foreign currency during 2018-19, 2019-20 and 2022-23 respectively from Head Office. Details of the Head Office borrowings are as under:

(Amount Rs. in '000)

Particulars	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Date of Borrowing	04-May-2018	11-Mar-2020	17-Mar-2020	26-May-2022
Rate of Interest	Interest Free	Interest Free	Interest Free	Interest Free
Amount (Rs. '000)	4,950,000	5,150,600	5,180,700	7,749,000
Date of Repayment	04-May-2028	11-Mar-2026	17-Mar-2027	26-May-2029
Call Option with the Bank	After completion of 5 years from the Issuance date (04-May-2023), with a prior notice of 90 days to the Lender. The bank has decided to exercise the prepayment option only after 01-May-2025.	After completion of 5 years from the Issuance date (11-Mar-2025), with a prior notice of 90 days to the Lender.	After completion of 5 years from the Issuance date (17-Mar-2025), with a prior notice of 90 days to the Lender.	After completion of 5 years from the Issuance date (26-May-2027), with a prior notice of 90 days to the Lender.

#### c) Business/Information Ratios:

	Particulars	2022-23	2021-22
a.	Interest income as a percentage to working funds (%)	6.58	7.02
b.	Non-interest income as a percentage to working funds (%)	13.74	12.42
c.	Cost of deposits (%)	3.98	3.77
d.	Net Interest margin (%)	6.17	6.40
e.	Operating profit as a percentage to working funds (%)	1.25	1.34
f.	Return on assets (%)	0.77	(0.07)
g.	Business (deposits plus advances) per employee (Amount in Rs. '000)	48,319	46,317
h.	Profit/(loss) per employee (Amount in Rs. '000)	481	(38)



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

##### Definitions:

- Working funds is the average of total assets as reported in return Form X under Section 27 of Banking Regulation Act, 1949 (excluding accumulated losses) during the year
- Operating profit = (Interest income + other income – interest expenses – operating expenses – amortization of premium on investments – profit/(loss) on sale of fixed assets).
- “Business” is the average of the total of advances and deposits (net of inter-bank deposits).
- Productivity ratios are based on number of employees at year end.

##### d) Asset Liability Management - Maturity Pattern of Certain Assets and Liabilities

Classification of assets and liabilities under the different maturity buckets are based on the estimates and assumptions used by the Bank. These estimates and assumptions are based on the guidelines on Asset Liability Management issued by Reserve Bank of India.

(Amount Rs. in ‘000)

Particulars	Day – 1	2-7 Days	8-14 Days	15-30 Days	31 Days & upto 2 months	Over 2 Months and upto 3 months	Over 3 Months and upto 6 months	Over 6 Months and upto 1 year	Over 1 Year and upto 3 years	Over 3 Year and upto 5 years	Over 5 years	Total
<b>Deposits -</b>												
Current Year	-	1,592,122	1,235,000	3,976,527	3,200,498	334,657	1,464,292	8,162,307	12,176,758	-	-	32,142,161
Previous Year	150,000	1,321,714	810,650	2,419,131	1,810,689	1,580,187	3,919,447	6,627,550	9,541,312	-	-	28,180,680
<b>Advances -</b>												
Current Year	909,820	5,458,923	6,368,744	14,557,128	2,014,914	940,638	2,169,233	2,344,366	4,437,730	414,014	92,273	39,707,783
Previous Year	711,455	4,268,731	4,980,186	11,383,282	1,700,792	1,449,446	3,266,566	2,010,895	5,429,390	1,373,299	135,471	36,709,513
<b>Investments</b>												
Current Year	30,456,317	783,114	660,706	722,729	318,032	226,649	63,942	1,388,373	4,998,398	1,241,479	99,316	40,959,055
Previous Year	21,962,031	635,849	628,379	483,612	301,333	251,166	639,633	1,436,810	2,118,405	2,445,263	71,577	30,974,058
<b>Borrowings -</b>												
Current Year	581,219	-	-	-	-	-	-	2,202,409	15,281,300	7,749,000	-	25,813,928
Previous Year	1,146,292	-	-	-	-	-	-	4,619,149	-	15,281,300	-	21,046,741
<b>Foreign Currency Assets -</b>												
Current Year	-	132,229	431	537,173	-	-	-	-	-	-	-	669,833
Previous Year	-	-	-	597,641	-	-	-	-	-	-	-	597,641
<b>Foreign Currency Liabilities -</b>												
Current Year	32,852	76,975	21	478,976	47,522	-	-	422,215	15,281,300	7,749,000	-	24,088,861
Previous Year	29,968	182,308	-	597,167	21,530	-	-	79,166	-	15,281,300	-	16,191,439

##### e) Exposures

##### (i) Exposure to real estate sector

(Amount Rs. in ‘000)

Particulars	2022-23	2021-22
a) Direct exposure	106,562	100,994
(i) Residential Mortgages –	35,120	13,575
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
(ii) Commercial Real Estate –	71,442	87,419
Lending secured by mortgages on commercial real estate	-	-
Others	71,442	87,419
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures–	-	-
a. Residential	-	-
b. Commercial Real Estate	-	-
b) Indirect Exposure	-	-
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
<b>Total Exposure to Real Estate Sector</b>	<b>106,562</b>	<b>100,994</b>



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

##### (ii) Exposure to capital market

(Amount Rs. in '000)

Particulars	2022-23	2021-22
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	393,552	162,542
(vi) loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows/issues;	-	-
(viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix) financing to stockbrokers for margin trading;	-	-
(x) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>	<b>393,552</b>	<b>162,542</b>

##### f) Risk Category wise Country Exposure

Provision for country risk exposure in terms of RBI Circular DBOD.BP.BC.71/21.04.103/2002-03 dated June 17, 2004 is as follows:

(Amount Rs. in '000)

Risk Category	Exposure (Net) as at March 31, 2023	Provision as at March 31, 2023	Exposure (Net) as at March 31, 2022	Provision as at March 31, 2022
Insignificant	536,963	-	597,576	-
Low	74	-	65	-
Moderately Low	-	-	-	-
Moderate	-	-	-	-
Moderately High	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
<b>Total</b>	<b>537,037</b>	<b>-</b>	<b>597,641</b>	<b>-</b>

##### g) Provisions and Contingencies:

(Amount Rs. in '000)

Particulars	2022-23	2021-22
Provision for depreciation on Investment	-	-
Provision for Non-Performing Investment	-	-
Provision towards Non-Performing Assets	398,546	(56,915)
Provision towards Standard assets	(202,343)	(316,485)
Write-offs	879,907	2,254,928
Recoveries	(670,078)	(824,332)
Provision made towards Income tax	-	-
Other Provisions and Contingencies	30,164	7,450
<b>TOTAL</b>	<b>436,196</b>	<b>1,064,646</b>



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

##### h) Composition of Investment Portfolio

As at 31<sup>st</sup> March, 2023

(Amount Rs. in '000)

	Investments in India						Total investments in India
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	
<b>Held to Maturity</b>							
Gross	-	-	-	-	-	-	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
<b>Available for sale</b>							
Gross	40,959,055	-	-	-	-	-	40,959,055
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-
Net	40,959,055	-	-	-	-	-	40,959,055
<b>Held for Trading</b>							
Gross	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
<b>Total Investments</b>	40,959,055	-	-	-	-	-	40,959,055
Less: Provision for non-performing investments	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-
<b>Net</b>	<b>40,959,055</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,959,055</b>

As at 31<sup>st</sup> March, 2022

(Amount Rs. in '000)

	Investments in India						Total investments in India
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	
<b>Held to Maturity</b>							
Gross	-	-	-	-	-	-	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
<b>Available for sale</b>							
Gross	30,974,058	-	-	-	-	-	30,974,058
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-
Net	30,974,058	-	-	-	-	-	30,974,058
<b>Held for Trading</b>							
Gross	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
<b>Total Investments</b>	30,974,058	-	-	-	-	-	30,974,058
Less: Provision for non-performing investments	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-
<b>Net</b>	<b>30,974,058</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,974,058</b>

The bank does not have investments outside India.





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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

#### i) Movement of provisions for depreciation and Investment Fluctuation Reserve (Amount Rs. in '000)

Particulars	2022-23	2021-22
<b>Movement of provision held towards depreciation on investments</b>		
a) Opening Balance	-	-
b) Add: Provisions made during the year	-	-
c) Less: Write off/write back of excess provisions during the year	-	-
d) Closing balance	-	-
<b>Movement of Investment Fluctuation Reserve</b>		
a) Opening Balance	474	474
b) Add: Amount transferred during the year	-	-
c) Less: Drawdown	-	-
d) Closing balance	474	474
Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	0.0012%	0.0015%

#### j) Single Borrower Limit (SBL) and Group Borrower Limits (GBL):

During the year, the Bank's credit exposure to single borrowers and group borrowers were within the limits prescribed by Reserve Bank of India.

#### k) Disclosure of complaints:

Summary information on complaints received by the bank from customers and from the Office of Banking Ombudsman (OBOs)

S No	Particulars	2022-23	2021-22
<b>Complaints received by the bank from its customers</b>			
1	No of complaints pending at the beginning of the year	489	1,083
2	No of complaints received during the Year	60,337	22,157
3	No of complaints disposed during the year	59,062	22,751
4	3.1 Of which, number of complaints rejected by the bank	-	-
	No of complaints outstanding at the end of the year	1,764	489
<b>Maintainable complaints received by the bank from OBOs</b>			
5	Number of maintainable complaints received by the bank from OBOs	257	238
5.1	Of 5, number of complaints resolved in favor of the bank by Bos	119	100
5.2	Of 5, number of complaints resolved through conciliation/mediation/ settled/withdrawn/advisories issued by Bos	138	138
5.3	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Grounds of complaints received by the bank from customers: (Top 5 grounds required)

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/(decrease) in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>2022-23</b>					
Credit Cards	78	25,655	685%	555	2
Account opening/difficulty in operation of accounts	71	10,256	178%	276	-
Levy of charges without prior notice/excessive charges/foreclosure charges	104	7,243	11%	247	-
Non-observance of Fair Practices Code	62	2,188	16%	71	-
Internet/Mobile/ Electronic Banking	8	2,006	431%	65	-
Others	166	12,989	131%	550	-
<b>Total</b>	<b>489</b>	<b>60,337</b>	<b>172%</b>	<b>1,764</b>	<b>2</b>



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#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/(decrease) in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>2021-22</b>					
Levy of charges without prior notice/excessive charges/foreclosure charges	295	6,538	-18%	104	-
Account opening/difficulty in operation of accounts	208	3,686	-31%	71	-
Credit Cards	140	3,267	-13%	78	-
Non-observance of Fair Practices Code	61	1,887	31%	62	-
Mis-selling/Para-banking	44	1,144	17%	37	-
<b>Others</b>	<b>335</b>	<b>5,635</b>	<b>-8%</b>	<b>137</b>	<b>-</b>
<b>Total</b>	<b>1,083</b>	<b>22,157</b>	<b>-13%</b>	<b>489</b>	<b>-</b>

#### l) Concentration of Deposits, Advances, Exposures and NPAs:

##### Concentration of Deposits

(Amount Rs. in '000)

S. No.	Particulars	2022-23	2021-22
1	Total Deposits of twenty largest depositors	31,896,866	27,915,476
2	Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	99.24%	99.06%

##### Concentration of Advances

(Amount Rs. in '000)

S. No.	Particulars	2022-23	2021-22
1	Total Advances to twenty largest borrowers	2,666,669	1,923,737
2	Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	6.32%	4.96%

##### Concentration of Exposures

(Amount Rs. in '000)

S. No.	Particulars	2022-23	2021-22
1	Total Exposure to twenty largest borrowers/customers	5,844,479	3,841,484
2	Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	2.45%	1.72%

##### Concentration of NPAs

(Amount Rs. in '000)

S. No.	Particulars	2022-23	2021-22
1	Total Exposure to the top twenty NPA accounts	1,293,175	863,848
2	Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs	44.88%	38.00%



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

##### m) Asset Quality

##### i. Classification of advances and provisions held

As at 31<sup>st</sup> March 2023

(Amount Rs. in '000)

	Standard	Non-Performing			Total Non-Performing Advances	Total
	Total Standard advances	Sub-standard	Doubtful	Loss		
<b>Gross Standard Advances and NPAs</b>						
Opening balance	36,535,425	1,038,353	1,235,179	-	2,273,532	38,808,957
Add: Additions during the year					19,861,040	
Less: Reductions during the year					19,253,400	
Closing balance	39,302,518	1,418,704	1,462,468	-	2,881,172	42,183,690
<b>Reductions in Gross NPAs due to:</b>						
i) Upgradation					3,622,578	
ii) Recoveries (excluding recoveries from upgraded accounts)					14,854,287	
iii) Technical/Prudential 16 Write-offs					-	
iv) Write-offs other than those under (iii) above					776,535	
<b>Provisions (excluding Floating Provisions)</b>						
Opening balance of provisions held	611,109	833,433	1,235,179	-	2,068,612	2,679,721
Add: Fresh provisions made during the year					16,691,633	
Less: Excess provision reversed/ Write-off loans					16,293,087	
Closing balance of provisions held	408,766	1,004,690	1,462,468	-	2,467,158	2,875,924
<b>Net NPAs</b>						
Opening balance		204,920	-	-	204,920	
Add: Fresh additions during the year					3,169,407	
Less: Reductions during the year					2,960,312	
Closing balance		414,015	-	-	414,015	414,015
<b>Floating Provisions</b>						
Opening balance						-
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						-
<b>Technical write-offs and the recoveries made thereon</b>						
Opening balance of Technical/ Prudential written-off accounts						-
Add: Technical/Prudential write-offs during the year						-
Less: Recoveries made from previously technical/prudential written-off accounts during the year						-
Closing balance						-



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

As at 31<sup>st</sup> March 2022

(Amount Rs. in '000)

	Standard	Non-Performing			Total Non-Performing Advances	Total
	Total Standard advances	Sub-standard	Doubtful	Loss		
<b>Gross Standard Advances and NPAs</b>						
Opening balance	31,025,588	1,881,741	574,949	76,412	2,533,102	33,558,690
Add: Additions during the year					6,866,966	
Less: Reductions during the year					7,126,536	
Closing balance	36,535,425	1,038,353	1,235,179	-	2,273,532	38,808,957
<b>Reductions in Gross NPAs due to:</b>						
i) Upgradation					215,497	
ii) Recoveries (excluding recoveries from upgraded accounts)					4,759,504	
iii) Technical/Prudential 16 Write-offs					-	
iv) Write-offs other than those under (iii) above					2,151,535	
<b>Provisions (excluding Floating Provisions)</b>						
Opening balance of provisions held	870,382	1,474,165	574,949	76,412	2,125,526	2,995,908
Add: Fresh provisions made during the year					5,921,183	
Less: Excess provision reversed/Write-off loans					5,978,097	
Closing balance of provisions held	611,109	833,433	1,235,179	-	2,068,612	2,679,721
<b>Net NPAs</b>						
Opening balance		407,576	-	-	407,576	
Add: Fresh additions during the year					945,783	
Less: Reductions during the year					1,148,439	
Closing balance		204,920	-	-	204,920	204,920
<b>Floating Provisions</b>						
Opening balance						-
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						-
<b>Technical write-offs and the recoveries made thereon</b>						
Opening balance of Technical/Prudential written-off accounts						-
Add: Technical/Prudential write-offs during the year						-
Less: Recoveries made from previously technical/prudential written-off accounts during the year						-
Closing balance						-

Ratios (in %)	2022-23	2021-22
Gross NPA to Gross Advances	6.83%	5.86%
Net NPA to Net Advances	1.04%	0.56%
Provision Coverage Ratio	88.70%	94.88%



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

##### n) Sector-wise Advances and Gross NPAs

(Amount Rs. in '000)

S. No.	Sector	2022-23			2021-22		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPA to Total Advances	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPA to Total Advances
<b>A</b>	<b>Priority Sector*</b>						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry (Micro & small, Medium and Large)	-	-	-	-	-	-
3	Services	-	-	-	-	-	-
4	Personal Loans	-	-	-	-	-	-
	Sub Total (A)	-	-	-	-	-	-
<b>B</b>	<b>Non Priority Sector</b>						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry (Micro & small, Medium and Large)	3,008,376	551,073	18.32%	2,065,870	250,092	12.11%
	– Food Processing	208,939	227	0.11%	218,043	1,558	0.71%
	– Chemicals and Chemical Products (Dyes, Paints, etc.)	878,128	124,009	14.12%	463,367	64,091	13.83%
	– All Engineering (Electronics & Others)	893,707	229,920	25.73%	621,853	95,474	15.35%
	– Others	1,027,602	196,917	19.16%	762,607	88,969	11.67%
3	Services	6,489,085	1,535,866	23.67%	4,853,440	1,008,746	20.78%
	– Computer Software	1,686,330	575,669	34.14%	1,291,435	118,757	9.20%
	– Tourism, Hotel and Restaurants	793,624	22,045	2.78%	675,648	28,843	4.27%
	– Professional Services	1,630,486	624,260	38.29%	1,161,946	517,220	44.51%
	– Retail Trade	763,742	2,406	0.32%	466,313	7,268	1.56%
	– Others	1,614,903	311,486	19.29%	1,258,098	336,658	26.76%
4	Personal Loans	32,686,230	794,233	2.43%	31,889,647	1,014,694	3.18%
	Sub Total (B)	42,183,691	2,881,172	6.83%	38,808,957	2,273,532	5.86%
	Totals (A+B)	42,183,691	2,881,172	6.83%	38,808,957	2,273,532	5.86%

\* Not applicable to the Bank vide RBI letter no. RPCD.CO.Plan.11642/04.09.09/2008-09 dated 11/05/2009

##### o) Particulars of resolution plan and restructuring

(Amount Rs. in '000)

		Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
		FY 22-23	FY 21-22	FY 22-23	FY 21-22	FY 22-23	FY 21-22	FY 22-23	FY 21-22	FY 22-23	FY 21-22
<b>Standard</b>	Number of borrowers	-	-	-	-	1	8	520	1,571	521	1,579
	Gross Amount	-	-	-	-	-	1,582	53,552	189,157	53,552	190,739
	Provision held	-	-	-	-	-	430	12,539	47,163	12,539	47,593
<b>Sub-standard</b>	Number of borrowers	-	-	-	-	-	8	1,523	2,517	1,523	2,525
	Gross Amount	-	-	-	-	-	4,231	236,468	289,399	236,468	293,630
	Provision held	-	-	-	-	-	3,997	184,101	270,893	184,101	274,890
<b>Doubtful</b>	Number of borrowers	-	-	-	-	1	2	1,289	1,308	1,290	1,310
	Gross Amount	-	-	-	-	843	377	98,075	116,128	98,918	116,505
	Provision held	-	-	-	-	843	377	98,075	116,128	98,918	116,505
<b>Total</b>	Number of borrowers	-	-	-	-	2	18	3,332	5,396	3,334	5,414
	Gross Amount	-	-	-	-	843	6,190	388,095	594,684	388,938	600,874
	Provision held	-	-	-	-	843	4,804	294,715	434,184	295,558	438,988



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

**p) Payment of DICGC Insurance Premium**

(Amount Rs. in '000)

Sr. No.	Particulars	2022-23	2021-22
i)	Payment of DICGC Insurance Premium	46,038	40,791
ii)	Arrears in payment of DICGC premium	-	-

**q) Provisioning Coverage Ratio (PCR)**

In terms of the RBI guidelines, the Bank's Provisioning Coverage Ratio as of September 30, 2010 was 82.88%. The provisioning coverage ratio of the Bank with regard to the NPAs as on March 31, 2023 computed as per the RBI guidelines is 88.70% [2021-22: 94.88%].

**r) Intra-Group Exposure**

As a prudential measure aimed at better risk management and avoiding concentration and contagion of credit and liquidity risk that may arise from Intra Group Exposures, the Reserve Bank of India (RBI) has issued Guidelines on Management of Intra Group Transactions and Exposures (ITEs) vide its Circular No. RBI/2013-14/487 DBOD.No.BP.BC.96/21.06.102/2013-14 dated February 11, 2014. Quantitative disclosures under the above guidelines are provided here.

(Amount Rs. in '000)

S. No.	Particulars	March 31, 2023	March 31, 2022
1	Total amount of intra-group exposures	134,340	47,845
2	Total amount of top-20 intra-group exposures	134,340	47,845
3	Percentage of intra-group exposures to total exposure of the bank on borrowers/customers	0.06%	0.02%
4	Details of breach of limits on intra-group exposures and regulatory action thereon, if any	None	None

**s) Transfers to Depositor Education and Awareness Fund (DEAF)**

As per guidelines issued by RBI in relation to Depositor Education and Awareness Fund Scheme, 2014, banks are required to transfer to a designated fund, the amounts becoming due in each calendar month i.e. proceeds of the inoperative accounts and balances remaining unclaimed for ten years or more as specified in the Scheme and the interest accrued thereon on the last working day of the subsequent month.

Below are the details of amount transferred to Depositor Education and Awareness Fund as of March 2023.

(Amount Rs. in '000)

Particulars	2022-23	2021-22
Opening balance of amounts transferred to DEAF	139,237	88,779
Add : Amounts transferred to DEAF during the year	44,815	50,565
Less : Amounts reimbursed by DEAF towards claims	-*	107
Closing balance of amounts transferred to DEAF	184,052	139,237

\*Includes INR 259, below rounding off norms

**t) Liquidity Coverage Ratio**

As per 'Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards' dated June 9, 2014 (Circular Ref No. RBI/2012-13/635/DBOD.BP.BC.No.120/21.04.098/2013-14) and subsequent amendments, banks are required to monitor their resilience to potential liquidity disruptions under stress scenarios by ensuring that they have sufficient high quality liquid assets to survive an acute stress scenario lasting for 30 days and fund their activities with more stable sources of funding on an ongoing basis.



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Banks are required to maintain High Quality Liquid Assets as a %age of its Net Cash Outflows, at a minimum as prescribed by the extant regulations.

#### Qualitative Disclosures

Liquidity Risk is defined as the inability of the Bank to meet its ongoing financial and business obligations as they become due, at a reasonable cost. The Bank manages its liquidity risk by maintaining access to a diverse set of readily marketable securities, and contingent sources of liquidity to ensure that it can continuously meet its business requirements and financial obligations. The India Country ALCO chaired by the CEO oversees the Bank's liquidity and funding risk program including adherence to internal and regulatory funding/liquidity limits.

General principles and the overall framework for managing liquidity and funding risk are defined in the Liquidity and Funding Policy of the Bank duly approved by the Country Executive Committee (CEC).

The Bank incurs and accepts liquidity risk through its established business model and through the normal course of offering its products and services. The liquidity risk the Bank is willing to accept is controlled through a liquidity risk tolerance limit which provides for the maintenance of a cushion of high quality, unencumbered liquid assets to be held against identified funding requirements under stress for defined liquidity risk survival horizon. In addition, the Bank maintains a contingency funding plan which provides a framework for analyzing and responding to liquidity events that are both market-driven as well as institution-specific. Further, the CFP describes the governance and protocol to be put into effect upon the occurrence of a liquidity event and details the roles and responsibilities of Senior Management.

The Bank also seeks to diversify its funding sources across capital, institutional deposits, subordinated debt from head office and lines of credit from local banks. Funding from significant counterparties is monitored regularly as part of its ongoing liquidity management.

The Bank has institutionalized a process of measuring, monitoring and reporting of the LCR in line with the Reserve Bank of India's guidelines on LCR. The Bank has been in compliance with the minimum standard as set by the extant regulations since the guidelines became applicable.

The LCR is calculated by dividing the amount of high-quality liquid unencumbered assets (HQLA) by the estimated net cash outflows over a stressed 30 calendar day period.

Detailed compositions of elements of the LCR are listed below –

#### High Quality liquid assets (HQLA)

Assets are HQLA if they can be converted into cash at little or no loss of value. The Bank holds stock of Level 1 HQLA in the form of excess CRR balances with RBI and excess Government securities over and above the SLR requirements. Additionally, the Bank also reckons government securities within the mandatory SLR requirement, to the extent allowed by the Reserve Bank under Marginal Standing Facility and Facility to avail Liquidity for LCR as Level 1 HQLA.

#### Net Cash Outflows

The total net cash outflows are defined as the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. Total expected cash outflows, are calculated by multiplying the outstanding balances of various categories or types of liabilities by the rates at which they are expected to run off or be drawn down and total expected cash inflows are calculated by multiplying the outstanding balances of various categories of receivables by the rates at which they are expected to flow in, up to an aggregate cap of 75% of total expected cash outflows, in line with RBI guidelines.

The major components of cash outflow for the Bank are unsecured wholesale funding (lines of credit from Banks and Institutional Deposits), uncommitted, revocable credit facilities extended to customers and other contractual payouts such as merchant payables, membership rewards etc. The key constituents of cash inflow for the Bank are remittances from card members, balances with banks etc.

The daily average LCR for the Bank for the quarter ending March 31, 2023 stood at 236.50%.



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##### Quantitative Disclosures

(Amount Rs. in '000)

	Qtr ended 31st March 2023		Qtr ended 31st December 2022		Qtr ended 30th September 2022		Qtr ended 30th June 2022		Quarter ended 31st March 2022	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>										
1	Total High Quality Liquid Assets (HQLA)	41,262,187		40,306,937		36,714,210		31,525,847		32,025,070
<b>Cash Outflows</b>										
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-	-
(i)	Stable deposits	-	-	-	-	-	-	-	-	-
(ii)	Less stable deposits	-	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding, of which:	11,628,914	5,654,578	9,812,298	4,609,474	7,489,504	3,590,451	6,841,256	3,227,604	6,732,379
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	9,957,226	3,982,890	8,671,373	3,468,549	6,498,422	2,599,369	6,022,753	2,409,101	6,177,984
(iii)	Unsecured debt	1,671,688	1,671,688	1,140,925	1,140,925	991,082	991,082	818,503	818,503	554,395
4	Secured wholesale funding	-	-	-	-	-	-	-	-	-
5	Additional requirements, of which	315,087	315,087	333,528	333,528	334,503	334,503	347,493	347,493	353,201
(i)	Outflows related to derivative exposures and other collateral requirements	315,087	315,087	333,528	333,528	334,503	334,503	347,493	347,493	353,201
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	10,705,961	10,705,961	10,971,307	10,971,308	9,844,689	9,844,689	13,445,931	13,445,931	9,059,612
7	Other contingent funding obligations	190,811,640	9,540,582	182,400,037	9,120,002	186,260,302	9,313,015	184,822,838	9,241,142	185,580,634
8	<b>Total Cash Outflows</b>		26,216,208		25,034,311		23,082,658		26,262,170	21,717,434
<b>Cash Inflows</b>										
9	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	13,107,514	6,553,757	13,060,094	6,530,047	13,085,124	6,542,562	12,974,348	6,487,174	9,369,199
11	Other cash inflows	17,701,032	2,215,528	17,698,370	2,851,021	17,042,366	1,844,849	14,824,513	4,587,866	11,847,063
12	<b>Total Cash Inflows</b>	30,808,546	8,769,285	30,758,464	9,381,068	30,127,490	8,387,411	27,798,861	11,075,040	21,216,262
			<b>Total Ad-justed Value</b>		<b>Total Ad-justed Value</b>		<b>Total Ad-justed Value</b>		<b>Total Ad-justed Value</b>	<b>Total Ad-justed Value</b>
13	<b>TOTAL HQLA</b>		41,262,187		40,306,937		36,714,210		31,525,847	32,025,070
14	<b>Total Net Cash Outflows</b>		17,446,923		15,653,243		14,695,247		15,187,130	15,080,986
15	<b>Liquidity Coverage Ratio (%)</b>		236.50%		257.50%		249.84%		207.58%	212.35%

\* Higher of [25% of Total Cash Outflows] or [Total Cash Outflows less Total Cash Inflows]

##### u) Net Stable Funding Ratio (NSFR)

###### Qualitative Disclosures

Net stable funding ratio (NSFR) was introduced by Basel Committee on Banking Supervision (BCBS) in order to ensure that banks maintain a stable funding profile in relation to the composition of the assets, liabilities, and off-balance sheet activities. NSFR limits overreliance on short-term funding and promotes funding the activities with longer term stable sources indicating funding stability. RBI issued the regulations on the implementation of the Net Stable Funding Ratio in May 2018 with minimum requirement of equal to at least 100%. The implementation was effective from 1st October 2021.

NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available stable funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required stable funding") (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures.

General principle and the overall framework for managing the liquidity and funding risk are defined in the liquidity and funding policy of the Bank duly approved by the Country Executive Committee (CEC).





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Following table sets out the details of NSFR of the bank as on 30<sup>th</sup> June, 2022.

(Amount Rs. in '000)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
<b>ASF ITEM</b>						
1	Capital (2+3)	17,134,483	-	-	34,541,967	51,676,450
2	Regulatory capital	17,134,483	-	-	13,861,520	30,996,003
3	Other capital instruments	-	-	-	20,680,447	20,680,447
4	Retail deposits and deposits from small business customers: (5+6)	-	-	-	-	-
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	-	-	-	-
7	Wholesale funding: (8+9)	-	13,414,288	5,290,310	5,512	9,355,055
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	13,414,288	5,290,310	5,512	9,355,055
10	Other liabilities: (11+12)	19,056,304	305,392	120,069	261,394	-
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	19,056,304	305,392	120,069	261,394	-
13	<b>Total ASF (1+4+7+10)</b>		<b>61,031,505</b>			<b>61,031,505</b>
<b>RSF ITEM</b>						
14	Total NSFR high-quality liquid assets (HQLA)					<b>1,722,065</b>
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16	Performing loans and securities: (17+18+19+21+23)	31,849,410	-	-	-	15,917,313
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	21,120	-	-	-	3,168
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	31,828,290	-	-	-	15,914,145
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-
21	Performing residential mortgages, of which:	-	-	-	-	-
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-
24	Other assets: (sum of rows 25 to 29)	20,783,393	-	-	-	19,349,657
25	Physical traded commodities, including gold	-	-	-	-	-



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(Amount Rs. in '000)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	20,783,393	-	-	-	19,349,657
30	Off-balance sheet items	184,882,484	-	-	-	9,244,124
31	Total RSF	275,012,203	-	-	-	46,233,159
32	Net Stable Funding Ratio (%)					132.01%

Following table sets out the details of NSFR of the bank as on 30<sup>th</sup> September, 2022

(Amount Rs. in '000)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
<b>ASF ITEM</b>						
1	Capital (2+3)	17,328,236	-	-	37,124,230	54,452,466
2	Regulatory capital	17,328,236	-	-	12,311,720	29,639,956
3	Other capital instruments	-	-	-	24,812,510	24,812,510
4	Retail deposits and deposits from small business customers: (5+6)	-	-	-	-	-
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	-	-	-	-
7	Wholesale funding: (8+9)	-	14,573,255	3,169,148	8,217	8,875,310
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	14,573,255	3,169,148	8,217	8,875,310
10	Other liabilities: (11+12)	20,317,046	312,918	68,048	302,802	-
11	NSFR derivative liabilities		-	-	-	
12	All other liabilities and equity not included in the above categories	20,317,046	312,918	68,048	302,802	-
13	<b>Total ASF (1+4+7+10)</b>					<b>63,327,776</b>
<b>RSF ITEM</b>						
14	Total NSFR high-quality liquid assets (HQLA)					<b>1,940,720</b>
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16	Performing loans and securities: (17+18+19+21+23)	31,174,028	-	-	-	15,568,899
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	51,756	-	-	-	7,763
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	31,122,272	-	-	-	15,561,136



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(Amount Rs. in '000)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-
21	Performing residential mortgages, of which:	-	-	-	-	-
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-
24	Other assets: (sum of rows 25 to 29)	20,169,854	-	-	-	18,803,464
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	20,169,854	-	-	-	18,803,464
30	Off-balance sheet items	178,776,358	-	-	-	8,938,818
31	Total RSF	271,980,258	-	-	-	45,251,901
32	Net Stable Funding Ratio (%)					139.95%

Following table sets out the details of NSFR of the bank as on 31st December, 2022

(Amount Rs. in '000)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
<b>ASF ITEM</b>						
1	Capital (2+3)	17,250,736	-	-	34,652,967	51,903,703
2	Regulatory capital	17,250,736	-	-	12,311,720	29,562,456
3	Other capital instruments	-	-	-	22,341,247	22,341,247
4	Retail deposits and deposits from small business customers: (5+6)	-	-	-	-	-
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	-	-	-	-
7	Wholesale funding: (8+9)	-	15,153,950	74,55,300	13,329	11,311,290
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	15,153,950	74,55,300	13,329	11,311,290
10	Other liabilities: (11+12)	19,486,569	3,29,798	124,603	253,236	-
11	NSFR derivative liabilities		-	-	-	
12	All other liabilities and equity not included in the above categories	19,486,569	329,798	124,603	253,236	-
<b>13</b>	<b>Total ASF (1+4+7+10)</b>		<b>63,214,993</b>			<b>63,214,993</b>
<b>RSF ITEM</b>						
14	Total NSFR high-quality liquid assets (HQLA)					<b>2,073,557</b>



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(Amount Rs. in '000)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16	Performing loans and securities: (17+18+19+21+23)	30,814,385	-	-	-	15,399,619
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	21,638	-	-	-	3,246
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	30,792,747	-	-	-	15,396,373
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-
21	Performing residential mortgages, of which:	-	-	-	-	-
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-
24	Other assets: (sum of rows 25 to 29)	19,249,348	-	-	-	17,863,962
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	19,249,348	-	-	-	17,863,962
30	Off-balance sheet items	189,182,946	-	-	-	9,459,147
31	Total RSF	283,903,434	-	-	-	44,796,285
32	Net Stable Funding Ratio (%)					141.12%

Following table sets out the details of NSFR of the bank as on 31st March, 2023

(Amount Rs. in '000)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
<b>ASF ITEM</b>						
1	Capital (2+3)	18,018,073	-	-	35,193,698	53,211,771
2	Regulatory capital	18,018,073	-	-	12,311,720	30,329,793
3	Other capital instruments	-	-	-	22,881,978	22,881,978
4	Retail deposits and deposits from small business customers: (5+6)	-	-	-	-	-
5	Stable deposits	-	-	-	-	-



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(Amount Rs. in '000)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
6	Less stable deposits	-	-	-	-	-
7	Wholesale funding: (8+9)	-	11,803,096	10,364,717	13,360	11,090,586
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	11,803,096	10,364,717	13,360	11,090,586
10	Other liabilities: (11+12)	19,659,739	265,873	183,862	274,290	-
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	19,659,739	265,873	183,862	274,290	-
13	<b>Total ASF (1+4+7+10)</b>		<b>63,214,993</b>			<b>64,302,357</b>
<b>RSF ITEM</b>						
14	Total NSFR high-quality liquid assets (HQLA)					<b>2,023,413</b>
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16	Performing loans and securities: (17+18+19+21+23)	32,727,406	-	-	-	16,348,649
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	43,012	-	-	-	6,452
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	32,684,394	-	-	-	16,342,197
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-
21	Performing residential mortgages, of which:	-	-	-	-	-
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-
24	Other assets: (sum of rows 25 to 29)	19,476,026	-	-	-	18,081,058
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	19,476,026	-	-	-	18,081,058
30	Off-balance sheet items	197,965,592	-	-	-	9,898,280
31	<b>Total RSF</b>	<b>293,742,300</b>	-	-	-	<b>46,351,400</b>
32	<b>Net Stable Funding Ratio (%)</b>					<b>138.73%</b>



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#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

**v) Disclosure on Frauds** (Amount Rs. in '000)

Particulars	2022-23	2021-22
Number of frauds reported (in numbers)	2,302	2,257
Amount Involved in fraud	112,545	74,786
Amount Written-Off	112,545	74,786
Amount Recovered	41,322	16,489
Amount of Unamortized provision debited from 'other reserves' as at the end of the year	-	-

**w) Disclosure of Material Items:**

In reference to RBI circular RBI/2022-23/155 DOR.ACC.REC.No.91/21.04.018/2022-23 below are the disclosure on material items:

- Miscellaneous income under the head "Schedule 14- Other Income" does not exceed 1 percent of total income
- Details of Other Expenditure under the head "Schedule 16- Operating Expenses" exceeding 1 percent of total income are below:

(Amount Rs. in '000)

Particulars	2022-23	2021-22
Technology Expense	860,899	436,876
Professional Fees	540,310	649,291
Collection Expense	305,626	346,163
<b>Total</b>	<b>1,706,835</b>	<b>1,432,330</b>

- Details of Other Liabilities under schedule 5(IV)-Other Liabilities and Provisions exceeding 1 percent of total assets are below:

(Amount Rs. in '000)

Particulars	2022-23	2021-22
Merchant Payables	5,278,166	4,029,213
Membership Reward Liability	3,726,266	3,233,925
Deferred Income	1,627,769	1,283,317
Card Member Credit Balances	1,351,543	1,265,090
Inter-affiliate Payables	1,129,869	780,298
Employee Benefits	1,120,061	859,123
<b>Total</b>	<b>14,233,674</b>	<b>11,300,082</b>

- Details of Other Assets under schedule 11(VII)-Other Assets exceeding 1 percent of total assets are below:

(Amount Rs. in '000)

Particulars	2022-23	2021-22
Debit balance of Profit and loss account	5,195,964	5,726,906
<b>Total</b>	<b>5,195,964</b>	<b>5,726,906</b>

**x) Unhedged Foreign Currency Exposure:**

Provision towards unhedged foreign currency exposures as on 31 March 2023 is Rs. 73,975 ('000) [2021-22: Rs. 54,424 ('000)] and the capital held by the Bank towards this risk is Rs. 207,547 ('000) [2021-22: Rs 191,028 ('000)] as per RBI master circular DBR.No.BP.BC.2/21.04.048/2015-16 dated 01 July 2015 on prudential norms on income recognition, asset classification and provisioning pertaining to advances.

**y) Divergence in the asset classification and provisioning**

RBI vide its circular RBI/2016-17/283 DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017, circular RBI/2019-20/157 DBR.BP.BC.No.32/21.04.018/2019-20 dated April 01, 2019, and subsequently vide its circular RBI/2022-23/130 DOR.ACC.REC.No.74/21.04.018/2022-23 dated October 11, 2022, has directed that banks shall make suitable disclosures, wherever either (a) the additional provisioning for NPAs assessed by RBI exceeds 10 percent of the reported profit before provisions and contingencies for the reference period or (b) the additional Gross NPAs identified by RBI exceed 10 percent of the published incremental Gross NPAs for the reference period, or both.

For financial year 2021-22, RBI has not assessed any additional provisioning requirement or Gross NPAs for the Bank.



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#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

**z) The Bank has no disclosure to make in respect of the following items as the relevant items are Nil**

(i)	<b>Investments:</b>	Repo Transactions (in face value terms) Non-SLR Investment Portfolio Non performing Non-SLR Investments Sale and transfers to/from HTM category
(ii)	<b>Asset Quality:</b>	Details of financial assets sold to Securitisation/Reconstruction Company for Asset Reconstruction Details of non-performing financial assets purchased/sold Unsecured Advances: Assets for which intangible securities have been taken as collateral Investment in Securities Receipts
(iii)		Disclosure relating to securitisation
(iv)		Draw down from Reserves
(v)		Penalties imposed by Reserve Bank of India
(vi)		Discontinuing Operations
(vii)		Unamortised Pension and Gratuity Liabilities
(viii)		Factoring expenses
(ix)		Details of fees/remuneration received in respect of marketing and distribution function (excluding bancassurance business)
(x)		The amount of PSLCs (category-wise) sold and purchased during the year shall be disclosed
(xi)		Disclosure of transfer of loan exposures
(xii)		Resolution of Stressed Assets – Extension of Resolution Timelines

**aa) The Bank has no disclosure to make in respect of the following items as the relevant items are Not Applicable**

(i)	<b>Investments:</b>	Investments in Associates
(ii)	<b>Derivatives:</b>	Forward Rate Agreements/Interest Rate Swaps Exchange Traded Interest Rate Derivatives Disclosure on risk exposure in derivatives Credit Default Swaps
(iii)		Letter of Comforts issued by the Bank
(iv)		Earnings per share
(v)		Consolidated Financial Statements
(vi)		Overseas Assets, NPAs and Revenue
(vii)		Off-Balance Sheet SPVs sponsored

**2. Commission, exchange and brokerage (net)**

Commission, exchange and brokerage is netted off with the amount shared with affiliates on overseas Card Member spend on the Bank's merchant and volume rebates amounting to Rs. 2,727,005 ('000) [2021-22: Rs. 1,229,416 ('000)].

**3. Deferred Taxes**

In accordance with AS-22 on 'Accounting for Taxes on Income' issued by Ministry of Corporate Affairs (MCA), the Bank recognizes Deferred Tax Assets on timing differences to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. As of March 31, 2023, in view of lack of virtual certainty supported by convincing evidence that sufficient taxable income would accrue in the immediate future, as a matter of prudence, the Bank has decided not to recognise Net Deferred Tax Assets as on March 31, 2023.



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#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

The major composition of Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) is as under:

(Amount in Rs. '000)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Deferred tax assets/(liabilities)</b>		
Provision for Bad & Doubtful Debts	1,282,066	1,198,549
Provision for Employee Benefits	393,694	296,478
Accumulated Taxable Losses	700,108	976,193
Depreciation on fixed assets	(552,286)	(236,063)
Deferred Rent & Other reserves	95,628	7,464

#### 4. Segment Reporting

The summary of the segmental information of the Bank for the Year ended 31<sup>st</sup> March, 2023 are given below-

(Amount in Rs. '000)

Segmentation Particulars	Banking operations		Treasury		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Segment Revenue (a)	16,649,524	13,448,157	1,970,855	1,213,626	18,620,379	14,661,783
Segment Expense (b)	16,942,034	13,824,473	970,422	886,696	17,912,456	14,711,169
Unallocated Expenses (c)					-	-
<b>Segment result (d) = (a) – (b) – (c)</b>	<b>(292,510)</b>	<b>(376,316)</b>	<b>1,000,433</b>	<b>326,930</b>	<b>707,923</b>	<b>(49,386)</b>
Inter-Segment Adjustment (e)*	1,000,433	326,930	(1,000,433)	(326,930)	-	-
<b>Segment result after inter-segment Adjustment (d) + (e)</b>	<b>707,923</b>	<b>(49,386)</b>	<b>-</b>	<b>-</b>	<b>707,923</b>	<b>(49,386)</b>
Operating Profits/(Loss)					707,923	(49,386)
Income taxes					-	-
Extraordinary profit/(loss)					-	-
<b>Net profit (loss)</b>					<b>707,923</b>	<b>(49,386)</b>
<b>Other information:</b>						
Segment assets	48,478,501	46,768,659	44,064,727	33,354,468	92,543,228	80,123,127
Unallocated assets (Taxes and accumulated losses)	-				5,953,537	6,652,847
<b>Total assets</b>	<b>48,478,501</b>	<b>46,768,659</b>	<b>44,064,727</b>	<b>33,354,468</b>	<b>98,496,765</b>	<b>86,775,974</b>
Segment liabilities	31,614,227	30,780,676	44,064,727	33,354,468	75,678,954	64,135,144
Unallocated liabilities (Taxes, Capital and Reserve and Surplus)					22,817,811	22,640,830
<b>Total liability</b>	<b>31,614,227</b>	<b>30,780,676</b>	<b>44,064,727</b>	<b>33,354,468</b>	<b>98,496,765</b>	<b>86,775,974</b>
<b>Cost to acquire fixed assets</b>	<b>715,751</b>	<b>5,896,209</b>	<b>-</b>	<b>-</b>	<b>715,751</b>	<b>5,896,209</b>
<b>Depreciation</b>	<b>1,336,895</b>	<b>559,370</b>	<b>-</b>	<b>-</b>	<b>1,336,895</b>	<b>559,370</b>

The Bank does not have any overseas operations and hence there is no geographical segment reporting.

\* Treasury activities are limited to managing liquidity and funding requirements for business operations of the bank as a support function and doesn't undertake any independent business activity such as trading investments, derivatives, etc.

#### 5. Related Party Disclosures

In the terms of the Accounting Standard 18 on 'Related Party Disclosures' issued by Institute of Chartered Accountants of India as specified under Section 133 of Companies Act, 2013 read with Companies (Accounting Standards) Rules, 2021 and the related guideline issued by the RBI, the details pertaining to related parties are as under:





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#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

##### Related Party Relationship:

Sr. No.	Relationship	Party Name
1.	Parent - Head Office	American Express Banking Corp., New York.
2.	Ultimate Holding Company	American Express Company
3.	Subsidiaries of Ultimate Holding Company	American Express (Malaysia) Sdn. Bhd. American Express (Thai) Co., Ltd. American Express Australia Ltd American Express Business Solutions (India) Private Limited American Express Europe Limited American Express Global Business Travel American Express India Pvt Ltd. American Express International, Inc. - Branch - Singapore American Express International, Inc. - Branch - Hong Kong American Express International, Inc. - Japan American Express Limited American Express Services Europe Limited American Express Services India Pvt Ltd American Express Travel Related Services Company, Inc. Amex Canada Inc. American Express Company (Mexico) Loyalty Solutions and Research Pvt Ltd (Till May 31, 2021)
4.	Subsidiaries/Associates/Joint Ventures	-
5.	Key Management Personnel **	Manoj Adlakha as Chief Executive Officer (Till May 13, 2022) Sanjay Khanna as Interim Chief Executive Officer (Till September 11, 2022) Sanjay Khanna as Chief Executive Officer (w.e.f. September 12, 2022)

The related party balances and transactions for the year ended March 31, 2023 are summarized as follows:

(Amount in Rs. '000)

Particulars	Year	Parent - Head Office	Total
		American Express Banking Corp, New York	
Borrowings	2022-23	23,030,300	23,030,300
	2021-22	15,281,300	15,281,300
<i>Maximum Outstanding</i>	2022-23	23,030,300	
	2021-22	15,281,300	

(Amount in Rs. '000)

Particulars	Year	Subsidiaries of Ultimate Holding Company						Others	Total
		American Express Travel Related Services Company, Inc.	American Express Services India Pvt Ltd	American Express International, Inc. - Branch - Singapore	American Express India Pvt Ltd.	American Express Global Business Travel	American Express Business Solutions (India) Private Limited		
Deposits	2022-23	-	1,160,000	-	28,759,000	-	1,830,000	-	31,749,000
	2021-22	-	1,015,000	-	25,298,000	-	1,415,000	-	27,728,000
<i>Maximum Outstanding</i>	2022-23	-	1,200,000	-	36,181,285	-	2,110,000	-	
	2021-22	-	10,20,000	-	31,479,000	-	1,695,000	-	
Advances	2022-23	-	118	-	78,114	9,183	-	-	87,415
	2021-22	-	2	-	27,064	4,881	-	-	31,947
<i>Maximum Outstanding</i>	2022-23	-	118	-	97,151	18,671	15	-	
	2021-22	-	3,060	-	733,986	4,881	25,030	-	
Receivables	2022-23	536,894	-	132,229	17,985	-	-	143	687,251
	2021-22	597,286	-	-	-	-	-	355	597,641
Payables	2022-23	672,184	32,938	4,259	1,035,138	307,011	32,461	129,786	2,213,777
	2021-22	362,676	16,124	154,225	843,714	285,919	20,913	33,559	1,717,130
Sale/(Purchase) of assets	2022-23	-	(7)	-	13,220	-	15,416	-	28,629
	2021-22	(12,480)	(8,678)	-	9,333	-	92	-	(11,733)



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#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

Particulars	Year	Subsidiaries of Ultimate Holding Company						Others	Total
		American Express Travel Related Services Company, Inc.	American Express Services India Pvt Ltd	American Express International, Inc. - Branch - Singapore	American Express India Pvt Ltd.	American Express Global Business Travel	American Express Business Solutions (India) Private Limited		
Interest Expense	2022-23	-	45,392	-	1,125,871	-	63,599	-	1,234,862
	2021-22	-	30,309	-	968,775	-	33,208	-	1,032,292
Payments by Related Party on Bank's Behalf or Payment/Receipt by Bank on behalf of Related Party	2022-23	-	32,090	-	497,584	-	5,839	-	535,513
Revenue from Services Rendered	2021-22	-	730,440	-	473,558	-	33,820	-	1,237,818
Commission, exchange and brokerage (gross)	2022-23	2,549,840	-	-	(2,630)	-	-	-	2,547,210
	2021-22	1,461,604	3	-	1,818	4	-	-	1,463,429
Less: Volume Rebate and Issuer Rate Payable	2022-23	(1,348,574)	-	321	-	-	-	109,297	(1,238,956)
	2021-22	(867,571)	-	(99)	-	-	-	5,408	(862,262)
Revenue from Services Rendered Total	2022-23	1,201,266	-	321	(2,630)	-	-	109,297	1,308,254
	2021-22	594,033	3	(99)	1,818	4	-	5,408	601,167
Cost of Services Received									
Business Support Cost	2022-23	2,084,610	4,023	7,845	2,688,784	-	-	191,370	4,976,632
	2021-22	1,729,051	32,968	2,808	2,060,008	-	-	194,221	4,019,056
Other expenditure	2022-23	-	-	-	-	23,098	-	-	23,098
	2021-22	-	-	-	-	326	-	-	326
Rent, taxes and lighting	2022-23	-	61,834	-	88,622	-	-	-	150,456
	2021-22	-	71,300	-	66,779	-	-	-	138,079
Advertisement and Publicity	2022-23	-	-	-	-	-	-	-	-
	2021-22	-	-	-	-	-	-	1,130	1,130
Re-imbursements of cost/ from Related Party	2022-23	(233,052)	-	-	14,426	-	-	-	(218,626)
	2021-22	(226,788)	-	-	(1,625)	-	-	-	(228,413)
<b>Cost of Services Received Total</b>	2022-23	1,851,558	65,857	7,845	2,791,832	23,098	-	191,370	4,931,560
	2021-22	1,502,263	104,268	2,808	2,125,162	326	-	195,351	3,930,178
Market Support Payment	2022-23	(3,209,780)	-	-	-	-	-	-	(3,209,780)
	2021-22	(1,925,458)	-	-	-	-	-	-	(1,925,458)

\*\*No disclosure has been made in respect of Key Management Personnel, keeping in view the secrecy clauses and the provisions of the RBI guidelines.

# Payables include amount with respect to settlements with overseas group entities on account of spends made by overseas/Indian card members in India/outside India. However, volume of such transactions is not considered for disclosure.

#### 6. Other Liabilities include:

(Amount in Rs. '000)

Particulars	2022-23	2021-22
Provisions towards Standard Assets <sup>#</sup>	311,515	491,777
Counter Cyclical Provisioning Buffer	88,500	88,500

<sup>#</sup> Includes Provision on Unhedged Foreign Currency Exposure of Rs. 73,975 ('000) [2021-22: Rs. 54,424 ('000)]

#### 7. Floating Provisions: The Bank has not created any floating provisions.

#### 8. Leases

The Bank's significant leasing arrangements are in respect of operating leases for commercial premises and hardware. Lease expenditure for operating leases is recognized on a straight-line basis over the primary period of lease.

(Amount in Rs. '000)

Particulars	2022-23	2021-22
Future minimum lease payments under non-cancellable Operating leases		
– Not later than 1 year	1,174,902	1,106,682
– Later than 1 year and not later than 5 years	1,636,448	2,363,596
– Later than 5 years	-	-
Lease payments recognized in the Profit and Loss Account in respect of operating leases	991,404	763,706



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#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

##### 9. Provision, Contingent Liabilities and Contingent Assets

Movement in provision for membership reward points:

(Amount in Rs. '000)

Particulars	2022-23	2021-22
Opening	3,233,925	3,355,646
Additions	3,531,575	2,442,561
Utilisations/Write backs	3,039,234	2,564,282
<b>Closing Balance</b>	<b>3,726,266</b>	<b>3,233,925</b>

The bank estimates provision for card reward points by applying historic redemption rates on points eligible for redemption by a card member.

##### 10. Taxes

The income tax expenses comprise the following:

(Amount in Rs. '000)

Particulars	2022-23	2021-22
Current Income Tax	-	-
Deferred Income tax (benefit)/expense	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

##### 11. Description of contingent liabilities

Contingent Liabilities	Brief Description
Other items for which the bank is contingently liable*	The Bank is a party to various legal proceedings and direct/indirect tax assessments in the normal course of business. The Bank does not expect the outcome of any of legal proceedings to have a material adverse effect on the Bank's financial condition, result of operations and cash flows. Direct/indirect tax matters for which appeal is pending having tax impact of Rs. 3,349,386 ('000) [2021-22: Rs. 3,349,446 ('000)] has been disputed by bank and hence disclosed as contingent liability.
	The Bank as part of certain service contracts has provided guarantees which amount to Rs. 23,100 ('000) [2021-22: Rs. 22,580 ('000)].
	The amount deposited in Depositor Education and Awareness Fund amounting to Rs. 184,052 ('000) [2021-22: Rs.139,237 ('000)].

\* Also refer Schedule 12 – Contingent Liabilities

##### 12. Employee Benefits

The disclosures required as per the revised AS 15 are as under:

###### Brief description of the Plans

The Bank has various schemes for long-term benefits such as provident fund, pension, and gratuity and leave encashment. The Bank's defined contribution plans are provident fund and employees' pension scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952), and the Bank has no further obligation beyond making the contributions. The Bank's defined benefit plans includes pension for deferred/vested pensioner (left employees), gratuity and leave encashment.

(Amount in Rs. '000)

A	Charge to the Profit and Loss Account based on contributions:	2022-23	2021-22
	Provident fund	75,622	89,646
	Superannuation	1,134	952
	<b>Total</b>	<b>76,756</b>	<b>90,598</b>



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#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

(Amount in Rs. '000)

<b>B</b>	<b>Contribution towards Pension for deferred/vested pensioners (left employees):</b> The above employee benefit is covered under Pension Trust and as detailed under Paragraph III 9 (b) of Schedule 18 above.		
<b>Pension: The components of net benefit expenses recognized in the Profit and Loss Account and Balance Sheet and the funded status for the pension benefit plan are summarised below:</b>			
		<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>I</b>	<b>Assumptions</b>		
	Mortality Rate (in deferment)	Annuitants Mortality Table 12-15	Annuitants Mortality Table 12-15
	Mortality Rate (Post retirement)	Annuitants Mortality Table 12-15	Annuitants Mortality Table 12-15
	Discount Rate	7.20%	6.80%
	Rate of increase in compensation	Not Applicable	Not Applicable
	Rate of return(expected) on plan assets	7.50%	7.50%
<b>II</b>	<b>Changes in present value of obligations</b>		
	Defined Benefit Obligation at beginning of the Year	35,457	39,410
	Interest Cost	2,273	2,388
	Current Service Cost	-	-
	Actuarial Losses/(Gains)	(724)	(2,159)
	Benefit Payments	(4,051)	(4,182)
	Defined Benefit Obligation at end of the Year	32,955	35,457
<b>III</b>	<b>Changes in fair value of plan assets</b>		
	Fair Value of Plan Assets at beginning of the Year	55,434	51,178
	Expected return on plan assets	4,006	3,682
	Actuarial Gain/(Loss)	(11,776)	4,756
	Benefit Payments	(4,051)	(4,182)
	Fair Value of Plan Assets at end of the Year	43,613	55,434
<b>IV</b>	<b>Amounts to be recognised in the Balance Sheet</b>		
	Defined Benefit Obligation at the end of the Year	32,955	35,457
	Fair Value of Plan Assets at the end of the Year	43,613	55,434
	Amount not recognised as an Asset	-	-
	Surplus Assets	10,658	19,977
<b>V</b>	<b>Expense Recognised</b>	-	-

The Pension Fund assets are invested in government securities, corporate bonds and other eligible investments.

	As at March 31, 2023	As at March 31, 2022
	Percentage	
Government of India securities (Central and State)	58.62	55.71
High quality corporate Bonds (Including Public Sector Bonds)	-	-
Equity shares	-	-
Cash (Including Special Deposits)	23.23	25.21
Others	18.15	19.08
<b>Total</b>	<b>100.00</b>	<b>100.00</b>



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#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

(Amount in Rs. '000)

Experience Adjustments	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Defined Benefit Obligation at end of the period	(32,955)	(35,457)	(39,410)	(39,397)	(37,957)
Plan Asset as at the end of the period	43,613	55,434	51,178	60,632	62,798
Funded Status	10,658	19,977	11,768	21,235	24,841
Experience Gain/(Loss) adjustments on plan liabilities	(145)	528	(289)	(71)	(104)
Experience Gain/(Loss) adjustments on plan assets	(11,776)	4,756	(10,207)	(2,295)	(2,838)
Actuarial Gain/(Loss) due to change on assumptions	869	1,631	(1,195)	(3,660)	(216)

(Amount in Rs. '000)

<b>C</b>	<p><b>Contribution towards Gratuity:</b> The above employee benefit is covered under a Gratuity Trust and as detailed under Paragraph III 9 (c) of Schedule 18 above.</p>
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**Gratuity:** The components of net benefit expenses recognized in the Profit and Loss Account and Balance Sheet and the funded status for gratuity benefit plan are summarised below:

		As at March 31, 2023	As at March 31, 2022
<b>I</b>	<b>Assumptions</b>		
	Mortality	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
	Discount Rate	7.20%	6.80%
	Rate of increase in compensation	<b>Band 40 and below:</b> 10% <b>Others:</b> 9%	<b>Band 40 and below:</b> 10% <b>Others:</b> 9%
	Rate of return (expected) on plan assets	2.00%	2.00%
	Withdrawal rates	Up to age 30 - 15% age 31-40 - 15% age 41-50 - 10% age 51 and above - 5%	Up to age 30 - 15% age 31-40 - 15% age 41-50 - 10% age 51 and above - 5%
<b>II</b>	<b>Changes in present value of obligations</b>		
	DBO at beginning of the Year	408,800	293,010
	Interest Cost	26,655	17,745
	Current Service Cost	46,254	33,285
	Benefits Paid	(33,622)	(31,475)
	Actuarial Losses/(Gains) on obligation	(5,042)	78,423
	Liabilities extinguished on settlements	-	-
	Liability released due to employee transfer	-	-
	Plan Amendment Cost	-	-
	Acquisitions Cost	15,797	17,812
	DBO at end of the Year	458,842	408,800



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

		As at March 31, 2023	As at March 31, 2022
<b>III</b>	<b>Changes in fair value of plan assets</b>		
	Fair Value of Plan Assets at beginning of Year	1,884	6,415
	Expected Return of Plan Assets	22	309
	Contributions	32,011	26,895
	Benefits paid	(33,622)	(31,475)
	Assets distributed in settlements	-	-
	Actuarial gain/(loss) on plan assets	4	(260)
	Fair Value of Plan Assets at end of the Year	299	1,884
<b>IV</b>	<b>Amounts to be recognised in the Balance Sheet</b>		
	Present Value of DBO at the end of the Year	458,842	408,800
	Fair Value of Plan Assets at end of the Year	299	1,884
	Funded/(Unfunded) Status	(458,543)	(406,916)
	Unrecognised Past Service Costs	-	-
	Net Asset/(Liability) recognised in the Balance Sheet	(458,543)	(406,916)
<b>V</b>	<b>Expense Recognised</b>		
	Current Service Cost	46,254	33,285
	Interest Cost	26,655	17,745
	Expected Return on Plan Assets	(22)	(309)
	Net Actuarial (Gain)/Loss recognised for the Year	(5,046)	78,683
	Past Service Cost	-	-
	Expense recognised in the P&L A/c	67,841	129,404

The estimate of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in employee market.

The Gratuity Fund assets are invested in government securities, corporate bonds and other eligible investments.

Major categories of Plan assets as a percentage of total plan assets.

	As at March 31, 2023	As at March 31, 2022
	<b>Percentage</b>	
Government of India securities (Central and State)	-	-
High quality corporate Bonds (Including Public Sector Bonds)	-	-
Equity shares	-	-
Cash (Including Special Deposits)	100.00	100.00
Others	-	-
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

(Amount in Rs. '000)

Experience Adjustments	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Defined Benefit Obligation at end of the period	(458,842)	(408,800)	(293,010)	(208,761)	(174,029)
Plan Asset as at the end of the period	299	1,884	6,415	9,218	23,263
Funded Status	(458,543)	(406,916)	(286,595)	(199,543)	(150,766)
Experience Gain/(Loss) adjustments on plan liabilities	(10,240)	(59,640)	(16,502)	(1,719)	(7,998)
Experience Gain/(Loss) adjustments on plan assets	4	(260)	(193)	(618)	(1,277)
Actuarial Gain/(Loss) due to change on assumptions	15,282	(18,783)	16,302	(12,660)	(2,474)

<b>D</b>	<b><u>Leave Encashment/Compensated Absences</u></b>
	The amount charged/(released) to Profit and Loss Account during the year towards Leave Encashment and compensated absences Rs. 29,328 ('000) (Previous year Rs. 86,830 ('000))
	The liability for leave encashment and compensated absences as on March 31, 2023 is Rs. 299,714 ('000) (Previous Year Rs. 290,283 ('000)).



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#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

##### 13. Advances

During the year ended 31st March 2023, the Bank has reassessed the estimate of probable losses, which has resulted in a decrease in provisions by INR 241,587 ('000). The interest and other income on non-performing assets are not recognised as income until realised.

During the year ended 31st March 2023, the Bank, in accordance with RBI guidelines on prudential norms on Income Recognition, Asset Classification and Provisioning (IRAC), read together with paragraph on upgradation of Non-Performing Assets (NPAs) has re-assessed its practice to upgrade NPAs to 'standard' only if entire arrears of interest and principal are paid by the borrower. This has resulted in decrease in NPAs by INR 143,906 ('000).

##### 14. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

To the extent of the information received by the Bank from its vendors, the below are the transactions with suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006 during the financial year.

(Amount in Rs. '000)

	Particulars	2022-23	2021-22
1	Principal amount due remaining unpaid	-	-
2	Interest amount due thereon and remaining unpaid	-	-
3	Amount of interest paid in terms of Section 18 of the MSMED Act, 2006	1,465	772
4	Interest due and payable (under the MSMED Act, 2006) which have not been paid (covering all payments)	2,024	1,465
5	The amount of interest accrued and remaining unpaid at the end of the accounting year (i.e. including amount brought forward from previous year)	2,024	1,465
6	Details on payments made in respect of outstanding as at Sl. No. 1 above.	-	-

##### 15. Details of fees/remuneration received in respect of Bancassurance business:

(Amount in Rs. '000)

Particulars	2022-23	2021-22
Others - Income from Insurance Corporate Agency Business		
– For selling life insurance products	68,694	54,137
– For selling non-life insurance products	152,951	126,844

##### 16. Disclosures on Remuneration:

###### Qualitative Disclosures

Being a Branch of a Foreign Bank, the Bank does not have any Remuneration Committee for approval of the Managerial Remuneration. The Bank's compensation structure is in conformity with the principles and practices set out by the Financial Stability Board (FSB). Further, the Bank has obtained the RBI's approval for the Chief Executive Officer's (CEO) remuneration.

###### Quantitative Disclosures

The quantitative disclosures cover the Bank's CEO and Key Risk Takers. The Bank's Key Risk Takers include the CEO, Head of Business Units and select roles in Treasury and Risk.

(Amount in Rs. '000)

No.	Particulars	2022-23	2021-22
1	(i) Number of employees having received a variable remuneration award during the financial year.	5	5
	(ii) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	-	-
	(iii) Total amount of deferred remuneration paid out in the financial year	-	-
2	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.		
	Fixed	58,813	55,039
	Variable	24,979	32,097
	Deferred	-	-
	Non-deferred	24,979	32,097



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

No.	Particulars	2022-23	2021-22
3	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	-	-
	(ii) Total amount of reductions during the financial year due to ex-post explicit adjustments.	-	-
	(iii) Total amount of reductions during the financial year due to ex-post implicit adjustments.	-	-
4	Retirals (PF, Gratuity, SA)	3,950	3,846

Variable pay included above is on cash basis i.e. the year in which the same is paid out.

Compensation for CEO is as approved by the RBI and paid by the Bank to the CEO. Compensation for other risk takers is as approved by the Bank.

Charges for long term incentive awards in form of shares, issued by the ultimate parent company to the key risk takers, has not been considered for the disclosure purpose as there is no charge to Profit and Loss account of the Bank.

#### 17. Disclosure on Corporate Social Responsibility (CSR)

The Bank believes that serving our communities is not only integral to running a business successfully; it is part of our individual responsibilities as corporate citizen.

The CSR committee was formed in accordance with the Bank's CSR policy to comply with the provisions of the Section 135 of the Companies Act, 2013.

(Amount in Rs. '000)

S.no.	Particulars	2022-23			2021-22		
		In Cash	Yet to Paid in Cash	Total	In Cash	Yet to Paid in Cash	Total
A.	Gross amount required to be spent by the Bank during the year						
B.	Amount spent during the year:						
(i)	Construction/acquisition of any asset	-	-	-	-	-	-
(ii)	On purposes other than (i) above	-	-	-	-	-	-

#### 18. Auditors' Remuneration [excluding goods & service tax]

(Amount in Rs. '000)

Particulars	2022-23	2021-22
As Auditors:		
– Statutory Audit	4,200	3,800
– Tax Audit	450	400
– Certificates	1,050	1,400
– Half yearly review	700	600
– Out of Pocket Expenses	114	47
<b>Total</b>	<b>6,514</b>	<b>6,247</b>

#### 19. Transfer Pricing

The Bank has a comprehensive system of maintenance of information and documents required by transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. The management is of the opinion that international transactions are at arm's length so that the above legislation will not have material impact on the financial statements, particularly on the amount of tax expense and that of provision of taxes.

#### 20. Implementation of Indian Accounting Standards (IND AS)

In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (IND AS) for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs). The RBI has also issued a circular DBR.BP.BC.No.76/21.07.001/2015-16 dated February 11th, 2016 advising that the Banks in India are required to implement IND AS from April 1, 2018. Subsequently, RBI in its press release issued on 5th April 2018 and vide notification RBI/2018-2019/146 DBR.BP.BC.No.29/21.07.001/2018-19 dated March 22, 2019 has deferred the applicability of IND AS for Scheduled Commercial Banks.





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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

Based on RBI directions, the Bank has formed a Steering Committee to oversee IND AS implementation. The bank submitted proforma IND AS financial statements to the RBI for the half-year ended September 30, 2016 and quarter ended June 30, 2017. Further, the Bank is also submitting proforma IND AS financials to RBI periodically as per prescribed frequency since June 2018.

21. In accordance with the RBI notification dated April 7, 2021, the Bank is required to refund/adjust 'interest on interest' to borrowers. As required by the RBI notification, the methodology for calculation of such interest on interest has been circulated by the Indian Banks' Association. As at March 31, 2021, the Bank has made suitable adjustments to its financial statements to give effect to the aforesaid. Subsequently, Bank has refunded interest on interest to borrowers during FY 2021-22.
22. The Bank released the provision amounting to INR 23,000 ('000) during the year ended March 31, 2023 (March 31, 2022 INR 23,000 ('000)) kept against the impact of COVID-19 in line with resumption in business volumes.
23. **Resolution Framework for COVID-19-related Stress**

In reference to RBI circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 on 'Resolution Framework for COVID-19-related Stress', below are the details of accounts where resolution plan was implemented:

(Amount in Rs. '000)

	(A)	(B)	(C)	(D)	(E)
<b>Type of borrower</b>	<b>Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of the previous half-year</b>	<b>Of (A), aggregate debt that slipped into NPA during the half-year</b>	<b>Of (A) amount written off during the half-year</b>	<b>Of (A) amount paid by the borrowers during the half-year</b>	<b>Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year</b>
Personal Loans	93,487	7,646	862	84,978	0
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>93,487</b>	<b>7,646</b>	<b>862</b>	<b>84,978</b>	<b>0</b>

\*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

In reference to RBI circular RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021 on 'Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses', below are the details of accounts where resolution plan was implemented:

(Amount in Rs. '000)

	(A)	(B)	(C)	(D)	(E)
<b>Type of borrower</b>	<b>Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of the previous half-year</b>	<b>Of (A), aggregate debt that slipped into NPA during the half-year</b>	<b>Of (A) amount written off during the half-year</b>	<b>Of (A) amount paid by the borrowers during the half-year</b>	<b>Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year</b>
Personal Loans	44,255	4,575	213	6,320	33,146
Corporate persons*	0	0	0	0	0
Of which, MSMEs	0	0	0	0	0
Others	0	0	0	0	0
<b>Total</b>	<b>44,255</b>	<b>4,575</b>	<b>213</b>	<b>6,320</b>	<b>33,146</b>

\*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

#### Schedule 18 – Significant Accounting Policies and Notes to Financial Statements (Contd.)

##### 24. Micro, Small and Medium Enterprises (MSME) Sector – Restructuring of Advances

In reference to RBI circular RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020 on 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' and RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 05, 2021 on 'Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)', no MSME accounts were identified during the period where resolution plan was to be implemented.

##### 25. Other Statutory Information

The Bank has not advanced or loaned or invested funds in any other person or entity including foreign entity (intermediary) with the understanding that the intermediary shall:

- (a) Directly or indirectly lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- (b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Bank has not received any funds from any person or entity, including foreign entity (Funding Party) with the understanding (whether recorded in writing or otherwise) the Company shall:

- (a) Directly or indirectly lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Funding Party Company (Ultimate Beneficiaries) or
- (b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

26. On April 23rd, 2021, the Reserve Bank of India (RBI) imposed restrictions on the Bank from on-boarding new domestic customers onto its card network from May 1st, 2021. This direction was passed based on the findings that AEBC was not fully compliant with the requirements of Storage of Payment System Data. With effect from August 24th, 2022, the restriction imposed has been lifted in view of the satisfactory compliance demonstrated by the Bank with the RBI circular dated April 6th, 2018 on Storage of Payment System Data.

##### 27. Comparative figures

Previous year figures have been reclassified and regrouped wherever considered necessary to conform to current year's presentation.

Signature to Schedules 1 to 18

For **SCV & Co LLP**  
Chartered Accountants  
FRN 000235N/N500089

**Rajiv Puri**  
Partner  
Membership No. 084318

For and on behalf of  
American Express Banking Corp.- India Branch

**Sanjay Khanna**  
Chief Executive Officer

**Rupesh Satapathy**  
Financial Controller

Place: Noida  
Date: June 27, 2023

Place: Gurugram  
June 27, 2023