

Financial Statements
AMERICAN EXPRESS BANKING CORP.
(INDIA BRANCH)
Year ended March 31, 2015



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

INDEPENDENT AUDITORS' REPORT

To The Chief Executive Officer of American Express Banking Corp. – India Branch

Report on the Financial Statements

1. We have audited the accompanying financial statements of American Express Banking Corp-India Branch (the "Bank"), which comprise the Balance Sheet as at March 31, 2015, and the Profit and Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Bank's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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 provisions of Section 29 of the Banking Regulation Act, 1949 read with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and circulars and guidelines issued by the Reserve Bank of India 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Management, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

8. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements together with the notes thereon give the information required by provisions of the Banking Regulation Act, 1949 as well as Companies Act, 2013, in the manner so required for the banking companies and circulars and guidelines issued by the Reserve Bank of India and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. In our opinion, the Balance Sheet, Profit and Loss Account, and Cash Flow Statement dealt with by this report have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 read with applicable provisions of section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
10. As required by sub section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - a. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.



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- b. the transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank;
- c. Since the Bank is having only one branch, the question on reporting the number of branches audited by us and manner of audit thereon does not arise.
11. Further, as required by section 143(3) of the Companies Act, 2013, we further 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 the books 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 back up of the books of accounts and other books and papers maintained in electronic mode has been maintained on servers physically located outside India;
- c) The Balance Sheet, Profit and Loss Account, and 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 Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are consistent with the accounting policies prescribed by the Reserve Bank of India;
- e) The requirements of Section 164(2) of the Companies Act, 2013 are not applicable to the Bank considering it is a branch of American Express Banking Corp which is incorporated with limited liability in the United States of America;
- f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in Paragraph 11 (b) above that the backup of the books 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 back up of the books of accounts and other books and papers maintained in electronic mode has been maintained on servers physically located outside India.
- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at March 31, 2015 on its financial position in its financial statements – Refer Schedule 12 and Note IV-13 of Schedule 18 to the financial statements;
- ii. The Bank has made provision as at March 31, 2015, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts. Refer Schedule 5 to the financial statements. There are no derivative contracts as at March 31, 2015.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank during the year ended March 31, 2015.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Sd/-

Sharad Vasant

Partner

Membership Number: 101119

Place : Mumbai

Date : June 8, 2015



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BALANCE SHEET AS AT MARCH 31, 2015				PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2015			
(Amount in Rs. '000)				(Amount in Rs. '000)			
Schedule	As on March 31, 2015	As on March 31, 2014	Schedule	Year ended March 31, 2015	Year ended March 31, 2014		
CAPITAL AND LIABILITIES			INCOME				
Capital	1	9,969,644	7,527,444	Interest Earned	13	1,460,846	1,054,227
Reserves and Surplus	2	76,810	76,810	Other Income	14	7,204,061	6,536,855
Deposits	3	10,301,264	6,880,577	Total		8,664,907	7,591,082
Borrowings	4	6,033,873	9,937,580	EXPENDITURE			
Other Liabilities and Provisions	5	11,787,961	8,338,116	Interest Expended	15	1,338,263	1,260,678
Total		38,169,552	32,760,527	Operating Expenses	16	7,582,780	6,389,109
				Provisions and Contingencies	17	469,813	856,105
ASSETS				Total		9,390,856	8,505,892
Cash and Balances with Reserve Bank of India	6	950,697	660,697	PROFIT / (LOSS)			
Balances with Banks and Money at Call and Short Notice	7	1,993,322	882,127	Net Profit / (Loss) for the Year		(725,949)	(914,810)
Investments	8	6,166,856	5,332,740	Profit / (Loss) brought forward		(2,963,616)	(2,048,806)
Advances	9	23,288,106	21,229,948			(3,689,565)	(2,963,616)
Fixed Assets	10	365,839	454,127	APPROPRIATIONS			
Other Assets	11	5,404,732	4,200,888	Transfer to Statutory Reserve		–	–
Total		38,169,552	32,760,527	Transfer to Other Reserves		–	–
				Transfer to Government/ proposed dividend		–	–
Contingent Liabilities	12	–	46,425	Balance carried over to Balance Sheet		(3,689,565)	(2,963,616)
Bills for Collection		–	–			(3,689,565)	(2,963,616)
Significant Accounting Policies and Notes to Financial Statements	18			Significant Accounting Policies and Notes to Financial Statements	18		

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

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

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number 012754N/N500016
Chartered Accountants

Sd/-
Sharad Vasant
Partner
Membership No. 101119

Place: Mumbai
Date: June 8, 2015

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

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

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

Sd/-
Manoj Adlakha
Chief Executive Officer

Sd/-
Neesant Upadhya
Financial Controller

Place: Gurgaon
Date: June 5, 2015



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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(Amount in Rs. '000)

	Year ended March 31, 2015	Year ended March 31, 2014
Cash Flow from Operating activities		
Net profit/(loss) before taxes	(725,645)	(596,304)
Adjustments for :		
Provision for doubtful advances and receivables	(24,604)	(25,951)
Depreciation on assets	170,437	167,576
Net (profit)/loss on sale of land, building and other assets	(7,771)	(4,342)
Operating profit before working capital changes	(587,583)	(459,021)
(Increase)/decrease in investments	(834,116)	(1,423,726)
(Increase)/decrease in advances	(2,024,050)	(4,084,617)
Increase/(decrease) in deposits	3,420,687	133,789
(Increase)/decrease in other assets	(477,893)	(406,259)
Increase/(decrease) in other liabilities and provisions	3,440,499	1,986,577
(Total taxes paid)/Refund received [net]	(463)	(618)
A Net Cash Flow from/(used in) operating activities	2,937,081	(4,253,875)
Cash Flow from Investing activities		
Fixed assets purchased	(90,215)	(203,492)
Proceeds from sale of fixed assets	15,836	18,078
B Net Cash Flow (used in)/from Investing activities	(74,379)	(185,414)
Cash Flow from Financing activities		
Infusion of capital	2,442,200	-
Borrowings	(3,903,707)	3,972,088
Subordinate Debt	-	1,250,000
C Net Cash Flow (used in)/from Financing activities	(1,461,507)	5,222,088
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	1,401,195	782,799
Cash and cash equivalents at beginning of year	1,542,824	760,025
Cash and cash equivalents at end of year	2,944,019	1,542,824
Increase/(decrease) in cash and cash equivalents	1,401,195	782,799

Notes to the Cash Flow Statement

1. Cash and cash equivalents represents cash and balances with banks as disclosed in Schedule 6 and 7
2. 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 issued by the Institute of Chartered Accountants of India.

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

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number 012754N/N500016
Chartered Accountants

Sd/-
Sharad Vasant
Partner
Membership No. 101119

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

Sd/-
Manoj Adlakha
Chief Executive Officer

Sd/-
Neesant Upadhya
Financial Controller

Place: Mumbai
Date: June 8, 2015

Place: Gurgaon
Date: June 5, 2015



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SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(Amount in Rs. '000)			(Amount in Rs. '000)		
	As on March 31, 2015	As on March 31, 2014		As on March 31, 2015	As on March 31, 2014
SCHEDULE 1 – CAPITAL			SCHEDULE 4 – BORROWINGS		
Amount of deposit kept with RBI under section 11 (2) of the Banking Regulation Act, 1949 as per contra.	78,810	78,810	I. BORROWINGS IN INDIA		
	<u>78,810</u>	<u>78,810</u>	Reserve Bank of India	–	–
HEAD OFFICE ACCOUNT			Other banks	4,783,873	8,687,580
Opening balance	7,527,444	7,527,444	II. BORROWINGS OUTSIDE INDIA	1,250,000	1,250,000
Additions during the year	2,442,200	–	[Refer Note IV: 1.b of Schedule 18]	<u>6,033,873</u>	<u>9,937,580</u>
Closing balance	<u>9,969,644</u>	<u>7,527,444</u>	Secured borrowings included in I and II above	<u>Nil</u>	<u>Nil</u>
SCHEDULE 2 – RESERVES AND SURPLUS			SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS		
I. STATUTORY RESERVES			I. Bills payable	–	–
Opening balance	76,810	76,810	II. Inter-office adjustments (net)	–	–
Additions during the year	–	–	III. Interest accrued	177,411	181,043
Closing balance	<u>76,810</u>	<u>76,810</u>	IV. Others (including provisions)	11,610,550	8,157,073
II. CAPITAL RESERVES				<u>11,787,961</u>	<u>8,338,116</u>
Opening balance	–	–	SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
Additions during the year	–	–	I. Cash in hand (including foreign currency notes)	–	–
Closing balance	–	–	II. Balances with Reserve Bank of India		
III. SHARE PREMIUM			i) In current account	950,697	660,697
Opening balance	–	–	ii) In other accounts	–	–
Additions during the year	–	–		<u>950,697</u>	<u>660,697</u>
Closing balance	–	–	SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
IV. REVENUE AND OTHER RESERVES			I. In India		
Opening balance	–	–	Balances with banks		
Additions during the year	–	–	i) In Current Accounts	1,993,322	882,127
Closing balance	–	–	ii) In Other Deposit Accounts	–	–
V. Balance of Profit and Loss Account	–	–	Money at call and short notice		
	<u>76,810</u>	<u>76,810</u>	i) With banks	–	–
SCHEDULE 3 - DEPOSITS			ii) With other institutions	–	–
A. In India				<u>1,993,322</u>	<u>882,127</u>
I. DEMAND DEPOSITS			II. Outside India		
From banks	–	–	i) In Current Accounts	–	–
From others	–	–	ii) In Other Deposit Accounts	–	–
II. SAVINGS BANK DEPOSITS	–	–	iii) Money at call and short notice	–	–
III. TERM DEPOSITS				<u>1,993,322</u>	<u>882,127</u>
From banks	–	–			
From others (Institutional)	10,301,264	6,880,577			
	<u>10,301,264</u>	<u>6,880,577</u>			
B. (i) Deposits of branches in India	10,301,264	6,880,577			
(ii) Deposits of branches outside India	–	–			
	<u>10,301,264</u>	<u>6,880,577</u>			



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(Amount in Rs. '000)			(Amount in Rs. '000)		
	As on March 31, 2015	As on March 31, 2014		As on March 31, 2015	As on March 31, 2014
SCHEDULE 8 – INVESTMENTS			SCHEDULE 10 – FIXED ASSETS		
I. Investment in India in			I. PREMISES		
i) Government Securities (Treasury Bill)	6,166,856	5,332,740	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	–	–
	6,166,856	5,332,740	II. OTHER FIXED ASSETS (Including Furniture & Fixtures)*		
II. Investment outside India in			At cost as on March 31 of the preceding year	1,722,594	1,577,531
i) Government Securities (including local authorities)	–	–	Additions during the year	90,215	203,492
ii) Subsidiaries and/or joint ventures abroad	–	–	Deductions during the year	(102,322)	(58,429)
iii) Others	–	–		<u>1,710,487</u>	<u>1,722,594</u>
	6,166,856	5,332,740	Depreciation to date	(1,344,648)	(1,268,467)
			Total Net Book Value II	<u>365,839</u>	<u>454,127</u>
SCHEDULE 9 – ADVANCES			Net Book Value I and II	365,839	454,127
A. i) Bills purchased and discounted	–	–	* Refer Note III. 7 of Schedule 18		
ii) Cash credits, overdraft and loan repayable on demand	23,287,959	21,228,739	SCHEDULE 11 - OTHER ASSETS		
iii) Term loans - Staff	147	1,209	I. Inter-office adjustments (net)	–	–
	23,288,106	21,229,948	II. Interest accrued	51,237	35,560
B. i) Secured by tangible assets (Secured by Fixed Deposits)	316,918	1,171	III. Tax paid in advance/ tax deducted at source	6,318	5,045
ii) Covered by bank/ governments guarantees	804,372	–	IV. Stationery and Stamps	–	–
iii) Unsecured	22,166,816	21,228,777	V. Non-banking assets acquired in satisfaction of claims	–	–
	23,288,106	21,229,948	VI. Deferred tax asset	–	–
C. I. Advances in India			VII. Others (Including Debit Balance in Profit and Loss Account Rs. 3,689,565 ('000) - Previous year Rs. 2,963,616 ('000))	5,347,177	4,160,283
i) Priority sector *	–	–		5,404,732	4,200,888
ii) Public sector	–	–	SCHEDULE 12 - CONTINGENT LIABILITIES		
iii) Banks	–	–	I. Claims against the bank not acknowledged as debts	–	46,425
iv) Others	23,288,106	21,229,948	II. Liability for partly paid investments	–	–
	23,288,106	21,229,948	III. Liability on account of outstanding forward exchange contracts	–	–
II. Advances Outside India			IV. Guarantees given on behalf of constituents		
i) Due from banks	–	–	a) In India	–	–
ii) Due from others			b) Outside India	–	–
(a) Bills purchased and discounted	–	–	V. Acceptances, endorsements and other obligations	–	–
(b) Syndicated loans	–	–	VI. Other items for which the bank is contingently liable	–	–
(c) Others	–	–		–	46,425
	23,288,106	21,229,948		–	46,425

* 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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	(Amount in Rs. '000)			(Amount in Rs. '000)	
	Year ended March 31, 2015	Year ended March 31, 2014		Year ended March 31, 2015	Year ended March 31, 2014
SCHEDULE 13 – INTEREST EARNED			SCHEDULE 16 – OPERATING EXPENSES		
Interest/discount on advances/bills	1,005,725	723,457	Payments to and provisions for employees	1,279,422	1,238,807
Income on investments	455,121	330,770	Rent, taxes and lighting	142,533	164,653
Interest on balances with the Reserve Bank of India and other inter-bank funds	–	–	Printing and stationery	76,929	82,028
Others	–	–	Advertisement and publicity	2,584,982	1,729,266
	<u>1,460,846</u>	<u>1,054,227</u>	Depreciation on Bank's property	170,437	167,576
SCHEDULE 14 – OTHER INCOME			Director's fee, allowances and expenses	–	–
Commission, exchange and brokerage (net) [Refer Note IV.3 of Schedule 18]	6,727,925	5,978,560	Auditors' fees and expenses [Refer Note IV. 19 of Schedule 18]	4,894	4,033
Net Profit/(Loss) on sale of investments	–	–	Law charges	4,877	22,488
Net Profit/(Loss) on revaluation of investments	–	–	Postage, telegram, telephones etc.	179,686	144,768
Profit on sale of land, building and other assets	10,441	7,145	Repairs and maintenance	170,770	153,393
Less: Loss on sale of land, building and other assets	(2,670)	(2,803)	Insurance	10,834	8,761
Net profit on exchange transactions	–	–	Business Support Cost	2,080,857	1,873,573
Income earned by way of dividends etc. from subsidiaries, companies and/ or joint ventures abroad/in India	–	–	Other expenditure	876,559	799,763
Miscellaneous Income	468,365	553,953		<u>7,582,780</u>	<u>6,389,109</u>
	<u>7,204,061</u>	<u>6,536,855</u>	SCHEDULE 17 – PROVISIONS AND CONTINGENCIES		
SCHEDULE 15 – INTEREST EXPENDED			Depreciation in the value of securities	–	–
Interest on deposits	689,402	545,886	Provision for doubtful advances and receivables	469,509	537,599
Interest on Reserve Bank of India/ interbank borrowings	648,861	714,792	Provision for income tax and wealth tax :		
Others	–	–	Wealth Tax	304	736
	<u>1,338,263</u>	<u>1,260,678</u>	Fringe Benefit Tax	–	–
			Deferred Income Tax	–	317,770
			[Refer Note IV.5: Schedule 18]		
				<u>469,813</u>	<u>856,105</u>

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

- I. The financial statements for the year ended March 31, 2015 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 electronic mode, periodic backup of which have been maintained on servers physically located outside of India
- II. **Background:** American Express Banking Corp. - India Branch has been granted licence by Reserve Bank of India ('RBI') to carry on banking business in India. The licence authorises the Bank to conduct credit card business (including prepaid cards), distribute traveller cheques and accept institutional deposits. In line with the market practice and the RBI Guidelines, the bank issues credit cards, prepaid 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 of the Bank have been prepared in accordance with the Generally Accepted



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SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

Accounting Principles in India (Indian GAAP), statutory requirements prescribed under The Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ("RBI") from time to time under the historical cost convention on accrual basis, except where otherwise stated. Pursuant to section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultant and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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 fees on cards are amortized over the period of one year.
 - (ii) Interest income and other changes on card balances are recognised 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 recognised 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.
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
 - (ii) **Valuation**

Treasury Bills, being discounted instruments are valued at carrying cost.
 - (iii) Brokerage, commission, etc., paid at the time of acquisition of securities are charged to Profit and Loss Account.
6. **Advances**

Loans and Advances comprises card outstanding and loans to staff. Loans and Advances are stated net of specific provision made towards Non-Performing Assets (NPAs) and unrealised income from non performing assets. Advances under card receivables are maintained at the card member level.

Provision for NPAs on card balances outstanding is made at card member level in compliance 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.

Provision for Standard Assets 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.

The Bank identifies all card accounts with delinquencies and writes off in the books of account, the outstanding card receivables which are 180 days past due from the due date. In addition, accelerated write off is effected where it is evident that the outstanding amount is unlikely to be recovered.

Receivables from overseas group entities on account of merchant payments made for the spend made by overseas card members in India, have been classified under Other Assets in the Financial Statements.



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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 assets 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 estimated useful life prescribed in Schedule II to the Companies Act, 2013.
- (iv) The fixed assets are depreciated as per the rates given in the table below:

Asset	Estimated Useful Life	
	2014-15 onwards	Up to 2013-14
Leasehold Improvements	Over the lease period	Over the lease period
Data Processing Equipments		
Server and Networks	6 years	3 years
End User Devices such as laptop, desktop	3 years	3 years
Transport Equipments	8 years	3 years
Furniture and Fixtures	10 years	8 years
Machinery and Equipments		
Office Equipments	5 years	8 years
Headsets and Mobile Phones	3 years	3 years

- (v) With effect from April 1, 2014, the estimated useful life of fixed assets has been aligned to schedule II to Companies Act, 2013 resulting in change in depreciation expense and net book value of fixed assets in current year and coming years. [Refer Note IV. 4.]

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. Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash-out option through salary or 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 recognised as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognised in the Balance Sheet. Actuarial gains or losses are recognised 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 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 recognised as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognised in the Balance Sheet. Actuarial gains or losses are recognised in the Profit and Loss Account in the year in which they arise.

d) Leave encashment

The Bank provides for leave encashment 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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10. Income Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

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 on all items of deferred tax asset 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 on compliance with Accounting Standard – 17 issued by Institute of Chartered Accountants of India as specified under section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounting) Rules, 2014.

Banking Operations include card operations, travellers' cheque distribution 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 include 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, 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 Rule 7 of the Companies (Accounting) Rules, 2014. The carrying amount is reduced to the recoverable amount and reduction is recognised as an impairment loss in the Profit and Loss Account.

IV. NOTES TO FINANCIAL STATEMENTS

1. Statutory Disclosures as per RBI norms:

a) Capital Adequacy Ratio

In terms of the extant RBI guidelines on Basel III Capital Regulations, as of March 31, 2015, the Bank is required to maintain a minimum Capital to Risk-weighted Asset Ratio (CRAR) of 9%. Further, within this overall capital requirement, the Bank is also required to maintain a Minimum Common Equity Tier 1 of 5.5% 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.



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Particulars	2014-15	2013-14
Common Equity Tier 1 capital ratio (%)	15.57%	12.67%
Tier I Capital Ratio (%)	15.57%	12.67%
Tier II Capital Ratio (%)	3.50%	3.89%
Total Capital ratio (CRAR) (%)	19.07%	16.56%
Percentage of the shareholding of the Government of India in public sector banks	–	–
Amount of equity capital raised		
– Head Office Funds (Rs. in '000)	2,442,200	–
Amount of additional Tier 1 capital raised	–	–
Amount of additional Tier 2 capital raised of which -		
– Debt Capital instrument: (Amount in Rs. '000)	–	1,250,000
– Preference Share Capital Instruments	–	–

b) Subordinated Debt:

Schedule 4 – Borrowings includes an amount of Rs. 1,250,000 thousands pertaining to subordinated debt raised during 2013-14 from Head Office. Details of the Head Office borrowings is as under –

(Amount Rs. in '000)

Particulars	2014-15	2013-14
Date of Borrowing	1-Nov-2013	1-Nov-2013
Rate of Interest	Interest Free	Interest Free
Amount (in Rs. '000)	1,250,000	1,250,000
Date of Repayment	1-Nov-2023	1-Nov-2023
Call Option with the Bank	After completion of 5 years from the Issuance date (1-November-2018), with a prior notice of 120 days to the Lender. The Bank has decided to exercise the option only after 30-June-2020.	After completion of 5 years from the Issuance date (1-November-2018), with a prior notice of 120 days to the Lender. The Bank has decided to exercise the option only after 30-June-2020.

c) Business/Information Ratios:

	Particulars	2014-15	2013-14
a.	Interest income as a percentage to working funds (%)	4.47	3.99
b.	Non-interest income as a percentage to working funds (%)	22.05	24.71
c.	Operating profit as a percentage to working funds (%)	(0.81)	(0.24)
d.	Return on assets (%)	(2.22)	(3.46)
e.	Business (deposits plus advances) per employee (Amount in Rs. '000)	41,448	33,282
f.	Profit/(loss) per employee (Amount in Rs. '000)	(990)	(1,212)

Definitions:

- Working funds is the average of total assets (excluding accumulated losses) during the year as per the returns submitted to RBI
- 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 total of advances and deposits (net of inter-bank deposits)
- Productivity ratios are based on number of employees at year end



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d) Asset Liability Management - Maturity Pattern

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 in Rs. '000)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and upto 6 months	Over 6 months and upto 12 months	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits -											
Current Year	–	400,000	227,000	974,000	2,135,108	3,739,269	2,825,887	–	–	–	10,301,264
Previous Year	–	200,000	–	728,500	1,619,160	2,646,322	1,684,595	2,000	–	–	6,880,577
Advances -											
Current Year	660,373	3,962,240	4,622,613	9,245,226	2,681,373	732,152	417,073	815,207	151,849	–	23,288,106
Previous Year	595,393	3,572,349	4,167,741	8,335,482	2,626,951	637,041	563,330	619,976	110,476	1,209	21,229,948
Investments -											
Current Year	–	478,904	998,590	1,149,042	1,582,378	835,012	477,638	282,055	1,491	361,746	6,166,856
Previous Year	244,458	701,848	593,145	796,823	948,041	1,222,401	281,516	222,843	288,842	32,823	5,332,740
Borrowings -											
Current Year	686,490	–	–	–	590,000	3,507,383	–	–	–	1,250,000	6,033,873
Previous Year	4,900	150,000	200,000	3,300,000	1,650,000	3,382,680	–	–	–	1,250,000	9,937,580
Foreign Currency Assets -											
Current Year	1,823,790	–	48,386	180,059	383,406	–	–	–	–	–	2,435,641
Previous Year	639,285	–	45,349	260,344	153,747	–	–	–	–	–	1,098,725
Foreign Currency Liabilities -											
Current Year	1,460	295,250	4,479	197,775	1,581,700	–	–	658	–	1,250,000	3,331,322
Previous Year	–	134,382	–	548,876	590,774	–	–	592	–	1,250,000	2,524,624

e) Provisions and Contingencies : Break-up of Provisions and Contingencies shown under Schedule 17.

(Amount in Rs. '000)

Particulars	2014-15	2013-14
Provision for depreciation on Investment	–	–
Provision towards Non Performing Assets	(34,108)	(42,138)
Provision towards Standard Assets	8,068	17,342
Write-offs	660,224	728,094
Recoveries	(210,013)	(179,005)
Others	45,338	13,306
Provision made towards Income tax and Wealth Tax and Deferred Tax	304	318,506
TOTAL	469,813	856,105

f) Investments

(Amount in Rs. '000)

Value of Investments	2014-15	2013-14
Gross value of Investments		
In India	6,166,856	5,332,740
Outside India	–	–
Provision for depreciation		
In India	–	–
Outside India	–	–
Net value of investment		
In India	6,166,856	5,332,740
Outside India	–	–



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g) Asset Quality - Non-performing assets ('NPAs')

(Amount in Rs. '000)

Particulars	2014-15	2013-14
(i) Net NPAs to Net Advances (%)	0.65%	0.52%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	195,153	446,115
(b) Additions during the year	839,543	1,719,674
(c) Reductions during the year	832,428	1,970,636
(d) Closing balance	202,268	195,153
(iii) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	84,675	126,814
(b) Additions during the year	209,886	465,806
(c) Reductions during the year	243,994	507,945
(d) Closing balance	50,567	84,675
(iv) Movement of Net NPAs		
(a) Opening balance	110,478	319,301
(b) Additions during the year	629,657	1,253,868
(c) Reductions during the year	588,434	1,462,691
(d) Closing balance	151,701	110,478

During the year 2013-2014, the Bank had prospectively developed a process to identify movement of NPAs. Accordingly, the Additions, Up-gradations, Recoveries and Write-offs were computed at each month-end; being the difference between the opening and closing balance of NPAs.

During the year 2014-15, the bank has enhanced the process to capture the transactions during the month on the cards classified as NPA.

h) Category-wise NPAs (funded)

(Amount in Rs. '000)

Non-performing asset category	2014-15		2013-14	
	Gross NPAs	Provisions	Gross NPAs	Provisions
Sub standard	202,268	50,567	147,303	36,825
Doubtful	–	–	–	–
Loss	–	–	47,850	47,850
Total	202,268	50,567	195,153	84,675

i) 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.

j) Disclosure of complaints:

Customer complaints

S. No	Particulars	2014-15	2013-14
1	No. of complaints pending at the beginning of the year	335	342
2	No. of complaints received during the year	11,982	10,923
3	No. of complaints redressed during the year	12,043	10,930
4	No. of complaints pending at the end of the year	274	335



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k) Concentration of Deposits, Advances, Exposures and NPAs :

Concentration of Deposits

(Amount in Rs. '000)

S. No	Particulars	2014-15	2013-14
1	Total Deposits of twenty largest depositors	10,166,641	6,842,414
2	Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	98.69%	99.45%

Concentration of Advances

(Amount in Rs. '000)

S. No	Particulars	2014-15	2013-14
1	Total Advances of twenty largest borrowers	5,468,038	4,560,435
2	Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	23.43%	21.40%

Concentration of Exposures

(Amount in Rs. '000)

S. No	Particulars	2014-15	2013-14
1	Total Exposure to twenty largest borrowers / customers	5,468,038	4,560,435
2	Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the bank on borrowers/ customers	23.43%	21.40%

Concentration of NPAs

(Amount in Rs. '000)

S. No	Particulars	2014-15	2013-14
1	Total Exposure to top four NPA accounts	25,339	71,237

l) Sector-wise Advances

S. No.	Sector	2014-15			2013-14		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPA to Total Advances	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPA to Total Advances
A	Priority Sector						
1	Agriculture and allied activities	–	–	–	–	–	–
2	Industry (Micro & small, Medium and Large)	–	–	–	–	–	–
3	Services	–	–	–	–	–	–
4	Personal Loans	–	–	–	–	–	–
	Sub Total (A)	–	–	–	–	–	–
B	Non Priority Sector						
1	Agriculture and allied activities	–	–	–	–	–	–
2	Industry (Micro & small, Medium and Large)	–	–	–	–	–	–
3	Services	–	–	–	–	–	–
4	Personal Loans	23,338,673	202,268	0.87%	21,314,623	195,153	0.92%
	Sub Total (B)	23,338,673	202,268	0.87%	21,314,623	195,153	0.92%
	Totals (A+B)	23,338,673	202,268	0.87%	21,314,623	195,153	0.92%



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m) Movement of NPAs

(Amount in Rs. '000)

S. No	Particulars	2014-15	2013-14
1	Gross NPAs – Opening Balance	195,153	446,115
2	Additions – Fresh NPAs during the year	839,543	1,719,674
3	Sub-Total [A] (1 + 2)	1,034,696	2,165,789
4	Less:		
	i. Upgradations	55,216	1,130,339
	ii. Recoveries	304,473	312,721
	iii. Write-offs	472,739	527,576
	Sub-Total [B]	832,428	1,970,636
5	Gross NPAs – Closing Balance	202,268	195,153

During the year 2013-2014, the Bank had prospectively developed a process to identify movement of NPAs. Accordingly, the Additions, Up-gradations, Recoveries and Write-offs were computed at each month-end; being the difference between the opening and closing balance of NPAs.

During the year 2014-15, the bank has enhanced the process to capture the transactions during the month on the cards classified as NPA.

n) 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, 2015 computed as per the RBI guidelines was 68.75%. [2013-14: 88.74%].

o) 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.

The guidelines contain quantitative limits on financial ITEs and prudential measures for the non-financial ITEs to ensure that banks engage in ITEs in safe and sound manner in order to contain concentration and contagion risks arising out of ITEs.

S. No.	Particulars	March 31, 2015	March 31, 2014
1	Total amount of intra-group exposures	216,690	257,218
2	Total amount of top-20 intra-group exposures	216,690	257,218
3	Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	0.93%	1.21%
4	Details of breach of limits on intra-group exposures and regulatory action thereon, if any	None	None

p) 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.

The Bank operates on a limited license that permits it to conduct credit card operations, distribution of TC's and acceptance of institutional deposits. Accordingly the Bank is not authorized to maintain or open any retail deposit accounts such as savings bank, current or retail deposits. There are no balances except institutional deposits which are operative, being eligible for this purpose.

The Bank does not have any amount to disclose under Transfers to Depositor Education and Awareness Fund as of March 2015.



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q) 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), 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.

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 risk program. General principles and the overall framework for managing liquidity risk are defined in the Bank's Board approved Treasury Policy which describes how the Bank seeks to manage funding and liquidity risk on an enterprise basis.

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 Board approved liquidity risk tolerance 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 in the event a material funding or liquidity crisis occurs which provides a framework for analyzing and responding to liquidity events that are both market-driven as well as institution-specific.

The liquidity risk that the Bank is exposed to can arise from a variety of sources and thus the Bank's liquidity management strategy includes a variety of parameters, assessments and guidelines, including, but not limited to:

- The maintenance of a diversified set of on and off balance sheet funding sources (capital, subordinate debt, Institutional deposits and credit lines from Banks) that utilizes a prudent amount of short-term funding liabilities.
- The projection of cash inflows and outflows from a variety of sources under various stress scenarios.
- The capacity to conduct a range of hypothetical analyses of changes to funding requirements under stress scenarios.
- A framework for the ongoing identification, measurement, management and monitoring of liquidity requirements.

The maintenance of a cushion of high quality, unencumbered liquid assets to be held against identified funding requirements under stress scenarios for a liquidity risk survival horizon of 30 days as prescribed by the RBI under the recently introduced Liquidity Coverage Ratio (LCR) standard.

The Bank has institutionalized a process of forecasting, measuring, monitoring and reporting of the LCR in line with the Reserve Bank of India's circular dated June 9, 2014 on "Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards". The Bank has been in compliance with the minimum standard of 60% from 1st January 2015. As the LCR standard is relatively new, the inputs, sources and processes are still evolving and the Bank has put in place a Board approved procedural document for guidance.

Detailed compositions of elements of the LCR are listed below -

1) High Quality liquid assets (HQLA)

Assets are considered to be 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 to the extent allowed by the Reserve Bank under marginal standing facility and Facility for availing liquidity for LCR as Level 1 HQLA.

2) Net Cash Outflows

The total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. The major components of cash outflow for the Bank are unsecured wholesale funding (credit facilities from Banks and Institutional Deposits), uncommitted, revocable credit facilities extended to customers and other contractual payouts such as merchant payables, membership reward liability etc. The key constituents of cash inflow for the Bank are remittances from card members, balances with banks, other contractual inflows etc.



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

Quantitative Disclosures

(Amount Rs. in '000)

S. No.	Particulars	Quarter ending March 31, 2015	
		Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets		
1	Total High Quality Liquid Assets (HQLA)	2,525,161	2,525,161
	Cash Outflows		
2	Retail deposits and deposits from small business customers, of which:		
(i)	Stable deposits	–	–
(ii)	Less stable deposits	–	–
3	Unsecured wholesale funding, of which:	3,270,420	1,984,793
(i)	Operational deposits (all counterparties)	–	–
(ii)	Non-operational deposits (all counterparties)	3,270,420	1,984,793
(iii)	Unsecured debt	–	–
4	Secured wholesale funding	–	–
5	Additional requirements, of which	–	–
(i)	Outflows related to derivative exposures and other collateral requirements	–	–
(ii)	Outflows related to loss of funding on debt products	–	–
(iii)	Credit and liquidity facilities	–	–
6	Other contractual funding obligations	8,590,402	8,590,402
7	Other contingent funding obligations	24,928,241	1,246,412
8	Total Cash Outflows	36,789,063	11,821,607
	Cash Inflows		
9	Secured lending (e.g. reverse repos)	–	–
10	Inflows from fully performing exposures	11,021,263	5,510,631
11	Other Cash Inflows	7,214,372	4,241,204
12	Total Cash Inflows	18,235,635	9,751,835
	Total Adjusted Value		
13	TOTAL HQLA		2,525,161
14	Total Net Cash Outflows*		2,955,402
15	Liquidity Coverage Ratio (%)		85.44%

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

r) 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, 2015	Provision as at March 31, 2015	Exposure (Net) as March 31, 2014	Provision as at March 31, 2014
Insignificant	180,009	–	260,316	–
Low	18	–	14	–
Moderate	32	–	15	–
High	–	–	–	–
Very High	–	–	–	–
Restricted	–	–	–	–
Off-credit	–	–	–	–
Total	180,059	–	260,345	–



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s) The Bank has no disclosure to make in respect of the following items as the relevant items are either Nil or Not Applicable.

(i) Investments :	Repo Transactions. Non-SLR Investment Portfolio. Non-performing Non-SLR Investments. Movement of provisions held towards depreciation in Investments. Sale and transfers to / from HTM category. Investments in Associates
(ii) Derivatives :	Forward Rate Agreements / Interest Rate Swaps. Exchange Traded Interest Rate Derivatives. Disclosure on risk exposure in derivatives. Credit Default Swaps.
(iii) Asset Quality :	Particulars of Accounts Restructured. 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 Provision for restructured Loans / Assets
(iv) Exposures :	Exposure to Real Estate Sector. Exposure to Capital Market.
(v) Awards passed by the Banking Ombudsman.	
(vi) Letter of Comforts issued by the Bank.	
(vii) Overseas Assets, NPAs and Revenue.	
(viii) Off-Balance Sheet SPVs sponsored.	
(ix) Disclosure relating to securitisation.	
(x) Draw down from Reserves.	
(xi) Penalties imposed by Reserve Bank of India.	
(xii) Earnings per share	
(xiii) Discontinuing Operations	
(xiv) Unamortised Pension and Gratuity Liabilities.	
(xv) Consolidated Financial Statements.	
(xvi) Capital and Provisioning Requirement for Exposure to Entities with Unhedged Foreign Currency Exposure	

2. Prior Period Item

Certain charges, amounting to Rs 51,850 ('000) [2013-14: Nil], pertaining to period January 2014 to March 2014 have been included in the current year's Profit and Loss account. These charges are primarily in the nature of commission payable (issuer rate) on inbound transactions recorded on the global capture system (FINCADS), and are charged to the bank by American Express International Inc. (AEII) Singapore. Recording of these prior period expenses in the year ended March 31, 2015 resulted in an increase in loss by Rs 51,850 ('000) [2013-14: Nil], which would have been Rs 674,099 ('000), in case the expenses were charged by AEII Singapore in the correct period.

3. 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 1,619,209 ('000) [2013-14: Rs 1,169,584 ('000)].



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4. Estimated Useful Life of Fixed Assets

With effect from April 1, 2014, the estimated useful life of fixed assets has been revised as per schedule II to Companies Act, 2013. Had the Bank continued with the previously assessed useful lives, charge for depreciation for the year ended March 31, 2015 would have been higher by Rs 11,651 ('000) [2013-14: Nil], net book value of the fixed assets would have been lower by Rs 11,651 ('000) [2013-14: Nil] and the loss for the year and other assets as at March 31st 2015 would have been higher by the same amount [Refer Note III. 7. (v)]

5. Deferred Taxes

As of March 31, 2015, in view of the losses of the current year and 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 Deferred Tax Assets as on March 31, 2015.

6. Segment Reporting

The summary of the segmental information of the Bank for the Year ended 31st March, 2015 are given below –

(Amount in Rs. '000)

Segmentation	Banking Operations		Treasury		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Segment revenue	8,209,786	7,260,312	455,121	330,770	8,664,907	7,591,082
Segment result	(636,134)	(455,841)	(89,511)	(140,463)	(725,645)	(596,304)
Operating Profits/(Loss)					(725,645)	(596,304)
Income taxes					304	318,506
Extraordinary profit / (loss)						
Net profit (loss)					(725,949)	(914,810)
Other information :						
Segment assets	30,943,729	26,661,098	7,219,505	6,094,384	38,163,234	32,755,482
Unallocated assets (Taxes)					6,318	5,045
Total assets	30,943,729	26,661,098	7,219,505	6,094,384	38,169,552	32,760,527
Segment liabilities	30,950,047	26,666,143	7,219,505	6,094,384	38,169,552	32,760,527
Unallocated liabilities (Taxes)					-	-
Total liabilities	30,950,047	26,666,143	7,219,505	6,094,384	38,169,552	32,760,527
Cost to acquire fixed assets	90,215	203,493			90,215	203,493
Depreciation	170,437	167,576			170,437	167,576

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

7. 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 Rule 7 of the Companies (Accounting) Rules, 2014 and the related guideline issued by the RBI, the details pertaining to related parties are as under:

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 (India) Private Limited American Express Services India Limited American Express Foreign Exchange Services India Limited American Express International Inc. Amex Bank Of Canada American Express Australia Limited American Express Prepaid Card Management Corporation American Express Travel Related Services Company Inc. American Express Limited American Express Advanced Services Europe Limited American Express (Thai) Co., Limited American Express Europe Limited American Express (Malaysia) Sdn. Bhd. Loyalty Solutions and Research Private Limited Global Business Travel India Private Limited (Joint Venture)
4.	Subsidiaries/ Associates/ Joint Ventures	-
5.	Key Management Personnel **	Manoj Adlakha as Chief Executive Officer



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The related party balances and transactions for the year ended March 31, 2015 are summarized as follows:

(Amount in Rs. '000)

Particulars	Year	Parent – Head Office		Total
		American Express Banking Corp, New York		
Borrowings	2014-15	1,250,000		1,250,000
	2013-14	1,250,000		1,250,000
Maximum Outstanding	2014-15	1,250,000		1,250,000
	2013-14	1,250,000		1,250,000

(Amount in Rs. '000)

Particulars	Year	Subsidiaries of Ultimate Holding Company								Total	
		American Express India Pvt Ltd.	American Express International Inc.	American Express Limited	American Express Services India Ltd	American Express Travel Related Services Company Inc.	American Express Prepaid Card Management Corporation	American Express Australia Ltd	Others		
Deposits	2014-15	8,910,000	–	–	–	–	–	–	–	27,000	8,937,000
	2013-14	6,660,000	–	–	–	–	–	–	–	27,000	6,687,000
<i>Maximum Outstanding</i>	2014-15	9,890,000	–	–	–	–	–	–	–	27,000	
	2013-14	7,530,000	–	–	–	–	–	–	–	27,906	
Advances	2014-15	198,540	–	–	619	–	–	–	–	17,531	216,690
	2013-14	248,687	–	–	7,397	–	–	–	–	1,134	257,218
<i>Maximum Outstanding</i>	2014-15	361,652	–	–	32,970	–	–	–	–	19,007	
	2013-14	291,886	–	–	16,397	–	–	–	–	2,728	
Receivables	2014-15	29,560	2,995	4,270	5	158,147	10,995	1,217	2,434		209,623
	2013-14	26,148	92,246	3,993	1	150,007	9,491	1,080	3,579		286,545
Payables	2014-15	242,349	15,007	291,416	79,727	148,965	–	32,722	92,281		902,467
	2013-14	376,854	221,208	282,177	60,888	132,721	4,763	45,024	4,948		1,128,583
Transfer of assets	2014-15	5,924	–	–	–	–	–	–	–	–	5,924
	2013-14	11,914	–	–	(1,521)	–	–	–	–	–	10,393
Interest Expense	2014-15	625,015	–	–	–	–	–	–	–	2,029	627,044
	2013-14	532,976	–	–	–	–	–	–	–	2,050	535,026
Payments by Related Party on Bank's Behalf	2014-15	239,954	–	–	–	–	–	–	–	–	239,954
	2013-14	111,148	–	–	–	–	–	–	–	–	111,148
Revenue from Services Rendered											
Commission, exchange and brokerage (Gross)	2014-15	11,778	–	873,971	4	700,364	–	–	936		1,587,053
Volume Rebate and Issuer Rate Paid	2014-15	–	–	(812,423)	–	–	–	(747,873)	–		(1,560,297)
Commission, exchange and brokerage (Gross)	2013-14	58,190	–	925,433	1	626,205	–	–	9		1,609,838
Volume Rebate and Issuer Rate Paid	2013-14	–	–	(594,700)	–	–	–	(554,924)	–		(1,149,624)
Miscellaneous Income	2014-15	220	28,433	–	–	278,374	64,675	10,143	4,128		385,973
	2013-14	463	57,403	–	–	258,437	64,678	98,858	3,893		483,732
Revenue from Services Rendered Total	2014-15	11,998	28,433	61,547	4	978,738	64,675	(737,730)	5,064		412,730
	2013-14	58,653	57,403	330,733	1	884,642	64,678	(456,067)	3,902		943,945
Cost of Services Received											
Business Support Cost	2014-15	623,039	27,176	–	770,008	585,224	–	61,453	13,957		2,080,857
	2013-14	448,358	30,220	–	670,005	616,424	–	89,056	19,511		1,873,574
Other expenditure	2014-15	93,809	2,350	–	–	4,670	–	–	59,606		160,435
	2013-14	79,928	–	–	–	1,511	–	–	3,388		84,827
Rent, taxes and lighting	2014-15	61,256	–	–	2,066	–	–	–	–		63,322
	2013-14	82,761	–	–	344	–	–	–	–		83,105
Advertisement and Publicity	2014-15	–	–	–	–	–	–	–	21,034		21,034
	2013-14	–	–	–	–	–	–	–	7,824		7,824
Recovery of Expenses	2014-15	–	–	(49,633)	–	–	–	–	–		(49,633)
	2013-14	–	–	(44,881)	–	–	–	–	–		(44,881)
Cost of Services Received	2014-15	778,104	29,526	(49,633)	772,074	589,894	–	61,453	94,597		2,276,015
Total	2013-14	611,046	30,220	(44,881)	670,349	617,934	–	89,056	30,722		2,004,446

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



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8. Other Liabilities include:

(Amount in Rs. '000)

Particulars	2014-15	2013-14
Provisions towards Standard Assets	92,546	84,478
Other Provisions*	100,428	98,992
Prepaid Cards	1,752,711	816,509

*Includes Counter Cyclical Provisioning Buffer of Rs.88,500 thousands (Previous Year Rs.88,500 thousands).

9. Floating Provisions: The Bank has no policy of making floating provision.

10. Leases

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

(Amount in Rs. '000)

Particulars	2014-15	2013-14
Future minimum lease payments under non-cancellable Operating leases		
Not later than 1 year	111,673	114,476
Later than 1 year and not later than 5 years	78,011	158,797
Later than 5 years	–	–
Lease payments recognized in the Profit and Loss Account in respect of operating leases	107,985	103,106

11. Provision, Contingent Liabilities and Contingent Assets

Movement in provision for membership reward points:

(Amount in Rs. '000)

Particulars	2014-15	2013-14
Opening	998,035	864,006
Additions	1,219,454	889,745
Utilisations/Write backs	1,036,332	755,716
Closing Balance	1,181,157	998,035

The bank estimates provision for card reward points by applying historic redemption on points eligible for redemption by a card member. During the year, enhancements were made to the methodology used by the Bank to estimate the membership reward points that are ultimately expected to be redeemed. The Bank recorded an expense amounting to Rs 245,859 ('000) [2013-14: Nil] to reflect enhancements to the process that estimates future redemptions of membership rewards points by the Card Members. This increase in rewards expense recognizes Card Members' increased engagement with the Membership Rewards program. Had this change not taken place, the loss for the year 2014-15 would have been lower by Rs 245,859 ('000) [2013-14: Nil] and the balance of other assets as on March 31, 2015 would have been lower by Rs 245,859 ('000) [2013-14: Nil].

12. Taxes

The income tax expenses comprise the following:

(Amount in Rs. '000)

Particulars	2014-15	2013-14
Wealth Tax	304	736
Deferred Income tax (benefit) / expense	–	317,770
Total	304	318,506

13. Description of contingent liabilities

Contingent Liabilities	Brief Description
Claims against the bank not acknowledged as debts	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial condition, result of operations and cash flows.

* Also refer Schedule 12 – Contingent Liabilities



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14. 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:	2014-15	2013-14
	Provident fund	37,517	31,671
	Superannuation	2,511	2,623
	TOTAL	40,028	34,294

B Contribution towards Pension for deferred / vested pensioners (left employees) :

The above employee benefit is covered under Pension Trust and as detailed under Paragraph III 9 (b) of Schedule 18 above.

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:

(Amount in Rs. '000)

		As at 31st March, 2015	As at 31st March, 2014
I	Assumptions		
	Mortality Rate (in deferment)	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
	Mortality Rate (Post retirement)	LIC (1996-98) Ultimate	LIC (1996-98) Ultimate
	Discount Rate	7.80%	9.25%
	Rate of increase in compensation	Not Applicable	Not Applicable
	Rate of return (expected) on plan assets	7.50%	7.50%
II	Changes in present value of obligations		
	Defined Benefit Obligation at beginning of the Year	24,023	29,667
	Interest Cost	2,195	2,173
	Current Service Cost	-	-
	Actuarial Losses/(Gains)	7,936	(2,799)
	Benefit Payments	(595)	(5,018)
	Defined Benefit Obligation at end of the Year	33,559	24,023
III	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of the Year	70,769	72,164
	Expected return on plan assets	5,285	5,224
	Actuarial Gain / (Loss)	(4,712)	(1,601)
	Benefit Payments	(595)	(5,018)
	Fair Value of Plan Assets at end of the Year	70,747	70,769
IV	Amounts to be recognised in the Balance Sheet		
	Defined Benefit Obligation at the end of the Year	33,559	24,023
	Fair Value of Plan Assets at the end of the Year	70,747	70,769
	Amount not recognised as an Asset	-	-
	Surplus Assets	37,188	46,746
V	Expense Recognised	-	-

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



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	As at 31st March, 2015	As at 31st March, 2014
	Percentage	
Government of India securities (Central and State)	45.24	42.47
High quality corporate Bonds (Including Public Sector Bonds)	–	–
Equity shares	–	–
Cash (Including Special Deposits)	54.76	57.53
Others	–	–
Total	100.00	100.00

Experience Adjustments

	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Defined Benefit Obligation at end of the period	(33,559)	(24,023)	(29,667)	(26,804)	(28,145)
Plan Asset as at the end of the period	70,747	70,769	72,164	78,558	70,909
Funded Status	37,188	46,746	42,497	51,754	42,764
Experience Gain/(Loss) adjustments on plan liabilities	(2,680)	(1,667)	865	(372)	3,117
Experience Gain/(Loss) adjustments on plan assets	(4,712)	(1,601)	(11,316)	3,842	(3,147)
Actuarial Gain/(Loss) due to change on assumptions	(5,256)	4,466	(2,398)	2,449	1,580

(Amount in Rs. '000)

C Contribution towards Gratuity:

The above employee benefit is covered under a Gratuity Trust and as detailed under Paragraph III 9 (c) of Schedule 18 above.

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:

(Amount in Rs. '000)

	As at 31st March, 2015	As at 31st March, 2014
I Assumptions		
Mortality	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
Discount Rate	7.80%	9.25%
Rate of increase in compensation	10.00%	9.50% p.a. for first year and 8.50% thereafter
Rate of return (expected) on plan assets	7.5%	7.5%
Withdrawal rates	Up to age 30 - 20%, age 31-40 - 12%, age 41-50 - 10%, age 51 and above - 5%	Up to age 30 - 34%, age 31-40 - 21%, age 41-50 - 10%, age 51 and above - 5%
II Changes in present value of obligations		
DBO at beginning of the Year	110,504	84,276
Interest Cost	9,745	6,494
Current Service Cost	11,819	9,630
Benefits Paid	(10,308)	(6,201)
Actuarial Losses/(Gains) on obligation	11,270	16,305
Liabilities extinguished on settlements	-	-
DBO at end of the Year	133,030	110,504



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(Amount in Rs. '000)

		As at 31st March, 2015	As at 31st March, 2014
III	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of the Year	44,841	43,965
	Expected Return of Plan Assets	3,164	3,214
	Contributions	5,000	4,000
	Benefits paid	(10,308)	(6,201)
	Assets distributed in settlements	-	-
	Actuarial gain / (loss) on plan assets	(147)	(137)
	Fair Value of Plan Assets at end of the Year	42,550	44,841
IV	Amounts to be recognised in the Balance Sheet		
	Present Value of DBO at the end of the Year	133,030	110,504
	Fair Value of Plan Assets at end of the Year	42,550	44,841
	Funded/(Unfunded) Status	(90,480)	(65,663)
	Unrecognised Past Service Costs	-	-
	Net Asset /(Liability) recognised in the Balance Sheet	(90,480)	(65,663)
V	Expense Recognised		
	Current Service Cost	11,819	9,630
	Interest Cost	9,745	6,494
	Expected Return on Plan Assets	(3,164)	(3,214)
	Net Actuarial Gain /(Loss) recognised for the Year	11,417	16,442
	Expense recognised in the statement of P&L A/c	29,817	29,352

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 31st March, 2015	As at 31st March, 2014
	Percentage	
Government of India securities (Central and State)	16.56	16.78
High quality corporate Bonds (Including Public Sector Bonds)	70.44	70.77
Equity shares	-	-
Cash (Including Special Deposits)	7.45	12.45
Others	5.55	-
Total	100.00	100.00

Experience Adjustments

	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Defined Benefit Obligation at end of the period	(133,030)	(110,504)	(84,276)	(64,897)	(60,872)
Plan Asset as at the end of the period	42,550	44,841	43,965	43,611	50,926
Funded Status	(90,480)	(65,663)	(40,311)	(21,286)	(9,946)
Experience Gain/(Loss) adjustments on plan liabilities	14,869	(6,423)	(5,782)	(7,095)	(10,924)
Experience Gain/(Loss) adjustments on plan assets	(147)	(137)	2,895	1,168	(2,021)
Actuarial Gain/(Loss) due to change on assumptions	(26,139)	(9,882)	(5,572)	(305)	1,417



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D Leave Encashment

The amount charged to Profit and Loss Accounts during the year towards Leave Encashment – Rs. 26,871 thousand. (Previous year Rs. 5,137 thousand)

The liability for leave encashment and compensated absences as on March 31, 2015 is Rs. 66,554 thousand (Previous Year Rs. 55,969 thousand).

15. 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		2014-15	2013-14
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	4	2
4	Interest due and payable (under the MSMED Act 2006) which have not been paid (covering all payments)	-	-
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)	-	-
6	Details on payments made in respect of outstanding as at Sl. No. 1 above.	-	-

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

(Amount in Rs. '000)

Particulars	2014-15	2013-14
Others - Income from Insurance Referral Business		
- For selling life insurance products	60,467	42,688
- For selling non-life insurance products	3,604	5,010

17. 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's 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)

SI No.	Particulars	2014-15	2013-14
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.	-	103,607
	(iii) Total amount of deferred remuneration paid out in the financial year	-	26,178



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

(Amount in Rs. '000)

SI No.	Particulars	2014-2015	2013-2014
2	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.		
	Fixed	35,496	32,783
	Variable	10,342	54,380
	Deferred	-	31,500
	Non-deferred	10,342	22,880
3	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	-	82,839
	(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)	2,354	2,411

Compensation inclusive variable pay for CEO disclosed above is as approved by the RBI and paid, and compensation for other risk takers is as approved and paid by the Bank during the respective financial year.

Commencing 2014-15 charges for ESOPs 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

18. Disclosure on Corporate Social Responsibility (CSR)

As per the provisions of the Section 135 of the Companies Act, 2013 the Bank is not required to spend towards Corporate Social Responsibility (CSR) due to losses in previous three years.

19. Auditors' Remuneration [excluding service tax]

(Amount in Rs. '000)

Particulars	2014-15	2013-14
As Auditors:		
- Statutory Audit	3,200	2,700
- Tax Audit	350	300
- Certificates	450	400
- Out of Pocket Expenses	894	633
Total	4,894	4,033

20. 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 **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number 012754N/N500016
Chartered Accountants

Sd/-
Sharad Vasant
Partner
Membership No. 101119

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

Sd/-
Manoj Adlakha
Chief Executive Officer

Sd/-
Neeshant Upadhya
Financial Controller

Place: Mumbai
Date: June 8, 2015

Place: Gurgaon
Date: June 5, 2015