



# 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 the Financial Statements

##### Opinion

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, 2021 and the Profit and Loss Account and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with notes thereon give full 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 give true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Bank as at March 31, 2021;
- b. in the case of the Profit and Loss Account, of the loss of the Bank for the year ended on that date;
- c. in the case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

##### Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing ('SAs') 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 ('ICAI') 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.

##### Emphasis of Matter

3. We draw attention to note no. IV.20 of Schedule 18 of the financial statements, which fully describes that the Bank has recognised provision on credit card receivables to reflect the adverse business impact and uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID-19 pandemic.  
Our opinion is not modified in respect of this matter.

##### Information Other than the Financial Statements and Auditor's Report Thereon

4. The Bank's management is responsible for the other information. The other information comprises the information included in the Bank's Basel III - Pillar 3 disclosures and annual report, but does not include the financial statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this 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 charges with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information'.

##### Responsibility of Management for Financial Statements

5. 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 prescribed Section 133 of the Act, provision of Section 29 of the Banking Regulation Act, 1949 and the circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time. 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; 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,



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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 Responsibilities for the Audit of the Financial Statements

6. 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 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 our audit in accordance with SAs we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, to 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.
- 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

7. 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 read with Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
8. As required by Section 30(3) 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 have been within the powers of the Bank; and
  - c. Since the bank is having only one branch, the question on reporting the number of branches audited by us and the manner of audit thereon does not arise.
9. 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 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 backup of the books of accounts and other paper maintained in electronic mode has been maintained on servers physically located outside India;



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- 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 Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank;
- e. there are no material observations or comments on the financial transactions or matters which have any adverse effect on the functioning of the Bank;
- f. reporting requirement pursuant to provision of Section 164 (2) of the Act is not applicable considering the Bank is a branch of American Express Banking Corp which is incorporated in United States of America with limited liability;
- g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in Annexure 1 to this report;
- h. Reporting requirement pursuant to section 197 of the Act related to managerial remuneration is not applicable considering the Bank is a branch of American Express Banking Corp which is incorporated in United States of America with limited liability;
- i. 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, in our opinion and to the best of our information and according to the explanations given to us, we report as under:
  - i the Bank has disclosed the impact, if any, of pending litigations on its financial positions in its financial statements as at March 31, 2021; Refer Schedule 12 and Note IV. 11 of Schedule 18 to the financial statements;
  - ii the Bank has made adequate 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 IV. 1 (g) of schedule 18 to the financial statements;
  - iii the Bank is currently not liable to transfer any amount to the Investor Education and Protection Fund

For **Khimji Kunverji & Co LLP**  
Chartered Accountants  
FRN: 105146W/ W100621

**Gautam V Shah**  
Partner  
Membership No. - 117348  
UDIN: 21117348AAAAAX9615

Mumbai  
June 25, 2021

### **Annexure 1 to the Independent Auditors' Report**

**[referred to in paragraph 8(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of **American Express Banking Corp- India Branch** ("the Bank") as at March 31, 2021 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 ("ICAI"). 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 the 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 Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting



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(the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 judgment, 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.

### 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:

- (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;
- (b) 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
- (c) 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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 ICAI 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 backup of the books of accounts and other paper maintained in electronic mode has been maintained on servers physically located outside India

For **Khimji Kunverji & Co LLP**  
Chartered Accountants  
FRN: 105146W/ W100621

**Gautam V Shah**  
Partner  
Membership No. 117348  
UDIN: 21117348AAAAAX9615

Mumbai  
June 25, 2021





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BALANCE SHEET AS AT MARCH 31, 2021				PROFIT AND LOSS ACCOUNT FOR THE TWELVE MONTHS ENDED MARCH 31, 2021		
(Amount in INR '000)				(Amount in INR. '000)		
Particulars	Schedule	As at March 31, 2021	As at March 31, 2020	Particulars	Schedule	Year ended March 31, 2021 Year ended March 31, 2020
<b>CAPITAL AND LIABILITIES</b>				<b>INCOME</b>		
Capital	1	22,153,299	17,603,299	Interest Earned	13	6,016,293 6,872,936
Reserves and Surplus	2	487,531	487,531	Other Income	14	7,931,568 14,636,807
Deposits	3	25,387,116	21,289,851	<b>Total</b>		<b>13,947,861 21,509,743</b>
Borrowings	4	15,685,034	20,596,093	<b>EXPENDITURE</b>		
Other Liabilities and Provisions	5	12,326,188	22,501,999	Interest Expended	15	1,032,258 1,501,487
<b>Total</b>		<b>76,039,168</b>	<b>82,478,773</b>	Operating Expenses	16	12,576,263 17,917,836
<b>ASSETS</b>				Provisions and Contingencies	17	3,306,289 2,034,118
Cash and Balances with Reserve Bank of India	6	1,885,697	1,855,697	<b>Total</b>		<b>16,914,810 21,453,441</b>
Balances with Banks and Money at Call and Short Notice	7	1,688,080	1,654,231	<b>PROFIT / (LOSS)</b>		
Investments	8	32,607,358	33,409,924	Net Profit / (Loss) for the Year		(2,966,949) 56,302
Advances	9	31,375,953	39,873,855	Profit / (Loss) brought forward		(2,710,571) (2,752,497)
Fixed Assets	10	250,371	307,012	Transfer from Investment Fluctuation Reserve		(5,677,520) (2,696,195)
Other Assets	11	8,231,709	5,378,054	<b>APPROPRIATIONS</b>		
<b>Total</b>		<b>76,039,168</b>	<b>82,478,773</b>	Transfer to Statutory Reserve		— 14,076
Contingent Liabilities	12	2,025,579	1,739,272	Transfer to Other Reserves		— 300
				Transfer to Government / proposed dividend		— —
				Balance carried over to Balance Sheet		(5,677,520) (2,710,571)
						<b>(5,677,520) (2,696,195)</b>
				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 **Khimji Kunverji & Co. LLP**  
Chartered Accountants  
FRN: 105146W/ W100621

**Gautam V. Shah**  
Partner  
Membership No. 117348

Place: Mumbai  
Date: June 25, 2021

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**

**Manoj Adlakha**  
Chief Executive Officer

**Vivek Sehgal**  
Financial Controller

Place: Gurugram  
Date: June 24, 2021



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### CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(Amount in INR. '000)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Cash Flow from Operating activities</b>		
Net profit/(loss) before taxes	(2,966,949)	77,409
<b>Adjustments for :</b>		
Net (write back)/depreciation on value of securities	—	—
Provision for standard advances	(44,230)	465,534
Provision for non-performing advances	1,750,305	(481,375)
Depreciation on assets	112,497	117,283
Net (profit)/loss on sale of land, building and other assets	1,574	4,149
Operating profit before working capital changes	(1,146,803)	183,000
(Increase)/decrease in investments	802,566	(9,998,830)
(Increase)/decrease in advances	6,747,597	14,005,924
Increase/(decrease) in deposits	4,097,265	(65,443)
(Increase)/decrease in other assets	220,138	(248,138)
Increase/(decrease) in other liabilities and provisions	(10,131,581)	(11,494,242)
(Taxes paid)/(Taxes deducted at source)/Refund received [net]	(106,844)	(202,877)
<b>A Net Cash Flow (used in)/from operating activities</b>	<b>482,338</b>	<b>(7,820,606)</b>
<b>Cash Flow from Investing activities</b>		
Fixed assets purchased	(128,127)	(119,415)
Proceeds from sale of fixed assets	70,697	7,419
<b>B Net Cash Flow (used in)/from Investing activities</b>	<b>(57,430)</b>	<b>(111,996)</b>
<b>Cash Flow from Financing activities</b>		
Infusion of capital	—	—
Proceeds/(Repayment) from/of Borrowings	(361,059)	(2,269,497)
Proceeds from Subordinate Debt	—	10,331,300
Long term borrowing	—	—
<b>C Net Cash Flow from/(used in)Financing activities</b>	<b>(361,059)</b>	<b>8,061,803</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>	<b>63,849</b>	<b>129,201</b>
Cash and cash equivalents at beginning of year	3,509,928	3,380,727
Cash and cash equivalents at end of year	3,573,777	3,509,928
Increase/(decrease) in cash and cash equivalents	63,849	129,201

#### 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 issued by the Institute of Chartered Accountants of India.

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

For **Khimji Kunverji & Co. LLP**  
Chartered Accountants  
FRN: 105146W/ W100621

**Gautam V. Shah**  
Partner  
Membership No. 117348

Place: Mumbai  
Date: June 25, 2021

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

**Manoj Adlakha**  
Chief Executive Officer

**Vivek Sehgal**  
Financial Controller

Place: Gurugram  
Date: June 24, 2021



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### SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

	(Amount in INR. '000)			(Amount in INR. '000)	
	As at March 31, 2021	As at March 31, 2020		As at March 31, 2021	As at March 31, 2020
<b>SCHEDULE 1 - CAPITAL</b>			<b>SCHEDULE 4 - BORROWINGS</b>		
Amount of deposit kept with RBI under section 11 (2) of the Banking Regulation Act, 1949 as per contra.	489,057	474,981	I. BORROWINGS IN INDIA		
	<b>489,057</b>	<b>474,981</b>	Reserve Bank of India	—	—
HEAD OFFICE ACCOUNT			Other banks	403,734	764,793
Opening balance	17,603,299	17,603,299	II. BORROWINGS OUTSIDE INDIA		
Additions during the year	4,550,000	—	Tier 2 Debt Capital raised in the form of Head Office Borrowings in Foreign Currency [Refer Note IV. 1. b of Schedule 18]	15,281,300	19,831,300
Closing balance	<b>22,153,299</b>	<b>17,603,299</b>		<b>15,685,034</b>	<b>20,596,093</b>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>			Secured borrowings included in I and II above	—	—
I. STATUTORY RESERVES			<b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>		
Opening balance	487,057	472,981	I. Bills payable	—	—
Additions during the year	—	14,076	II. Inter-office adjustments (net)	—	—
Closing balance	<b>487,057</b>	<b>487,057</b>	III. Interest accrued	538,154	238,230
II. CAPITAL RESERVES			IV. Others (including provisions) *	11,788,034	22,263,769
Opening balance	—	—		<b>12,326,188</b>	<b>22,501,999</b>
Additions during the year	—	—	* Refer Note IV. 6 of Schedule 18		
Closing balance	—	—	<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>		
III. SHARE PREMIUM			I. Cash in hand (including foreign currency notes)	—	—
Opening balance	—	—	II. Balances with Reserve Bank of India		
Additions during the year	—	—	i) In Current Account	1,885,697	1,855,697
Closing balance	—	—	ii) In Other Accounts	—	—
IV. REVENUE AND OTHER RESERVES				<b>1,885,697</b>	<b>1,855,697</b>
Opening balance	474	174	<b>SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE</b>		
Additions during the year	—	300	I. In India		
Closing balance *	474	474	Balances with banks		
V. Balance of Profit and Loss Account	—	—	i) In Current Accounts	1,688,080	1,654,231
	<b>487,531</b>	<b>487,531</b>	ii) In Other Deposit Accounts	—	—
* Represent Investment Fluctuation Reserve			Money at call and short notice		
<b>SCHEDULE 3 - DEPOSITS</b>			i) With banks	—	—
A. In India			ii) With other institutions	—	—
I. DEMAND DEPOSITS				<b>1,688,080</b>	<b>1,654,231</b>
From banks	—	—	II. Outside India		
From others	—	—	i) In Current Accounts	—	—
II. SAVINGS BANK DEPOSITS	—	—	ii) In Other Deposit Accounts	—	—
III. TERM DEPOSITS			iii) Money at call and short notice	—	—
From banks	—	—		—	—
From others (Institutional)	25,387,116	21,289,851		<b>1,688,080</b>	<b>1,654,231</b>
	<b>25,387,116</b>	<b>21,289,851</b>			
B. (i) Deposits of branches in India	25,387,116	21,289,851			
(ii) Deposits of branches outside India	—	—			
	<b>25,387,116</b>	<b>21,289,851</b>			



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### SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

(Amount in INR. '000)			(Amount in INR. '000)		
	As at March 31, 2021	As at March 31, 2020		As at March 31, 2021	As at March 31, 2020
<b>SCHEDULE 8 - INVESTMENTS</b>			<b>SCHEDULE 10 - FIXED ASSETS</b>		
I. Investment in India in			I. PREMISES		
i) Government Securities (Treasury Bills)	32,607,358	33,409,924	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>32,607,358</u>	<u>33,409,924</u>			
II. Investment outside India in			II. OTHER FIXED ASSETS (Including Furniture and Fixtures)*		
i) Government Securities (including local authorities)	—	—	At cost as on March 31 of the preceding year	1,479,931	1,622,773
ii) Subsidiaries and/or joint ventures abroad	—	—	Additions during the year	128,127	119,415
iii) Others	—	—	Deductions during the year	(149,662)	(262,257)
	—	—		1,458,396	1,479,931
	<u>32,607,358</u>	<u>33,409,924</u>	Depreciation to date	(1,208,025)	(1,172,919)
			Total Net Book Value II	250,371	307,012
<b>SCHEDULE 9 - ADVANCES</b>			Net Book Value I and II	<u>250,371</u>	<u>307,012</u>
A. i) Bills purchased and discounted	—	—	* Refer Note III. 7 of Schedule 18		
ii) Cash credits, overdraft and loan repayable on demand #	31,375,911	39,873,796	<b>SCHEDULE 11 - OTHER ASSETS</b>		
iii) Term loans - Staff	42	59	I. Inter-office adjustments (net)	—	—
	<u>31,375,953</u>	<u>39,873,855</u>	II. Interest accrued	218,784	268,540
B. i) Secured by tangible assets (Secured primarily by Fixed Deposits)	352,886	549,869	III. Tax paid in advance / tax deducted at source	468,782	361,938
ii) Covered by bank/ governments guarantees	208,708	623,569	IV. Stationery and Stamps	—	—
iii) Unsecured	30,814,359	38,700,417	V. Non-banking assets acquired in satisfaction of claims	—	—
	<u>31,375,953</u>	<u>39,873,855</u>	VI. Deferred tax asset	—	—
C. I. Advances in India			VII. Others (Including Debit Balance in Profit and Loss Account Rs. 5,677,520 (000); Previous Year Rs. 2,710,571 (000))	7,544,143	4,747,576
i) Priority sector *	—	—		<u>8,231,709</u>	<u>5,378,054</u>
ii) Public sector	—	—	<b>SCHEDULE 12 - CONTINGENT LIABILITIES</b>		
iii) Banks	6,876	49,603	I. Claims against the bank not acknowledged as debts	—	—
iv) Others	31,369,077	39,824,252	II. Liability for partly paid investments	—	—
	<u>31,375,953</u>	<u>39,873,855</u>	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	2,025,579	1,739,272
(c) Others	—	—		<u>2,025,579</u>	<u>1,739,272</u>
	<u>31,375,953</u>	<u>39,873,855</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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(Amount in INR. '000)			(Amount in INR. '000)		
	Year ended March 31, 2021	Year ended March 31, 2020		Year ended March 31, 2021	Year ended March 31, 2020
<b>SCHEDULE 13 - INTEREST EARNED</b>			<b>SCHEDULE 16 - OPERATING EXPENSES</b>		
Interest/discount on advances/bills	4,698,951	5,246,710	Payments to and provisions for employees	1,945,048	1,841,299
Income on investments	1,317,342	1,626,226	Rent, taxes and lighting	266,741	238,446
Interest on balances with the Reserve Bank of India and other inter-bank funds	—	—	Printing and stationery	78,496	189,978
Others	—	—	Advertisement and publicity	4,144,440	8,687,473
	<u>6,016,293</u>	<u>6,872,936</u>	Depreciation on Bank's property	112,497	117,283
<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]	5,703	6,195
Net Profit/(Loss) on sale of investments	7,113,175	13,650,245	Law charges	9,042	8,651
Net Profit/(Loss) on revaluation of investments	234	300	Postage, telegram, telephones etc.	116,307	238,761
Profit on sale of land, building and other assets	—	—	Repairs and maintenance	33,316	47,394
Less: Loss on sale of land, building and other assets	2,504	1,140	Insurance	30,503	22,780
Net profit on exchange transactions	(4,078)	(5,289)	Business Support Cost (net)	4,800,181	5,088,310
Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India	—	—	Other expenditure	1,033,989	1,431,266
Miscellaneous Income	819,733	990,411		<u>12,576,263</u>	<u>17,917,836</u>
	<u>7,931,568</u>	<u>14,636,807</u>	<b>SCHEDULE 17 - PROVISIONS AND CONTINGENCIES *</b>		
<b>SCHEDULE 15 - INTEREST EXPENDED</b>			Depreciation in the value of securities	—	—
Interest on deposits	1,030,937	1,267,215	Provision for advances and receivables	3,306,289	2,013,011
Interest on Reserve Bank of India/ interbank borrowings	1,321	234,272	Provision for income tax and wealth tax :		
Others	—	—	Income tax	—	21,107
	<u>1,032,258</u>	<u>1,501,487</u>	Fringe Benefit Tax	—	—
			Deferred Income Tax	—	—
				<u>3,306,289</u>	<u>2,034,118</u>
			*Refer Note IV.1.g) of Schedule 18 for details		

#### Schedules forming part of the Financial Statements for the year ended March 31, 2021

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

- I. The financial statements for the year ended March 31, 2021 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, 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 license by Reserve Bank of India ('RBI') to carry on banking business in India. The license authorises the Bank to conduct credit card business, distribute traveller cheques 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 Rule 7 of the



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

Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable 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, etc., paid at the time of acquisition of 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 excess of reserves, as agreed with the client. 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. The interest and other income on non-performing assets is not recognised as income until realised.

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



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

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.

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 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 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

#### 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 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 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.



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

**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.

**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 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, 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 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.





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

#### 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, 2021, the Bank is required to maintain a minimum Capital to Risk-weighted Asset Ratio (CRAR) (including capital conservation buffer of 1.875%) of 10.875%. Further, within this overall capital requirement, the Bank is also required to maintain a Minimum Common Equity Tier 1 (including capital conservation buffer of 1.875%) of 7.375% 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.

Particulars	2020-21	2019-20
Common Equity Tier 1 capital ratio (%)	21.42%	17.56%
Tier I Capital Ratio (%)	21.42%	17.56%
Tier II Capital Ratio (%)	16.12%	22.88%
Total Capital ratio (CRAR) (%)	37.54%	40.44%
Percentage of the shareholding of the Government of India in public sector banks	NA	NA
Amount of equity capital raised		
– Head Office Funds (Amount Rs. in '000)	–	–
– Conversion of Subordinated Debt to Head Office Funds (Amount Rs. in '000)	4,550,000	–
Amount of additional Tier 1 capital raised	–	–
Amount of additional Tier 2 capital raised of which -		
– Debt Capital instrument: (Amount in Rs. '000)	–	10,331,300
– Preference Share Capital Instruments	–	–

##### 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 and 10,331,300 thousands pertaining to Tier 2 debt capital raised in the form of Head Office borrowings in foreign currency during 2018-19 and 2019-20 respectively from Head Office. Details of the Head Office borrowings are as under–

(Amount Rs. in '000)

Particulars	Tranche 1	Tranche 2	Tranche 3
Date of Borrowing	04-May-2018	11-Mar-2020	17-Mar-2020
Rate of Interest	Interest Free	Interest Free	Interest Free
Amount (Rs. '000)	4,950,000	5,150,600	5,180,700
Date of Repayment	04-May-2028	11-Mar-2026	17-Mar-2027
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.

During the year, subordinated debt from head office amounting to Rs. 1,250,000 thousands and Rs. 3,300,000 thousands pertaining to Tier 2 debt capital (raised in foreign currency during 2013-14 and 2015-16 respectively from Head Office) were converted into common equity tier 1 capital effective March 18, 2021.

##### c) Business / Information Ratios :

	Particulars	2020-21	2019-20
a.	Interest income as a percentage to working funds (%)	8.47	7.97
b.	Non-interest income as a percentage to working funds (%)	11.17	16.97
c.	Operating profit as a percentage to working funds (%)	0.48	2.43
d.	Return on assets (%)	(4.18)	0.07
e.	Business (deposits plus advances) per employee (Amount in Rs. '000)	40,368	101,508
f.	Profit/(loss) per employee (Amount in Rs. '000)	(2,144)	78

##### 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).



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

- c) “Business” is the average of the total of advances and deposits (net of inter-bank deposits).  
d) 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 - Current Year</b>	–	1,371,128	1,003,251	2,853,141	1,073,426	1,181,920	669,101	6,424,356	10,810,793	–	–	25,387,116
Previous Year	10,000	1,191,410	952,112	2,463,635	2,810,304	2,397,723	4,581,600	1,878,067	5,005,000	–	–	21,289,851
<b>Advances - Current Year</b>	581,022	3,486,130	4,067,151	9,296,346	1,715,376	1,247,668	2,701,457	2,027,277	5,617,726	517,974	117,826	31,375,953
Previous Year	828,006	4,968,037	5,796,043	13,248,098	2,451,853	1,221,518	3,036,805	2,257,291	5,539,629	368,642	157,933	39,873,855
<b>Investments Current Year</b>	24,836,458	209,868	450,139	624,861	170,598	52,690	210,675	867,018	2,354,304	2,785,636	45,111	32,607,358
Previous Year	26,737,370	389,318	382,740	659,644	411,853	411,830	681,151	1,060,685	489,021	180,762	2,005,550	33,409,924
<b>Borrowings - Current Year</b>	403,734	–	–	–	–	–	–	–	–	15,281,300	–	15,685,034
Previous Year	264,793	–	–	–	500,000	–	–	–	–	1,250,000	18,581,300	20,596,093
<b>Foreign Currency Assets - Current Year</b>	–	–	–	4	–	–	–	–	–	–	–	4
Previous Year	–	–	–	8,822	–	360	–	–	–	–	–	9,182
<b>Foreign Currency Liabilities - Current Year</b>	18,430	318,216	340	123,416	28,172	–	–	124,803	–	15,281,300	–	15,894,677
Previous Year	17,608	1,379,026	1,692,617	4,243,049	2,872,751	–	–	800,497	–	1,250,000	18,581,300	30,836,848

#### e) Exposure to real estate

(Amount Rs. in ‘000)

Particulars	2020-21	2019-20
a) Direct exposure	23,485	94,354
(i) Residential Mortgages –	–	–
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 –	23,485	94,354
Lending secured by mortgages on commercial real estate	–	–
Others	23,485	94,354
(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>23,485</b>	<b>94,354</b>



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

##### f) Exposure to Capital Market

(Amount Rs. in '000)

Particulars	2020-21	2019-20
(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;	20,828	41,646
(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>20,828</b>	<b>41,646</b>

##### g) Provisions and Contingencies:

(Amount Rs. in '000)

Particulars	2020-21	2019-20
Provision for depreciation on Investment	—	—
Provision towards Non Performing Assets	1,750,305	(481,375)
Provision towards Standard Assets	(44,229)	465,533
Write-offs	1,552,006	1,999,764
Others	48,207	29,089
Provision made towards Income tax & Wealth Tax	—	21,107
<b>TOTAL</b>	<b>3,306,289</b>	<b>2,034,118</b>



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

##### h) Investments

(Amount Rs. in '000)

Particulars	2020-21	2019-20
Gross value of Investments		
In India	32,607,358	33,409,924
Outside India	—	—
Provision for depreciation		
In India	—	—
Outside India	—	—
Net value of investments		
In India	32,607,358	33,409,924
Outside India	—	—

##### i) Asset Quality - Non-performing assets ('NPAs')

(Amount Rs. in '000)

Particulars	2020-21	2019-20
(i) Net NPAs to Net Advances (%)	1.30%	0.92%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	801,169	1,995,881
(b) Additions during the year	4,049,789	12,524,459
(c) Reductions during the year	2,317,856	13,719,171
(d) Closing balance	2,533,102	801,169
(iii) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	432,584	913,808
(b) Provisions made during the year	3,066,562	7,415,365
(c) Write off / write back of excess provision	1,373,620	7,896,589
(d) Closing balance	2,125,526	432,584
(iv) Movement of Net NPAs		
(a) Opening balance	368,585	1,082,073
(b) Additions during the year	983,227	5,109,094
(c) Reductions during the year	944,236	5,822,582
(d) Closing balance	407,576	368,585

##### j) Category-wise NPAs (funded)

(Amount Rs. in '000)

Non-performing asset category	2020-21			2019-20		
	Gross NPAs	Provision towards NPA	Provision for Diminution on NPA Restructured	Gross NPAs	Provisions towards NPA	Provision for Diminution on NPA Restructured
Sub standard	1,881,741	1,419,537	54,628	729,012	360,276	151
Doubtful	574,949	574,949	—	71,666	71,666	—
Loss	76,412	76,412	—	491	491	—
<b>Total</b>	<b>2,533,102</b>	<b>2,070,898</b>	<b>54,628</b>	<b>801,169</b>	<b>432,433</b>	<b>151</b>

##### k) 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.



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##### l) Disclosure of complaints:

##### Summary information on complaints received by the bank from customers and from the OBOs

S No	Particulars	2020-21	2019-20
<b>Complaints received by the bank from its customers</b>			
1	No of complaints pending at the beginning of the year	368	397
2	No of complaints received during the Year	25,550	23,005
3	No of complaints disposed during the year	24,835	23,034
3.1	Of which, number of complaints rejected by the bank	—	—
4	No of complaints outstanding at the end of the year	1,083	368
<b>Maintainable complaints received by the bank from OBOs</b>			
5	Number of maintainable complaints received by the bank from OBOs	337	90
5.1	Of 5, number of complaints resolved in favor of the bank by Bos	136	30
5.2	Of 5, number of complaints resolved through conciliation/mediation/ settled/withdrawn/advisories issued by Bos	201	60
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:

Year	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
2020-21	Credit card related	368	25,550	11.06%	1083	—
2019-20	Credit card related	397	23,005	0.74%	368	—

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

##### Concentration of Deposits

(Amount Rs. in '000)

S. No.	Particulars	2020-21	2019-20
1	Total Deposits of twenty largest depositors	25,070,748	20,851,605
2	Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	98.75%	97.94%

##### Concentration of Advances

(Amount Rs. in '000)

S. No.	Particulars	2020-21	2019-20
1	Total Advances to twenty largest borrowers	1,932,552	4,472,996
2	Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	5.76%	11.10%



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##### Concentration of Exposures

(Amount Rs. in '000)

S. No.	Particulars	2020-21	2019-20
1	Total Exposure to twenty largest borrowers / customers	4,178,740	8,296,735
2	Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the bank on borrowers/ customers	1.87%	3.26%

##### Concentration of NPAs

(Amount Rs. in '000)

S. No.	Particulars	2020-21	2019-20
1	Total Exposure to top four NPA accounts	567,496	33,530

##### n) Sector-wise Advances

(Amount Rs. in '000)

S. No.	Sector	2020-21			2019-20		
		Outstand- ing Total Advances	Gross NPAs	Percentage of Gross NPA to Total Advances	Outstand- ing 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)	1,676,657	105,142	6.27%	2,769,184	46,804	1.69%
	– Food Processing	226,257	4	0.00%	478,088	6,838	1.43%
	– Chemicals and Chemical Products (Dyes, Paints, etc.)	382,695	25,801	6.74%	603,621	5,254	0.87%
	– All Engineering (Electronics & Others)	407,107	50,790	12.48%	655,211	11,598	1.77%
	– Others	660,598	28,547	4.32%	1,032,264	23,114	2.24%
3	Services	3,398,530	804,311	23.67%	8,131,758	51,542	0.63%
	– Computer Software	547,450	90,143	16.47%	1,349,789	17,421	1.29%
	– Tourism, Hotel and Restaurants	646,340	9,888	1.53%	1,453,210	7,306	0.50%
	– Professional Services	560,056	213,276	38.08%	1,249,382	11,132	0.89%
	– Retail Trade	799,226	413,279	51.71%	2,380,491	4,008	0.17%
	– Others	845,458	77,725	9.19%	1,698,887	11,675	0.69%
4	Personal Loans	28,483,503	1,623,649	5.70%	29,405,497	702,822	2.39%
	Sub Total (B)	33,558,690	2,533,102	7.55%	40,306,439	801,169	1.99%
	Totals (A+B)	33,558,690	2,533,102	7.55%	40,306,439	801,169	1.99%

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

##### o) Movement of NPAs

(Amount Rs. in '000)

Particulars	2020-21	2019-20
Gross NPAs - Opening Balance	801,169	1,995,881
Additions – Fresh NPAs during the year	4,049,789	12,524,459
Sub-Total [ A ] ( 1 + 2 )	4,850,958	14,520,340
Less :		
(i) Upgradations	549	–
(ii) Recoveries	1,047,223	11,544,789
(iii) Write-offs	1,270,084	1,802,033
(iv) Change in classification due to process enhancement	–	372,349
Sub-Total [ B ]	2,317,856	13,719,171
Gross NPAs – Closing Balance	2,533,102	801,169

##### p) 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, 2021 computed as per the RBI guidelines is 87.40% [2019-20: 65.02%].

##### q) 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, 2021	March 31, 2020
1	Total amount of intra-group exposures	274,488	309,786
2	Total amount of top-20 intra-group exposures	274,488	309,786
3	Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	0.12%	0.12%
4	Details of breach of limits on intra-group exposures and regulatory action thereon, if any	None	None

##### r) 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 2021.

(Amount Rs. in '000)

Particulars	2020-21	2019-20
Opening balance of amounts transferred to DEAF	55,029	19,576
Add : Amounts transferred to DEAF during the year	33,750	35,454
Less : Amounts reimbursed by DEAF towards claims	–	1
Closing balance of amounts transferred to DEAF	88,779	55,029



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##### s) 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.

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 funding/liquidity limits as well as regulatory limits and ratios such as CRR, SLR and LCR.

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, 2021 stood at 250.74%





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

##### Quantitative Disclosures

(Amount Rs. in '000)

		Qtr ended 31st March 2021		Qtr ended 31st December 2020		Qtr ended 30th September 2020		Qtr ended 30th June 2020		Quarter ended 31st March 2020	
		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)
High Quality Liquid Assets											
1	Total High Quality Liquid Assets (HQLA)		32,990,292		32,638,647		31,094,430		33,343,458		27,486,344
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:	0	0	0	0	0	0	0	0	0	0
(i)	Stable deposits	0	0	0	0	0	0	0	0	0	0
(ii)	Less stable deposits	0	0	0	0	0	0	0	0	0	0
3	Unsecured wholesale funding, of which:	6,821,988	2,784,120	7,050,681	3,163,571	6,178,490	2,623,859	6,080,639	2,544,436	6,686,073	3,345,376
(i)	Operational deposits (all counterparties)	0	0	0	0	0	0	0	0	0	0
(ii)	Non-operational deposits (all counterparties)	6,729,781	2,691,913	6,478,516	2,591,406	5,924,385	2,369,754	5,893,672	2,357,469	5,567,828	2,227,131
(iii)	Unsecured debt	92,207	92,207	572,165	572,165	254,105	254,105	186,967	186,967	1,118,245	1,118,245
4	Secured wholesale funding		0		0		0		0		0
5	Additional requirements, of which	460,787	460,787	496,395	496,395	532,677	532,677	664,182	664,182	789,763	789,763
(i)	Outflows related to derivative exposures and other collateral requirements	460,787	460,787	496,395	496,395	532,677	532,677	664,182	664,182	789,763	789,763
(ii)	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0	0	0
(iii)	Credit and liquidity facilities	0	0	0	0	0	0	0	0	0	0
6	Other contractual funding obligations	8,133,578	8,133,578	8,183,218	8,183,218	7,085,316	7,085,316	9,076,393	9,076,393	18,304,221	18,304,221
7	Other contingent funding obligations	191,245,064	9,562,253	196,520,834	9,826,042	202,655,723	10,132,786	210,219,088	10,510,955	205,008,211	10,250,410
8	Total Cash Outflows		20,940,738		21,669,226		20,374,638		22,795,966		32,689,770
Cash Inflows					0		0		0		
9	Secured lending (e.g. reverse repos)	0	0	0	0	0	0	0	0	0	0
10	Inflows from fully performing exposures	10,098,478	5,049,239	9,697,023	4,848,511	8,629,620	4,314,810	8,842,732	4,421,367	19,392,169	9,696,085
11	Other cash inflows	15,355,624	2,734,349	18,897,190	3,177,142	17,641,893	2,442,265	18,309,259	3,077,420	15,033,046	1,573,888
12	Total Cash Inflows	25,454,102	7,783,588	28,594,213	8,025,653	26,271,513	6,757,075	27,151,991	7,498,787	34,425,215	11,269,973
			Total Ad-justed Value		Total Ad-justed Value		Total Ad-justed Value		Total Ad-justed Value		Total Ad-justed Value
21	TOTAL HQLA		32,990,292		32,638,647		31,094,430		33,343,458		27,486,344
22	Total Net Cash Outflows *		13,157,150		13,643,573		13,617,563		15,297,179		21,419,797
23	Liquidity Coverage Ratio (%)		250.74%		239.22%		228.34%		217.97%		128.32%

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

##### t) 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, 2021	Provision as at March 31, 2021	Exposure (Net) as at March 31, 2020	Provision as at March 31, 2020
Insignificant	4	—	9,174	—
Low	—	—	—	—
Moderate	—	—	12	—
High	—	—	—	—
Very High	—	—	—	—
Restricted	—	—	—	—
Off-credit	—	—	—	—
<b>Total</b>	<b>4</b>	<b>—</b>	<b>9,186</b>	<b>—</b>



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

##### u) Disclosure on Frauds

(Amount Rs. in '000)

Particulars	2020-21	2019-20
Number of frauds reported (in numbers)	1,881	3,928
Amount Involved	120,417	123,102
Amount Written-Off	104,203	83,621
Amount Recovered	16,214	39,481
Quantum of unamortized provision debited from other reserves	—	—

##### v) Unhedged Foreign Currency Exposure:

Provision towards unhedged foreign currency exposures as on 31 March 2021 is Rs. 40,464 ('000) [2019-20: Rs. 72,466 ('000)] and the capital held by the Bank towards this risk is Rs. 106,210 ('000) [2019-20: Rs 229,758 ('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.

##### w) 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 and subsequently vide its circular RBI/2019-20/157 DBR.BP.BC.No.32/21.04.018/2019-20 dated April 01, 2019, 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 15 percent of the published incremental Gross NPAs for the reference period, or both. For financial year 2019-20, RBI has not assessed any additional provisioning requirement or Gross NPAs for the Bank.

##### x) Particulars of Accounts Restructured

Under CDR Mechanism: NIL

Under SME Debt Restructuring Mechanism: NIL

Others:

(Amount Rs. in '000)

Particulars	2020-21					2019-20				
	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
<b>Restructured Accounts – Opening Balance</b>										
No. of Borrowers	—	17	—	—	17	—	1	—	—	1
Amount Outstanding	—	3,030	—	—	3,030	—	737,599	—	—	737,599
Provision Thereon	—	1,633	—	—	1,633	—	184,400	—	—	184,400
<b>Fresh restructuring during the year</b>										
No. of Borrowers	2,379	2,156	529	—	5,064	—	17	—	—	17
Amount Outstanding	537,902	314,459	67,957	—	920,318	—	42,825	—	—	42,825
Provision Thereon	142,990	274,823	67,957	—	485,770	—	25,379	—	—	25,379
<b>Upgrade to Restructured Standard Category</b>										
No. of Borrowers	—	—	—	—	—	—	—	—	—	—
Amount Outstanding	—	—	—	—	—	—	—	—	—	—
Provision Thereon	—	—	—	—	—	—	—	—	—	—
<b>Restructured Standard Advances cease to attract higher provision / risk weight and need to be shown as restructured standard advance</b>										
No. of Borrowers	—	—	—	—	—	—	—	—	—	—
Amount Outstanding	—	—	—	—	—	—	—	—	—	—
Provision Thereon	—	—	—	—	—	—	—	—	—	—
<b>Downgrade of restructured accounts</b>										
No. of Borrowers	(302)	296	6	—	—	—	—	—	—	—
Amount Outstanding	(62,291)	56,526	5,765	—	—	—	—	—	—	—
Provision Thereon	(16,781)	51,309	5,765	—	40,293	—	—	—	—	—
<b>Write offs/recoveries of restructured accounts</b>										
No. of Borrowers	74	214	41	—	329	—	2	—	—	2
Amount Outstanding- Write offs	15,000	18,284	2,300	—	35,584	—	16,795	—	—	16,795
Amount Outstanding- Recoveries	115,020	32,694	19,322	—	167,036	—	760,599	—	—	760,599
Provision Thereon	38,930	31,991	21,622	—	92,543	—	208,146	—	—	208,146
<b>Restructured Accounts – Closing Balance</b>										
No. of Borrowers	2,003	2,255	494	—	4,752	—	16	—	—	16
Amount Outstanding	345,591	323,037	52,100	—	720,728	—	3,030	—	—	3,030
Provision Thereon	87,279	295,774	52,100	—	435,153	—	1,633	—	—	1,633



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##### y) 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 Non-SLR Investment Portfolio Non performing Non-SLR Investments Movement of provisions held towards depreciation in 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)	Resolution of Stressed Assets – Extension of Resolution Timelines	

##### z) 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)	Interim Financial Reporting	
(vii)	Overseas Assets, NPAs and Revenue	
(viii)	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. 823,175 ('000) [2019-20: Rs. 3,193,279 ('000)].

#### 3. Deferred Taxes

In accordance with AS-22 on 'Accounting for Taxes on Income' issued by Institute of Chartered Accountants of India (ICAI), 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, 2021, 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, 2021.

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, 2021	As at March 31, 2020
<b>Deferred tax assets:</b>		
Provision for Bad & Doubtful Debts	1,585,546	665,398
Provision for Employee Benefits	276,064	190,284
Accumulated Taxable Losses	227,322	—
Depreciation on fixed assets	70,368	68,774
Deferred Rent & Other reserves	13,683	16,314
<b>Deferred tax liabilities</b>	NIL	NIL



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

#### 4. Segment Reporting

The summary of the segmental information of the Bank for the Year ended 31<sup>st</sup> March, 2021 are given below-

(Amount in Rs. '000)

Segmentation	Banking operations		Treasury		Total	
Particulars	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Segment revenue	12,630,519	19,883,517	1,317,342	1,626,226	13,947,861	21,509,743
Unallocated Expenses					–	–
<b>Segment result</b>	<b>(3,468,121)</b>	<b>(257,841)</b>	<b>501,172</b>	<b>335,250</b>	<b>(2,966,949)</b>	<b>77,409</b>
Operating Profits /(Loss)					<b>(2,966,949)</b>	<b>77,409</b>
Income taxes					–	<b>21,107</b>
Extraordinary profit / (loss)					–	–
<b>Net profit (loss)</b>					<b>(2,966,949)</b>	<b>56,302</b>
<b>Other information :</b>						
Segment assets	35,391,950	44,035,923	34,500,916	35,370,341	69,892,866	79,406,264
Unallocated assets (Taxes and accumulated losses)					6,146,302	3,072,509
<b>Total assets</b>	<b>35,391,950</b>	<b>44,035,923</b>	<b>34,500,916</b>	<b>35,370,341</b>	<b>76,039,168</b>	<b>82,478,773</b>
Segment liabilities	18,897,422	29,017,602	34,500,916	35,370,341	53,398,338	64,387,943
Unallocated liabilities (Taxes, Capital and Reserve and Surplus )					22,640,830	18,090,830
<b>Total liability</b>	<b>18,897,422</b>	<b>29,017,602</b>	<b>34,500,916</b>	<b>35,370,341</b>	<b>76,039,168</b>	<b>82,478,773</b>
<b>Cost to acquire fixed assets</b>	<b>128,127</b>	<b>119,415</b>			<b>128,127</b>	<b>119,415</b>
<b>Depreciation</b>	<b>112,497</b>	<b>117,283</b>			<b>112,497</b>	<b>117,283</b>

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

#### 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 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 (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 (NZ), Inc. American Express International (Taiwan), Inc. 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. Loyalty Solutions and Research Pvt Ltd
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, 2021 are summarized as follows :

(Amount in Rs. '000)

Particulars	Year	Parent - Head Office	Total
		American Express Banking Corp, New York	
Borrowings	2020-21	15,281,300	<b>15,281,300</b>
	2019-20	19,831,300	
<i>Maximum Outstanding</i>	2020-21	19,831,300	<b>19,831,300</b>
	2019-20	19,831,300	

(Amount in Rs. '000)

Particulars	Year	Subsidiaries of Ultimate Holding Company								Total
		American Express Travel Related Services Company, Inc.	American Express Services India Pvt Ltd	American Express Limited	American Express International, Inc. - Branch - Singapore	American Express India Pvt Ltd.	American Express Europe Limited	American Express Australia Limited	Others	
<b>Deposits</b>	2020-21	—	955,000	—	—	22,845,000	—	—	1,000,000	24,800,000
	2019-20	—	630,000	—	—	18,836,000	—	—	810,000	20,276,000
<i>Maximum Outstanding</i>	2020-21	—	1,055,000	—	—	25,285,000	—	—	1,280,000	
	2019-20	—	685,000	—	—	21,400,000	—	—	840,000	
<b>Advances</b>	2020-21	—	740	—	—	170,009	—	—	499	171,248
	2019-20	—	6,805	—	—	190,122	—	—	1,406	198,333
<i>Maximum Outstanding</i>	2020-21	—	20,222	—	—	559,025	—	—	56,067	
	2019-20	—	30,399	—	—	714,383	—	—	56,155	
<b>Receivables</b>	2020-21	—	—	4	—	—	—	—	—	4
	2019-20	13	—	—	—	—	—	8,798	11	8,822
<b>Payables</b>	2020-21	187,484	25,341	—	321,814	792,225	34,232	9,898	33,107	1,404,101
	2019-20	769,092	161,114	—	9,916,263	382,098	213,260	—	34,461	11,476,288
<b>Sale / (Purchase) of assets</b>	2020-21	—	-14,721	—	—	43,807	—	—	1,187	30,273
	2019-20	—	—	—	—	13,873	—	—	801	14,674
<b>Interest Expense</b>	2020-21	—	29,977	—	—	931,336	—	—	33,505	994,818
	2019-20	—	24,746	—	—	1,140,590	—	—	26,987	1,192,323
<b>Payments by Related Party on Bank's Behalf or Payment/Receipt by Bank on behalf of Related Party</b>	2020-21	—	324,370	—	—	320,133	—	—	3,782	—
	2019-20	—	2,338	—	—	314,713	—	—	2,964	—
<b>Revenue from Services Rendered</b>										
<b>Commission, exchange and brokerage (gross)</b>	2020-21	854,817	39	—	—	2,077	—	—	(2)	856,931
	2019-20	2,677,200	60	—	—	2,428	—	—	81	2,679,769
<b>Less: Volume Rebate and Issuer Rate Payable</b>	2020-21	-476,246	—	—	279	—	4,600	251	636	-470,480
	2019-20	-1,903,992	—	—	-2,636	—	-163,997	-2,823	-2,461	-2,075,909
<b>Miscellaneous Income</b>	2020-21	1,368	—	—	—	—	—	—	—	1,368
	2019-20	3,096	—	—	-2	—	—	-2	-12	3,080
<b>Revenue from Services Rendered Total</b>	2020-21	379,939	39	—	279	2,077	4,600	251	634	387,819
	2019-20	776,304	60	—	-2,637	2,428	-163,997	-2,825	-2,393	606,940
<b>Cost of Services Received</b>										
<b>Business Support Cost</b>	2020-21	1,583,500	1,040,570	—	21,431	1,974,150	—	61,141	438,198	5,118,990
	2019-20	1,525,903	1,515,829	—	13,842	1,962,558	—	71,354	354,292	5,443,778
<b>Other expenditure</b>	2020-21	—	—	—	—	—	—	—	71	71
	2019-20	—	—	—	—	—	—	—	10,089	10,089
<b>Rent, taxes and lighting</b>	2020-21	—	27,178	—	—	110,734	—	—	—	137,912
	2019-20	—	1,519	—	—	122,883	—	—	—	124,402
<b>Advertisement and Publicity</b>	2020-21	—	—	—	—	—	—	—	9,193	9,193
	2019-20	—	—	—	—	—	—	—	8,095	8,095
<b>Re-imbursements of cost to/from Related Party</b>	2020-21	-318,809	—	—	—	-5,045	—	—	—	-323,854
	2019-20	-355,468	—	—	—	29,533	—	—	—	-325,935
<b>Cost of Services Received Total</b>	2020-21	1,264,692	1,067,749	—	21,431	2,079,839	—	61,141	447,460	4,942,312
	2019-20	1,170,436	1,517,347	—	13,842	2,114,974	—	71,354	372,476	5,260,429

\*\*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.



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##### 6. Other Liabilities include:

(Amount in Rs. '000)

Particulars	2020-21	2019-20
Provisions towards Standard Assets#	781,882	826,112
Counter Cyclical Provisioning Buffer	88,500	88,500

#Includes Unhedged Foreign Currency Provision of Rs. 40,464 ('000) [2019-20: Rs. 72,466 ('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 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	2020-21	2019-20
Future minimum lease payments under non-cancellable Operating leases		
Not later than 1 year	220,772	213,890
Later than 1 year and not later than 5 years	273,733	355,176
Later than 5 years	—	15,298
Lease payments recognized in the Profit and Loss Account in respect of operating leases	215,225	189,664

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

Movement in provision for membership reward points:

(Amount in Rs. '000)

Particulars	2020-21	2019-20
Opening	3,463,724	2,719,284
Additions	2,264,988	5,050,375
Utilisations/Write backs	2,373,066	4,305,935
<b>Closing Balance</b>	<b>3,355,646</b>	<b>3,463,724</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	2020-21	2019-20
Wealth 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. Income tax matters for which appeal is pending having tax impact of Rs. 1,914,220 ('000) [2019-20: Rs. 1,661,464 ('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. 22,580 ('000) [2019-20: Rs. 22,780 ('000)].
	The amount deposited in Depositor Education and Awareness Fund amounting to Rs. 88,779 ('000) [2019-20: Rs. 55,029 ('000)].

\* Also refer Schedule 12 – Contingent Liabilities



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

##### 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:	2020-21	2019-20
	Provident fund	68,607	57,485
	Superannuation	886	845
	<b>TOTAL</b>	<b>69,493</b>	<b>58,330</b>

(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, 2021</b>	<b>As at March 31, 2020</b>
<b>I</b>	<b>Assumptions</b>		
	Mortality Rate (in deferment)	LIC (1996-98) Ultimate	LIC (1996-98) Ultimate
	Mortality Rate (Post retirement)	LIC (1996-98) Ultimate	LIC (1996-98) Ultimate
	Discount Rate	6.40%	6.50%
	Rate of increase in compensation	Not Applicable	Not Applicable
	Rate of return(expected) on plan assets	7.50%	7.50%
		<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>II</b>	<b>Changes in present value of obligations</b>		
	Defined Benefit Obligation at beginning of the Year	39,397	37,957
	Interest Cost	2,434	2,593
	Current Service Cost	—	—
	Actuarial Losses/(Gains)	1,484	3,731
	Benefit Payments	(3,905)	(4,884)
	Defined Benefit Obligation at end of the Year	39,410	39,397
<b>III</b>	<b>Changes in fair value of plan assets</b>		
	Fair Value of Plan Assets at beginning of the Year	60,632	62,798
	Expected return on plan assets	4,410	4,544
	Actuarial Gain / (Loss)	(10,207)	(2,295)
	Benefit Payments	(3,657)	(4,415)
	Fair Value of Plan Assets at end of the Year	51,178	60,632
<b>IV</b>	<b>Amounts to be recognised in the Balance Sheet</b>		
	Defined Benefit Obligation at the end of the Year	39,410	39,397
	Fair Value of Plan Assets at the end of the Year	51,178	60,632
	Amount not recognised as an Asset	—	—
	Surplus Assets	11,768	21,235
<b>V</b>	<b>Expense Recognised</b>	—	—

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



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	As at March 31, 2021	As at March 31, 2020
	Percentage	
Government of India securities (Central and State)	60.50	51.13
High quality corporate Bonds (Including Public Sector Bonds)	—	—
Equity shares	—	—
Cash (Including Special Deposits)	38.37	47.92
Others	1.13	0.95
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

(Amount in Rs. '000)

Experience Adjustments	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Defined Benefit Obligation at end of the period	(39,410)	(39,397)	(37,957)	(37,026)	(41,096)
Plan Asset as at the end of the period	51,178	60,632	62,798	63,027	68,346
Funded Status	11,768	21,235	24,841	26,001	27,250
Experience Gain/(Loss) adjustments on plan liabilities	(289)	(71)	(104)	(2,854)	(7,433)
Experience Gain/(Loss) adjustments on plan assets	(10,207)	(2,295)	(2,838)	(1,407)	(2,053)
Actuarial Gain/(Loss) due to change on assumptions	(1,195)	(3,660)	(216)	748	(3,098)

(Amount in Rs. '000)

<b>C</b>	<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.
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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, 2021	As at March 31, 2020
<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	6.40%	6.50%
	Rate of increase in compensation		
	– Band 35 and above	0% for 1 <sup>st</sup> year & then 9%	9.00%
	– Others	6% for 1 <sup>st</sup> year & then 9%	9.00%
	Rate of return (expected) on plan assets	7.50%	7.50%
	Withdrawal rates	Up to age 30 - 27% age 31-40 - 18% age 41-50 - 7% age 51 and above - 8%	Up to age 30 - 27% age 31-40 - 18% age 41-50 - 7% age 51 and above - 8%





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<b>II</b>	<b>Changes in present value of obligations</b>		
	DBO at beginning of the Year	208,761	174,029
	Interest Cost	13,236	12,170
	Current Service Cost	22,554	18,531
	Benefits Paid	(10,263)	(14,623)
	Actuarial Losses/(Gains) on obligation	200	14,379
	Liabilities extinguished on settlements	–	–
	Liability released due to employee transfer	–	–
	Plan Amendment Cost	–	1,754
	Acquisitions Cost	58,522	2,521
	DBO at end of the Year	293,010	208,761
<b>III</b>	<b>Changes in fair value of plan assets</b>		
	Fair Value of Plan Assets at beginning of Year	9,218	23,263
	Expected Return of Plan Assets	572	1,196
	Contributions	7,081	–
	Benefits paid	(10,263)	(14,623)
	Assets distributed in settlements	–	–
	Actuarial gain / (loss) on plan assets	(193)	(618)
	Fair Value of Plan Assets at end of the Year	6,415	9,218
<b>IV</b>	<b>Amounts to be recognised in the Balance Sheet</b>		
	Present Value of DBO at the end of the Year	293,010	208,761
	Fair Value of Plan Assets at end of the Year	6,415	9,218
	Funded/(Unfunded) Status	(286,595)	(199,543)
	Unrecognised Past Service Costs	–	–
	Net Asset /(Liability) recognised in the Balance Sheet	(286,595)	(199,543)
<b>V</b>	<b>Expense Recognised</b>		
	Current Service Cost	22,554	18,531
	Interest Cost	13,236	12,170
	Expected Return on Plan Assets	(572)	(1,196)
	Net Actuarial (Gain) /Loss recognised for the Year	393	14,997
	Past Service Cost	–	1,754
	Expense recognised in the P&L A/c	35,611	46,256

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, 2021	As at March 31, 2020
	Percentage	
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>



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(Amount in Rs. '000)

Experience Adjustments	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Defined Benefit Obligation at end of the period	(293,010)	(208,761)	(174,029)	(146,177)	(148,301)
Plan Asset as at the end of the period	6,415	9,218	23,263	37,711	46,870
Funded Status	(286,595)	(199,543)	(150,766)	(108,466)	(101,431)
Experience Gain/(Loss) adjustments on plan liabilities	(16,502)	(1,719)	(7,998)	(844)	267
Experience Gain/(Loss) adjustments on plan assets	(193)	(618)	(1,277)	(1,097)	(1,673)
Actuarial Gain/(Loss) due to change on assumptions	16,302	(12,660)	(2,474)	18,429	(7,891)

<b>D</b>	<b>Leave Encashment/Compensated Absences</b>
	The amount charged/(released) to Profit and Loss Account during the year towards Leave Encashment and compensated absences Rs. 44,691 ('000) (Previous year Rs. (45,708) ('000))
	The liability for leave encashment and compensated absences as on March 31, 2021 is Rs. 225,986 ('000) (Previous Year Rs. 135,221 ('000)).

#### 13. 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	2020-21	2019-20
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	811	405
4	Interest due and payable (under the MSMED Act 2006) which have not been paid (covering all payments)	772	811
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)	772	811
6	Details on payments made in respect of outstanding as at Sl. No. 1 above.	—	—

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

(Amount in Rs. '000)

Particulars	2020-21	2019-20
Others - Income from Insurance Corporate Agency Business		
— For selling life insurance products	37,487	14,727
— For selling non-life insurance products	117,271	122,122

#### 15. 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.



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## INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

(Amount in Rs. '000)

No.	Particulars	2020-21	2019-20
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	66,279	50,282
	Variable	33,847	41,555
	Deferred	—	—
	Non-deferred	33,847	41,555
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)	4,439	3,356

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 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.

#### 16. 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. During the year, the Bank has contributed an amount of Rs. 15,005 ('000).

(Amount in Rs. '000)

S.no.	Particulars	2020-21			2019-20		
A.	Gross amount required to be spent by the Bank during the year				18,633		
B.	Amount spent during the year:	In Cash	Yet to Paid in Cash	Total	In Cash	Yet to Paid in Cash	Total
(i)	Construction/acquisition of any asset	—	—	—	—	—	—
(ii)	On purposes other than (i) above	15,005		15,005	18,633	—	18,633

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

(Amount in Rs. '000)

Particulars	2020-21	2019-20
As Auditors:		
— Statutory Audit	3850	3,850
— Tax Audit	425	425
— Certificates	1400	925
— Out of Pocket Expenses	28	995
<b>Total</b>	<b>5,703</b>	<b>6,195</b>



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

##### 18. 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.

##### 19. 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.

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, as per email notification dated July 20th, 2018, the Bank is also submitting proforma IND AS financials to RBI on quarterly basis effective quarter ended June 2018.

##### 20. Impact of novel Coronavirus (COVID-19) Pandemic

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is currently unascertainable. Various governments, civil society and many organisations, including the Bank, have introduced a variety of measures to contain the spread of the virus to protect lives and livelihood. The extent to which COVID-19 pandemic will impact the Bank's operations and financial results is dependent on the future developments, which are highly uncertain, including among many the other things, any new information concerning the severity of the pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Bank.

On account of uncertainties arising from the COVID-19 pandemic across the world and in India, including the current 'second wave' which has resulted in imposition of renewed restrictions in various parts of the country, the extent to which the same will impact the Bank's operations and financial position will depend on various aspects including actions taken to mitigate its impact and other regulatory measures. The Bank holds provisions amounting INR 583,036 ('000) as at March 31, 2021 (Previous Year Rs. 583,036 ('000)) against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the bank are in excess of the RBI prescribed norms.

In reference to RBI circular RBI/2020-21/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020, RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 and RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020 on 'COVID-19 Regulatory Package', the Bank has granted moratorium for credit card dues falling due between March 01, 2020 and August 31, 2020. Below are the details of accounts which were granted moratorium and were in overdue status as on February 29, 2020:

(Amount in Rs. '000)

Days Past Overdue	Amount Outstanding as at March 31, 2020 (Implemented till May 31, 2020)	Provision as at March 31, 2020	Amount Outstanding as at June 30, 2020	Provision as at June 30, 2020	Provision Adjusted against Slippages	Reversal of Provisions
01 - 30 Days	53,181	2,659	1,853,683	185,368	42,980	142,388
31 - 60 Days	22,365	1,118	17,648	1,765	562	1,203
61 – 90 Days	–	–	–	–	–	–

##### 21. The Honourable Supreme Court in Writ petition (CIVIL) No 825 of 2020 by Gajendra Sharma Vs Union of India & Anr vide its interim order dated 03.09.2020 has directed that the accounts which were not declared non-performing assets (NPA) till 31.08.2020 shall not be declared NPA till further orders, pending disposal of the case by the Supreme Court.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. U018 Ors, and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR. STR.REC.4/21.04.048/2021.22 dated April 07, 2021 issued in this connection, the Bank has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms as applicable for the year ended 31 March 2021.



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### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

22. 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.

#### 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)
Type of borrower	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
Personal Loans	2,369	403,031	—	—	40,303
Corporate persons*	—	—	—	—	—
Of which, MSMEs	—	—	—	—	—
Others	—	—	—	—	—
Total	2,369	403,031	—	—	40,303

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

#### 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', below are the details of MSME accounts where resolution plan was implemented:

Number of accounts restructured during the year	Amounts of accounts restructured as of March 31, 2021 ('000)
14	20,987

#### 25. Subsequent Event

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. While the Bank continues to work on the remediation for removal of the restriction, the order neither impacts existing customers of the Bank nor have any impact on financial statements for the year ended March 31, 2021.

#### 26. 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 **Khimji Kunverji & Co. LLP**  
Chartered Accountants  
FRN: 105146W/ W100621

**Gautam V. Shah**  
Partner  
Membership No. 117348

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

**Manoj Adlakha**  
Chief Executive Officer

**Vivek Sehgal**  
Financial Controller

Place: Mumbai  
Date: June 25, 2021

Place: Gurugram  
Date: June 24, 2021