BANK OF AMERICA, N.A. (INDIA BRANCHES)

(Incorporated in U.S.A. With Limited Liability)

Independent Auditor's Report

To the Chief Executive Officer
Bank of America N.A. (India Branches)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bank of America N.A. (India Branches) (the 'Bank'), which comprise the Balance Sheet as at 31 March 2020, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of the 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 give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (the 'Act') in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2020, and its profit, and its cash flows for the year ended on that date.

Basis for opinion

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

Emphasis of matter

As more fully described in Note 18(III) to the financial statements, the extent to which the COVID-19 pandemic will have an impact on the Bank's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Other information

The Bank's management is responsible for the other information. The other information comprises the information included in the Basel III Pillar 3 Disclosures report, but does not include the financial statements and our auditor's report thereon.

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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the financial statements

The Bank's management is responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, provisions 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; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the bank has adequate internal financial controls with reference to the financial statements 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.

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

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

Report on other legal and regulatory requirements

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

A. As required by sub-section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:

 (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

 (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

 (c) since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we have visited two branches.

B. Further, 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;

(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, to the extent they are not inconsistent with the accounting policies prescribed by RBI;

(e) the requirements of Section 164 (2) of the Act are not applicable considering the Bank is a branch of Bank of America N.A., which is incorporated in the United States of America; and

(f) with respect to the adequacy of the internal financial controls with reference to the financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.

C. 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:

i. the Bank has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements – Refer Note 18 (V) (18) to the financial statements;

ii. the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 18 (V) (18) to the financial statements;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank; and

iv. The disclosures required on holdings as well as dealing in Specified bank notes during the period from 8 November 2016 to 30 December 2016 as envisaged in notification G.S.R. 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs is not applicable to the Bank.

D. In our opinion and according to the information and explanations given to us, the provisions of section 197 of the Act and rules thereunder are not applicable to the Bank.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

sd/-
Sameer Mota
Partner
Membership No: 109928
UDIN No. 20109928AAAAEF2602

Place: Mumbai
Date: 26 June 2020

Annexure A to the Independent Auditor's Report of even date on the financial statements of Bank of America N.A. (India Branches) for the year ended 31 March 2020

Bank of America N.A. (India Branches)

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (Referred to in paragraph B (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to the financial statements of Bank of America N.A. (India Branches) (the 'Bank') as of 31 March 2020 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to the financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to the financial statements 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 (the 'Guidance Note').

Emphasis of Matter

As described in Emphasis of Matter paragraph of our report to the financial statements, the extent to which the COVID 19 pandemic will have impact on the Company's internal financial controls with reference to the financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Management's responsibility for internal financial controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013 (the 'Act').

Auditor's responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to the financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the financial statements. 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 with reference to the financial statements were established and maintained and whether 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 with reference to the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the financial statements included obtaining an understanding of such internal financial controls, 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 with reference to the financial statements.

Meaning of internal financial controls over financial reporting

A bank's internal financial controls with reference to the financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial controls with reference to the financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with reference to the financial statements

Because of the inherent limitations of internal financial controls with reference to the financial statements, 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 with reference to the financial statements to future periods are subject to the risk that the internal financial controls with reference to the financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

sd/-
Sameer Mota
Partner
Membership No: 109928
UDIN No. 20109928AAAAEF2602

Place: Mumbai
Date: 26 June 2020

BANK OF AMERICA

BANK OF AMERICA, N.A. (INDIA BRANCHES)

(Incorporated in U.S.A. With Limited Liability)

BALANCE SHEET AS AT MARCH 31, 2020

	Schedule	As at March 31, 2020 (Rs. '000)	As at March 31, 2019 (Rs. '000)
CAPITAL AND LIABILITIES			
Capital	1	**31,882,612**	31,882,612
Reserves and Surplus	2	**90,460,773**	78,462,193
Deposits	3	**396,381,927**	226,252,885
Borrowings	4	**58,922,059**	128,335,241
Other Liabilities and Provisions	5	**148,535,364**	75,770,003
TOTAL		**726,182,735**	540,702,934
ASSETS			
Cash and balances with Reserve Bank of India	6	**13,571,642**	12,802,358
Balances with Banks and Money at Call and Short Notice	7	**104,920,736**	41,651,755
Investments	8	**256,565,160**	225,503,895
Advances	9	**235,890,650**	194,517,476
Fixed Assets	10	**1,131,267**	1,179,045
Other Assets	11	**114,103,280**	65,048,405
TOTAL		**726,182,735**	540,702,934
Contingent Liabilities	12	**9,019,277,713**	5,891,263,534
Bills for Collection		**445,596,481**	326,357,868

Significant accounting policies and notes to the Financial Statements 18

Schedules referred to above form an integral part of the Balance Sheet

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

	Schedule	Year Ended March 31, 2020 (Rs. '000)	Year Ended March 31, 2019 (Rs. '000)
I. INCOME			
Interest earned	13	**36,462,888**	23,200,600
Other income	14	**10,712,461**	9,046,328
TOTAL		**47,175,349**	32,246,928
II. EXPENDITURE			
Interest expended	15	**16,576,407**	9,312,256
Operating expenses	16	**7,947,549**	7,338,792
Provisions and contingencies	17	**10,652,813**	7,018,137
TOTAL		**35,176,769**	23,669,185
III. PROFIT			
Net profit for the year		**11,998,580**	8,577,743
Profit brought forward		**6,503,151**	13,184,975
TOTAL		**18,501,731**	21,762,718
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		**2,999,645**	2,144,436
Transfer (From) / to Investment Reserve Account		**(112,046)**	111,772
Transfer to Investment Fluctuation Reserve Account		**1,921,046**	1,503,359
Amount retained in India for meeting Capital to Risk-weighted Asset ratio (CRAR)		**5,000,000**	11,500,000
Balance carried over to Balance Sheet		**8,693,086**	6,503,151
TOTAL		**18,501,731**	21,762,718

Significant accounting policies and notes to the Financial Statements 18

Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sd/-
Sameer Mota
Partner
Membership Number: 109928

Place: Mumbai:
Date: June 26, 2020

As per our report of even date attached

For BANK OF AMERICA, N.A. (INDIA BRANCHES)

Sd/-
Kaku Nakhate
Chief Executive Officer

Sd/-
Viral Damania
Chief Financial Officer

BANK OF AMERICA

BANK OF AMERICA, N.A. (INDIA BRANCHES)

(Incorporated in U.S.A. With Limited Liability)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

PARTICULARS		**Year Ended March 31, 2020 (Rs. '000)**	Year Ended March 31, 2019 (Rs. '000)
Cash flow from operating activities			
Net profit before taxation		**21,427,316**	15,333,006
Adjustments for:			
Depreciation		**309,623**	282,413
(Profit) / Loss on sale of fixed assets		**(2,174)**	65
Provision for Enhancing Credit Supply		**351,429**	24,486
Provision for Standard Assets and unhedged foreign currency exposure		**624,353**	495,469
Provision for leave encashment and sick leave		**75,098**	64,337
Provision for gratuity		**86,365**	20,496
(Writeback of) / Provision for country risk		**(16,964)**	7,531
Provision for / (Writeback of) depreciation on investments		**265,259**	(264,612)
Operating profit before working capital changes		**23,120,305**	15,963,191
Adjustments for:			
(Increase) / Decrease in investments		**(31,326,524)**	(75,491,729)
(Increase) / Decrease in advances		**(41,373,174)**	(41,055,074)
(Increase) / Decrease in other assets		**(48,306,767)**	(37,760,823)
Increase / (Decrease) in deposits		**170,129,042**	35,522,908
Increase / (Decrease) in other liabilities and provisions		**71,645,080**	40,116,632
Cash used in Operations		**143,887,962**	(62,704,895)
Taxes Paid (net of refunds received)		**(10,176,842)**	(5,853,465)
Net Cash generated / (used in) Operating Activities	**(A)**	**133,711,120**	(68,558,360)
Cash flow from investing activities			
Purchase of fixed assets		**(277,857)**	(301,806)
Proceeds from sale of fixed assets		**18,184**	19,873
Net Cash used in Investing Activities	**(B)**	**(259,673)**	(281,933)
Cash flow from Financing Activities			
(Decrease) / Increase in borrowings (net)		**(69,413,182)**	52,855,798
Capital Received from Head Office		**-**	22,029,120
Net Cash (used in) / generated from Financing Activities	**(C)**	**(69,413,182)**	74,884,918
Net Increase in cash and cash equivalents	**(A+B+C)**	**64,038,265**	6,044,625
Cash and Cash equivalents at the beginning of the year as per Schedule 6 and 7		**54,454,113**	48,409,488
Cash and Cash equivalents at the end of the year as per Schedule 6 and 7		**118,492,378**	54,454,113
Net Increase in cash and cash equivalents		**64,038,265**	6,044,625

Notes to the Cash Flow Statement

1) The above cash flow statement has been prepared under "Indirect method" as set out in Accounting Standard- 3 "Cash Flow Statements" specified under Section 133 of the Companies Act, 2013.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sd/-
Sameer Mota
Partner
Membership Number: 109928

Place: Mumbai:
Date: June 26, 2020

For BANK OF AMERICA, N.A. (INDIA BRANCHES)

Sd/-
Kaku Nakhate
Chief Executive Officer

Sd/-
Viral Damania
Chief Financial Officer

BANK OF AMERICA

BANK OF AMERICA, N.A. (INDIA BRANCHES)

(Incorporated in U.S.A. With Limited Liability)

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at March 31, 2020 (Rs. '000)	As at March 31, 2019 (Rs. '000)
SCHEDULE 1 - Capital		
I. Deposit kept with Reserve Bank of India under Section 11(2)(b)(ii) of the Banking Regulation Act, 1949	**20,800,000**	18,720,000
II. Amount brought in as start-up capital	**2,000**	2,000
Tier I Capital augmented by Head Office	**31,880,612**	31,880,612
TOTAL	**31,882,612**	31,882,612
Note: Additional Capital Received from Head Office during the year : Nil *(Previous Year Rs. 22,029,120 ('000))*		
SCHEDULE 2 - Reserves and Surplus		
I. **Statutory Reserve**		
Opening balance	**20,480,454**	18,336,018
Add : Transfer from Profit and Loss Account	**2,999,645**	2,144,436
	23,480,099	20,480,454
II. **Capital Reserve**		
Opening balance	**3,457,657**	3,457,657
Add : Transfer from Profit and Loss Account	**-**	-
	3,457,657	3,457,657
III. **Amount Retained in India for meeting Capital to Risk-Weighted Asset Ratio (CRAR)**		
Opening balance	**46,375,501**	34,875,501
Add : Transfer from Profit and Loss Account	**5,000,000**	11,500,000
	51,375,501	46,375,501
IV. **Revenue and Other Reserves**		
Investment Reserve		
Opening balance	**142,071**	30,299
Add : Transfer from Profit and Loss Account	**(112,046)**	111,772
	30,025	142,071
Investment Fluctuation Reserve		
Opening balance	**1,503,359**	-
Add : Transfer from Profit and Loss Account	**1,921,046**	1,503,359
	3,424,405	1,503,359
V. **Balance in Profit and Loss Account**	**8,693,086**	6,503,151
TOTAL (I, II, III, IV and V)	**90,460,773**	78,462,193
SCHEDULE 3 - Deposits		
A. I. **Demand Deposits**		
i) From Banks	**13,327,261**	5,969,568
ii) From Others	**148,889,426**	108,867,902
II. **Savings Bank Deposits**	**1,136,537**	264,844
III. **Term Deposits**		
i) From Banks	**-**	-
ii) From Others	**233,028,703**	111,150,571
TOTAL (I, II and III)	**396,381,927**	226,252,885
B. i) Deposits of Branches in India	**396,381,927**	226,252,885
ii) Deposits of Branches outside India	**-**	-
TOTAL	**396,381,927**	226,252,885

	As at March 31, 2020 (Rs. '000)	As at March 31, 2019 (Rs. '000)
SCHEDULE 4 - Borrowings		
I. **Borrowings in India**		
i) Reserve Bank of India	**-**	71,800,000
ii) Other Banks	**-**	-
iii) Other Institutions and Agencies	**33,277,217**	31,219,737
	33,277,217	103,019,737
II. **Borrowings outside India**	**25,644,842**	25,315,504
TOTAL (I and II)	**58,922,059**	128,335,241
Secured borrowings in I and II above	**33,277,217**	103,019,737
SCHEDULE 5 - Other Liabilities and Provisions		
I. Bills payable	**524,679**	550,398
II. Inter-office adjustments - net	**32,848**	503
III. Interest accrued	**1,511,986**	1,003,867
IV. Others [including provisions]	**146,465,851**	74,215,235
TOTAL	**148,535,364**	75,770,003
SCHEDULE 6 - Cash and Balances with Reserve Bank of India		
I. **Cash in hand** (including foreign currency notes)	**41,296**	38,196
II. **Balances with Reserve Bank of India**		
(i) In Current account	**13,530,346**	12,764,162
(ii) In Other accounts	**-**	-
TOTAL (I and II)	**13,571,642**	**12,802,358**
SCHEDULE 7 - Balances with Banks and Money at Call and Short Notice		
I. **In India**		
i) **Balances with banks**		
a) In Current accounts	**136,698**	92,740
b) In Other deposit accounts	**-**	-
ii) **Money at call and short notice**		
a) with banks	**68,500,000**	-
b) with other institutions	**33,728,156**	14,403,701
TOTAL (i and ii)	**102,364,854**	14,496,441
II. **Outside India**		
i) In Current accounts	**2,555,882**	27,155,314
ii) In Other deposit accounts	**-**	-
iii) Money at call and short notice	**-**	-
	2,555,882	27,155,314
TOTAL (I and II)	**104,920,736**	41,651,755

BANK OF AMERICA

BANK OF AMERICA, N.A. (INDIA BRANCHES)

(Incorporated in U.S.A. With Limited Liability)

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at March 31, 2020 (Rs. '000)	As at March 31, 2019 (Rs. '000)
SCHEDULE 8 - Investments		
I. Investments in India		
(i) Government securities *	**256,830,419**	193,073,071
(ii) Other approved securities	**-**	-
(iii) Shares	**-**	-
(iv) Debentures and bonds	**-**	-
(v) Subsidiaries and/or joint ventures	**-**	-
(vi) Others (including Certificate of Deposits & Commercial Papers)	**-**	32,430,824
Gross Investments	**256,830,419**	225,503,895
Less : Provision for depreciation	**265,259**	-
	256,565,160	225,503,895
II. Investments outside India	**-**	-
TOTAL (I and II)	**256,565,160**	225,503,895

* Includes securities of Face Value Rs. 56,020,000 (‘000) deposited with Clearing Corporation of India Limited (CCIL) as margin deposit [Previous Year: Rs. 45,080,000 (‘000)], Rs. 20,000,000 (‘000) pledged with Reserve Bank of India for funds borrowed under liquidity adjustment facility/marginal standing facility [Previous year: Rs. 71,086,620 (‘000)] and securities pledged in the repo market through CCIL Rs.30,990,000 (‘000) [Previous year : Rs. 584,100 (‘000)].

	As at March 31, 2020 (Rs. '000)	As at March 31, 2019 (Rs. '000)
SCHEDULE 9 - Advances		
A. (i) Bills purchased and discounted	**39,513,637**	45,540,533
(ii) Cash credits, overdrafts and loans repayable on demand	**185,441,143**	141,288,669
(iii) Term loans	**10,935,870**	7,688,274
TOTAL	**235,890,650**	194,517,476
B. (i) Secured by tangible assets (including book debts)	**22,087,683**	15,953,051
(ii) Covered by Bank/ Government guarantees	**-**	-
(iii) Unsecured	**213,802,967**	178,564,425
TOTAL	**235,890,650**	194,517,476
C. I. Advances in India		
(i) Priority sector	**59,771,721**	49,104,149
(ii) Public sector	**-**	-
(iii) Banks	**8,028,978**	8,593,794
(iv) Others	**168,089,951**	136,819,533
	235,890,650	194,517,476
II. Advances outside India	**-**	-
TOTAL (I and II)	**235,890,650**	194,517,476

	As at March 31, 2020 (Rs. '000)	As at March 31, 2019 (Rs. '000)
SCHEDULE 10 - Fixed Assets		
I. Premises	**-**	-
II. Other Fixed Assets (including Furniture and Fixtures)*		
At Cost on March 31 of preceding year	**2,480,015**	2,061,183
Additions during the year	**317,142**	503,451
	2,797,157	2,564,634
Deductions during the year	**158,064**	84,619
	2,639,093	2,480,015
Accumulated depreciation/ amortization	**1,551,924**	1,384,354
	1,087,169	1,095,661
Capital Work in Progress	**44,098**	83,384
TOTAL (I and II)	**1,131,267**	1,179,045
* [Refer Note 17- Schedule 18(V)]		
SCHEDULE 11 - Other Assets		
I. Interest accrued	**4,797,222**	3,916,175
II. Advance tax and tax deducted at source [net of Provision for Taxation of Rs. 74,231,114 (‘000) (*Previous Year Rs. 64,197,752 (‘000)*)]	**1,240,043**	1,096,562
III. Deferred tax assets [Refer Note 14 - Schedule 18(V)]	**1,526,667**	922,041
IV. Others	**106,539,348**	59,113,627
TOTAL	**114,103,280**	65,048,405
SCHEDULE 12 - Contingent Liabilities		
I. Claims against the Bank not acknowledged as Debts (including tax related matters)	**1,337,296**	1,120,995
II. Liability for partly paid investments	**-**	-
III. Liability on account of outstanding foreign exchange contracts	**3,175,750,196**	2,923,662,656
IV. Liability on account of outstanding derivative contracts	**5,781,711,976**	2,908,298,871
V. Guarantees given on behalf of constituents *		
(a) in India	**36,680,967**	34,345,064
(b) outside India	**4,298,055**	6,660,566
VI. Acceptances, endorsements and other obligations	**4,513,349**	5,873,395
VII. Other items for which the Bank is contingently liable		
– Committed Lines of credit	**14,648,373**	10,988,980
– Capital Commitments	**23,388**	41,825
– Depositor Education and Awareness Fund (DEAF) [Refer Note 38 - Schedule 18(V)]	**314,113**	271,182
TOTAL	**9,019,277,713**	5,891,263,534

* Guarantees outstanding on the balance sheet have been shown after deducting therefrom any cash margin.

BANK OF AMERICA

BANK OF AMERICA, N.A. (INDIA BRANCHES)

(Incorporated in U.S.A. With Limited Liability)

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Year Ended March 31, 2020 (Rs. '000)	Year Ended March 31, 2019 (Rs. '000)
SCHEDULE 13 - Interest Earned		
I. Interest/discount on advances/bills	**15,081,085**	11,591,476
II. Income on investments	**17,966,696**	8,752,226
III. Interest on balances with Reserve Bank of India and other inter-bank funds	**1,902,805**	640,470
IV. Others	**1,512,302**	2,216,428
TOTAL	**36,462,888**	23,200,600
SCHEDULE 14 - Other Income		
I. Commission, exchange and brokerage	**1,134,401**	1,244,271
II. Profit on sale of investments (net)	**3,115,404**	1,172,657
III. Profit / (Loss) on sale of land, buildings and other assets (net)	**2,174**	(65)
IV. Profit on exchange / derivative transactions (net)	**5,483,948**	5,520,268
V. Miscellaneous income [Refer Note 42 - Schedule 18(V)]	**976,534**	1,109,197
TOTAL	**10,712,461**	9,046,328
SCHEDULE 15 - Interest Expended		
I. Interest on deposits	**11,597,688**	7,060,200
II. Interest on Reserve Bank of India/inter-bank borrowings	**362,536**	732,816
III. Others	**4,616,183**	1,519,240
TOTAL	**16,576,407**	9,312,256

	Year Ended March 31, 2020 (Rs. '000)	Year Ended March 31, 2019 (Rs. '000)
SCHEDULE 16 - Operating Expenses		
I. Payments to and provisions for employees	**3,600,636**	3,478,894
II. Rent, taxes and lighting	**448,505**	420,291
III. Printing and stationery	**79,026**	68,301
IV. Advertisement and publicity	**330**	802
V. Depreciation on Bank's property	**309,623**	282,413
VI. Directors' fees, allowances and expenses	**-**	-
VII. Auditors' fees and expenses	**15,673**	11,432
VIII. Law Charges	**15,947**	19,285
IX. Postages, Telegrams, Telephones, etc	**185,121**	209,067
X. Repairs and maintenance	**210,112**	236,778
XI. Insurance	**282,946**	215,106
XII. Other expenditure [Refer Note 33 and 41 - Schedule 18(V)]	**2,799,630**	2,396,423
TOTAL	**7,947,549**	7,338,792
SCHEDULE 17 - Provisions and Contingencies		
I. Provision for Standard Assets and unhedged foreign currency exposure	**624,353**	495,469
II. (Write back of) / Provision for country risk	**(16,964)**	7,531
III. Provision for Taxation [Refer Note 15 - Schedule 18(V)]	**10,033,362**	7,040,993
IV. Deferred Tax (Write back) [Refer Note 14 - Schedule 18(V)]	**(604,626)**	(285,730)
V. Provision for / (Write back of) depreciation on investments	**265,259**	(264,612)
VI. Other provisions [Provision for Enhancing Credit Supply]	**351,429**	24,486
TOTAL	**10,652,813**	7,018,137

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

I) Background

The financial statements for the year ended March 31, 2020 comprise the accounts of the India branches of Bank of America, N.A. (the Bank), which is incorporated in the United States of America with limited liability.

II) 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, requirement prescribed under the Third Schedule of the Banking Regulation Act, 1949, circulars and guidelines issued by Reserve Bank of India (RBI) from time to time and Accounting Standards (AS) prescribed under Section 133 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 and Companies Act, 1956, to the extent applicable and conform to the statutory requirements prescribed by 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.

III) Use of Estimates

The preparation of the financial statements, in conformity with the Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities as at the date of the financial statements. Actual results could differ from those estimates and difference between the actual results and estimates are recognized in the period in which the results are known. Any revision in the accounting estimates is recognized prospectively in the current and future periods.

The novel coronavirus (‘COVID-19’) pandemic continues to spread rapidly across the globe including India. On 11 March 2020, COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 continues to spread across the globe and has contributed to increase in volatility in financial markets and an unprecedented level of disruption on socio-economic activities, the extent of which is currently unascertainable. Various governments, civil society and many organizations, including the Bank, have introduced a variety of measures to contain the spread of the virus to protect lives and livelihood. On 24 March 2020, the Indian government announced a strict 21 days lockdown which was further extended by 19 days and again by 14 days across the country to contain the spread of virus. The bank has also taken wide-ranging steps to ensure the safety and security of its employees, including deep sanitisation of offices, monitoring of body temperature, providing masks, facilitating WFH and arranging medical support for employees.

There is a high level of uncertainty about the time required for life and business to get normal. 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.

IV) Significant Accounting Policies

1) Revenue recognition

i) Interest income is recognized in the Profit and Loss Account on an accrual basis, except in case of interest on non-performing assets which is recognized as income upon receipt in accordance with the income recognition and asset classification norms of RBI. Interest income on discounted instruments is recognized over the tenor of the instrument.

ii) Commission on guarantees and letters of credit is recognized upon receipt except commission exceeding the rupee equivalent of USD 50,000, which is recognized on a straight line basis over the life of the contract.

2) Foreign Exchange Transactions

Transactions in foreign currency are recorded and translated at exchange rates prevailing on the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting an enterprise’s monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements, are recognized as income or as expenses in the period in which they arise.

Foreign currency monetary items are reported at the balance sheet date at exchange rates notified by the Foreign Exchange Dealers’ Association of India (FEDAI) and the resulting exchange differences are recognized as income or as expense in the Profit and Loss Account.

Foreign exchange spot and forward contracts outstanding as at the balance sheet date and held for trading, are revalued at rates of exchange notified by FEDAI and the resulting gains / losses are recognized in the Profit and Loss Account.

Foreign exchange forward contracts not intended for trading, which are entered into for establishing the amount of reporting currency required or available at the settlement date of a transaction, and are outstanding at the balance sheet date, are valued at the closing spot rate. Premium / discount arising at the inception of such contracts are amortized in the Profit and Loss Account over the life of the contract.

Contingent liabilities on account of foreign exchange contracts, guarantees and acceptances, endorsements and other obligations denominated in foreign currencies at the balance sheet date are disclosed by using the closing rates of exchange notified by the FEDAI.

3) Derivatives

The Bank enters into derivative contracts such as interest rate swaps, cross-currency swaps, currency options, as well as exchange-traded interest rate futures, currency futures and currency options.

All derivative contracts are classified as trading derivatives. Outstanding exchange-traded interest rate futures, currency futures and currency options are marked-to-market using the closing price of relevant contracts as published by the exchanges / clearing corporation. Margin money deposited with the exchanges is presented under ‘Other Assets’. All other outstanding derivative contracts are valued at the estimated realizable market price (fair value). The resulting gains / losses are recognized in the Profit and Loss Account under ‘Other Income’. The corresponding unrealized gains are presented under ‘Other Assets’ and unrealized losses under ‘Other Liabilities’ on the Balance Sheet.

Fair value is determined by reference to a quoted market price or by using a valuation model. In case the market prices do not appropriately represent the fair value that would be realized for a position or portfolio, valuation adjustments such as market risk close-out costs and bid-offer adjustments are made to arrive at the appropriate fair value. These adjustments are calculated on a portfolio basis and reported as part of the carrying value of the positions being valued, thus reducing trading assets or increasing trading liabilities.

Valuation models, where used, calculate the expected cash flows under terms of the specific contracts, taking into account the relevant market factors viz. interest rates, foreign exchange rates, volatility, prices etc.

The Bank also maintains general provision for standard assets on the current mark-to-market value of the contract, arising on account of derivative and foreign exchange transactions in accordance with the RBI Master circular (DBR.No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015) on prudential norms on income recognition, asset classification and provisioning pertaining to advances.

Any overdue receivables representing positive mark-to-market value of derivative and foreign exchange contracts are treated as non-performing assets, if remaining unpaid for a period of 90 days or more pursuant to the above guidelines.

4) Investments

Investments are accounted for in accordance with the RBI Master Circular (DBR No. BP.BC. 6/ 21.04.141 / 2015-16 dated July 1, 2015) on prudential norms for classification, valuation and operation of investment portfolio by banks.

Classification

Investments are accounted on settlement date basis and are classified as “Held to Maturity” (HTM), “Held for Trading” (HFT) and “Available for Sale” (AFS) at the time of purchase in accordance with the RBI norms. Under each of these classifications, investments are further categorized as i) Government Securities ii) Other approved securities iii) Shares iv) Debentures and Bonds v) Subsidiaries and/or joint ventures and vi) Others.

Valuation

Investments held under HTM classification are carried at acquisition cost. If the acquisition cost is more than the face value, the premium is amortized over the remaining tenor of the investments.

Investments classified under HFT and AFS portfolio are marked-to-market on a monthly basis. Investments classified under HFT and AFS portfolio are valued as per rates declared by Financial Benchmark India Pvt. Ltd. (FBIL) and in accordance with RBI guidelines. Consequently net depreciation, if any, under each of the classifications in respect of any category mentioned in ‘Schedule 8-Investments’ is provided for in the Profit and Loss Account. The net appreciation, if any, under any classification is ignored, except to the extent of any depreciation provided previously. The book value of the individual securities is not changed consequent to periodic valuation of investments.

Treasury Bills, Commercial Paper and Certificates of Deposit, being discounted instruments, are valued at carrying cost. Cost of investments is based on the weighted average cost method.

Investment Reserve Account

In accordance with the aforesaid Master Circular, in case the provision on account of depreciation in the HFT and AFS categories is found to be in excess of the required amount, the excess is credited to the Profit and Loss Account and an equivalent amount net of taxes, if any, adjusted for transfer to Statutory Reserve as applicable to such excess provision is appropriated to the Investment Reserve Account.

The provision required to be created on account of depreciation in investments in AFS and HFT categories is debited to the Profit and Loss Account and an equivalent amount net of tax benefit, if any and net of consequent reduction in transfer to Statutory Reserves is transferred from the Investment Reserve Account to the Profit and Loss Account, to the extent available.

Investment Fluctuation Reserve

In accordance with the RBI Circular - DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, an Investment Fluctuation Reserve was created to protect against increase in yields. As required by the aforesaid circular the transfer to this reserve will be lower of the following – i) net profit on sale of investments during the year ; ii) net profit for the year less mandatory appropriations, until the amount of the reserve is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

Transfer between classifications

Transfer of investment between classifications is accounted for in accordance with the extant RBI guidelines, as under:

a) Transfer from AFS/HFT to HTM is made at the lower of book value or market value at the time of transfer.

b) Transfer from HTM to AFS/HFT is made at acquisition price/book value if originally placed in HTM at a discount and at amortized cost if originally placed in HTM at a premium.

c) Transfer from AFS to HFT is made at book value and the related provision for depreciation held, if any, is transferred to provision for depreciation against the HFT securities and vice-versa.

Repo transactions

Market repurchase and reverse repurchase transactions are accounted for as secured borrowing and lending transactions in accordance with the RBI guidelines. Borrowing costs on the market repurchase transactions are accounted as interest expense and revenue on reverse repurchase transactions are accounted as interest income.

Market repurchase and reverse repurchase transactions with the RBI under the Liquidity Adjustment Facility and Marginal Standing Facility are also accounted for as secured borrowing and lending transactions.

Brokerage and Commission

Brokerage and Commission paid at the time of acquisition of a security is charged to Profit and Loss Account.

Broken period interest

Broken period interest paid at the time of acquisition of the security is charged to the Profit and Loss Account.

5) Tangible fixed assets and capital work-in-progress

Tangible fixed assets are stated at the original cost of acquisition and related expenses less accumulated depreciation and/ or accumulated impairment losses, if any. The cost comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use, any trade discounts and rebates are deducted in arriving at the purchase price. Assets, which are not under active use and are held for disposal, are stated at lower of their net book value and net realizable value. Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use as at the reporting date.

Profit on disposal of fixed assets is recognized in the Profit and Loss Account and an equivalent amount net of taxes, if any adjusted for applicable transfer to Statutory Reserve is appropriated to the Capital Reserve; losses on disposal are recognized in the Profit and Loss Account.

6) Intangible assets

The Bank capitalizes intangible assets, where it is reasonably estimated that the intangible asset has an enduring useful life. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and accumulated impairment losses, if any.

7) Depreciation and amortization

i) Except for items forming part of (iii) and (iv) below, depreciation on tangible assets is provided, pro-rata for the period of use, by straight line method (SLM), over the estimated useful life of each asset as determined by management and as stated in the table below

Category	Useful Life
Server, networking, computer and other computer equipment	2 to 5 years
Furniture and fixtures	10 years
Vehicles	5 years
Other equipment (mechanical / electronic)	3 to 6.67 years
Enterprise Core Network (larger complex core routers)	10 years

ii) The Bank has arrived at the above estimates of useful lives based on an internal assessment and technical evaluation and believes that the useful lives stated above represent the best estimate of the period over which it expects to use the assets. With the exception of Furniture and Fittings, the useful lives estimated by the Bank as stated in the table above are different from the useful lives prescribed under "Part C" of "Schedule II" of the Companies Act, 2013 Part C.

iii) Tangible assets costing less than the rupee equivalent of USD 2,500 are fully depreciated in the year of purchase.

iv) Leasehold improvements are depreciated over the lease period including the renewal periods, if any. Assets associated with premises taken on lease are depreciated on straight line basis over the lease period or the useful lives stated above, whichever is shorter.

v) Intangible assets are amortized over their useful lives as estimated by the management commencing from the date the asset is available for use as stated in the table below:

Category	Useful Life
Software*	2 to 5 years

* Software individually costing less than the rupee equivalent of USD 10,000 is fully amortized in the year of purchase.

8) Impairment of Assets

An asset is considered as impaired when at the balance sheet date, there are indications that the asset may be impaired and the carrying amount of the asset, or where applicable, the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value-in-use). The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Bank estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to the recoverable amount and the impairment loss is recognized as an expense in the Profit and Loss Account.

9) Advances

Advances are classified into performing and non performing advances in accordance with RBI Master Circular (DBR.No.BP. BC.2/21.04.048/2015-16 dated July 1, 2015) on prudential norms on income recognition, asset classification and provisioning pertaining to advances. Further, non-performing assets (NPA) are classified into sub-standard, doubtful and loss assets as per RBI guidelines.

Specific loan loss provisions in respect of non-performing advances are made based on management assessment of the degree of impairment, subject to the minimum provisioning norms laid down by RBI. Interest on non-performing advances is not recognized in the Profit and Loss Account until received.

Advances are stated net of bills re-discounted, specific loan loss provisions and interest-in-suspense for non-performing advances in accordance with the prudential norms.

The Bank also maintains general provisions on standard assets over and above the specific provisions to cover potential credit losses inherent in any loan portfolio.

Provision on standard assets, un-hedged foreign currency exposure of borrowers, country risk exposure and enhancing credit supply to large borrowers is made in accordance with the norms prescribed by RBI and disclosed under Schedule 5 – 'Other Liabilities and Provisions'.

10) Employee Benefits

Provident fund

The Bank contributes to a Government administered provident fund in respect of its employees. The Bank has no further obligation beyond making the contributions. Contributions to provident fund are made in accordance with the statute, and are recognized as an expense when employees have rendered services entitling them to the contributions.

Gratuity

The Bank has a gratuity scheme, a defined benefit plan, for all eligible employees, which is administered by a trust set up by the Bank. The costs of providing benefits under the gratuity scheme are determined using the Projected Unit Credit Method on the basis of actuarial valuation carried out by an independent actuary at each balance sheet date. The Bank makes periodical contributions to the trust. Gratuity benefit obligations recognised on the Balance Sheet represent the present value of the obligations as reduced by the fair value of plan assets. Actuarial gains and losses are recognised in the Profit and Loss Account in the year in which they arise.

During the current year, the trust transferred management of a portion of its funds to a private insurance company.

Compensated Absences

Liability for defined benefit plans in the nature of sick leave and privilege leave for all eligible employees is recognized based on actuarial valuation carried out by an independent actuary as at the balance sheet date.

Pension

The Bank has a pension scheme, a defined contribution plan, for all eligible employees, which is administered by a trust set up by the Bank. The Bank's contribution towards the pension scheme is accounted for on an accrual basis and recognized as an expense in the Profit and Loss Account during the period in which employee renders the related service. The Bank has no further obligation beyond making the contributions.

During the current year, the trust transferred management of a portion of its funds to a private insurance company.

11) Taxation

Taxes on income are accounted for in accordance with Accounting Standard (AS 22) on "Accounting for Taxes on Income" and comprise current and deferred tax. Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and laws in respect of taxable income for the year, in accordance with the Income tax-Act, 1961.

Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. difference that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets arising on account of carry forward losses and unabsorbed depreciation under tax laws are recognized only if there is virtual certainty of its realization, supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets on account of other timing differences are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

12) Accounting for leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. For operating leases, lease payments are recognized as an expense in the statement of Profit and Loss Account on a straight line basis over the lease term.

13) Provisions, contingent liabilities and contingent assets

A provision is recognized if, as a result of a past event, the Bank has a present obligation that can be estimated reliably and is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis. A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best available estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and the related income are recognized in the period in which the change occurs.

14) Employee stock compensation

Liability in respect of restricted stocks / restricted units of the Ultimate Controlling Enterprise granted to the employees of the Bank in terms of the global long-term incentive compensation plans of the Ultimate Controlling Enterprise is accounted for initially at the fair value of the awards on the date of grant. The difference between the fair value on the date of grant and fair value on the date of vesting is accounted for when the stocks vest. At the balance sheet date, liability in respect of unvested stocks is re-measured based on the fair value of the stocks on that date.

15) Cash flow statement

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

V) Other Disclosures

1. Capital to risk weighted assets ratio (CRAR)

The Bank's capital adequacy ratio computed under Basel III framework is given below:

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
i)	Common Equity Tier I capital ratio (%)	**16.72%**	23.87%
ii)	Tier 1 capital ratio (%)	**16.72%**	23.87%
iii)	Tier 2 capital ratio (%)	**0.90%**	0.81%
iv)	Total Capital to Risk Weighted Assets ratio [CRAR] (%)	**17.62%**	24.68%
v)	Percentage of the shareholding of the Government of India in public sector banks	**Nil**	Nil
vi)	Amount of equity capital raised	**Nil**	Nil
vii)	Amount of Additional Tier 1 capital raised; of which Perpetual Non-Cumulative Preference Shares [PNCPS]: Perpetual Debt Instruments [PDI]:	**Nil** **Nil** **Nil**	Nil Nil Nil
viii)	Amount of Tier 2 capital raised; of which Debt capital instrument: Preference Share Capital Instruments: *[Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)]*	**Nil** **Nil** **Nil**	Nil Nil Nil

2. Investments **(Rs. '000)**

Particulars	As at March 31, 2020	As at March 31, 2019
1) Value of investments		
i) Gross Value of investments		
(a) In India	**256,830,419**	225,503,895
(b) Outside india	**Nil**	Nil
ii) Provisions for Depreciation on investments		
(a) In India	**265,259**	Nil
(b) Outside India	**Nil**	Nil
iii) Net Value of investments		
(a) In India	**256,565,160**	225,503,895
(b) Outside India	**Nil**	Nil
2) Movement of provisions held towards depreciation on investments		
i) Opening balance	**Nil**	264,612
ii) Add: Provisions made during the year	**265,259**	Nil
iii) Less: Write-back of excess provision during the year	**Nil**	264,612
iv) Closing balance	**265,259**	Nil

The Bank has not held any security in Held to Maturity (HTM) category and has not sold or transferred securities to or from HTM category during the year ended March 31, 2020 and the previous year ended March 31, 2019.

3. Information on Repo and Reverse Repo Transactions (in face value terms) **(Rs. '000)**

Year ended March 31, 2020	**Minimum Outstanding during the year**	**Maximum Outstanding during the year**	**Daily Average Balance Outstanding during the year**	**Outstanding as at March 31, 2020**
Securities sold under repo*				
• Government securities	**Nil**	**175,579,996**	**53,031,987**	**30,990,000**
• Corporate debt securities	**Nil**	**Nil**	**Nil**	**Nil**
Securities purchased under reverse repo*				
• Government securities	**13,860,000**	**146,324,550**	**57,039,033**	**92,707,050**
• Corporate debt securities	**Nil**	**Nil**	**Nil**	**Nil**

* Includes repo and reverse repo transactions under the Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) with RBI.

(Rs. '000)

Year ended March 31, 2019	Minimum Outstanding during the year	Maximum Outstanding during the year	Daily Average Balance Outstanding during the year	Outstanding as at March 31, 2019
Securities sold under repo*				
• Government securities	Nil	103,280,391	9,112,548	102,406,699
• Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo*				
• Government securities	8,434,300	96,940,060	34,921,421	13,860,000
• Corporate debt securities	Nil	Nil	Nil	Nil

* Includes repo and reverse repo transactions under the Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) with RBI.

4. Non-SLR Investment Portfolio

(i) Issuer Composition of Non-SLR Investments

As at March 31, 2020

(Rs. '000)

Sr. No.	Issuer	Amount (Book Value)	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
(1)	(2)	(3)	(4)#	(5)#	(6)#	(7)#
1)	Public Sector Undertakings	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
2)	Financial Institutions	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
3)	Banks	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
4)	Private corporate	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
5)	Subsidiaries/Joint ventures	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
6)	Others	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
7)	Provision held towards depreciation	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	Total	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

As at March 31, 2019

(Rs. '000)

Sr. No.	Issuer	Amount (Book Value)	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
(1)	(2)	(3)	(4)#	(5)#	(6)#	(7)#
1)	Public Sector Undertakings	23,469,006	Nil	Nil	Nil	Nil
2)	Financial Institutions	Nil	Nil	Nil	Nil	Nil
3)	Banks	8,961,818	5,836,598	Nil	Nil	Nil
4)	Private corporate	Nil	Nil	Nil	Nil	Nil
5)	Subsidiaries/Joint ventures	Nil	Nil	Nil	Nil	Nil
6)	Others	Nil	Nil	Nil	Nil	Nil
7)	Provision held towards depreciation	Nil	Nil	Nil	Nil	Nil
	Total	32,430,824	5,836,598	Nil	Nil	Nil

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

(ii) Non-Performing Non-SLR Investments

There are no non-performing non-SLR Investments as at March 31, 2020 *(as at March 31, 2019: Nil).*

5. Derivatives

(i) Interest Rate Swaps

(Rs. '000)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
i)	The notional principal value of interest rate swaps	**5,602,542,148**	2,763,093,505
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	**45,342,672**	14,444,470
iii)	Collateral required by the bank upon entering into swaps	**7,089,797**	2,596,288
iv)	Concentration of credit risk arising from the swaps (in the banking industry)	**99.6%**	99.2%
v)	The fair value of interest rate swaps – Gains/(Losses)	**(2,316,599)**	(186,168)

Notes:

a) There are no forward rate agreements outstanding as at March 31, 2020 (*as at March 31, 2019: Nil).*

b) For accounting policies relating to the Interest Rate Swaps, please refer Note (IV) (3) – Schedule 18.

(ii) Nature and terms of interest rate swaps:
As of March 31, 2020

(Rs. 000's)

Nature	No. of Contracts	Notional Principal	Benchmark	Term
Trading	**2**	**850,000**	INBMK	Fixed Payable vs Floating Receivable
Trading	**238**	**118,280,000**	MIFOR	Fixed Payable vs Floating Receivable
Trading	**176**	**100,550,000**	MIFOR	Floating Payable vs Fixed Receivable
Trading	**2,805**	**2,365,341,142**	MIBOR	Fixed Payable vs Floating Receivable
Trading	**2,383**	**1,839,318,527**	MIBOR	Floating Payable vs Fixed Receivable
Trading	**297**	**483,948,504**	LIBOR	Fixed Payable vs Floating Receivable
Trading	**286**	**450,050,585**	LIBOR	Floating Payable vs Fixed Receivable
Trading	**66**	**193,702,402**	LIBOR	Floating Payable vs Floating Receivable
Trading	**16**	**14,733,059**	EURIBOR	Fixed Payable vs Floating Receivable
Trading	**16**	**14,733,059**	EURIBOR	Floating Payable vs Fixed Receivable
Trading	**4**	**18,083,935**	FEDFUNDS	Fixed Payable vs Floating Receivable
Trading	**2**	**2,950,935**	FEDFUNDS	Floating Payable vs Fixed Receivable
Total	**6,291**	**5,602,542,148**		

As of March 31, 2019

(Rs. 000's)

Nature	No. of Contracts	Notional Principal	Benchmark	Term
Trading	2	850,000	INBMK	Fixed Payable vs Floating Receivable
Trading	180	90,530,000	MIFOR	Fixed Payable vs Floating Receivable
Trading	87	45,550,000	MIFOR	Floating Payable vs Fixed Receivable
Trading	985	781,188,767	MIBOR	Fixed Payable vs Floating Receivable
Trading	1,060	954,778,037	MIBOR	Floating Payable vs Fixed Receivable
Trading	210	340,203,776	LIBOR	Fixed Payable vs Floating Receivable
Trading	216	356,766,398	LIBOR	Floating Payable vs Fixed Receivable
Trading	57	141,836,902	LIBOR	Floating Payable vs Floating Receivable
Trading	1	1,728,875	OIS	Fixed Payable vs Floating Receivable
Trading	1	1,728,875	OIS	Floating Payable vs Fixed Receivable
Trading	16	13,592,688	EURIBOR	Fixed Payable vs Floating Receivable
Trading	16	13,592,688	EURIBOR	Floating Payable vs Fixed Receivable
Trading	5	13,831,000	FEDFUNDS	Fixed Payable vs Floating Receivable
Trading	4	6,915,500	FEDFUNDS	Floating Payable vs Fixed Receivable
Total	2,840	2,763,093,506		

MIFOR : Mumbai Interbank Forward Offer Rate
MIBOR : Mumbai Interbank Offered Rate
INBMK : India Benchmark

(iii) Exchange Traded Interest Rate Derivatives

(Rs. '000)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year, – Interest rate futures (Government bond)	**121,403,674**	15,613,800
2)	Notional principal amount of exchange traded interest rate derivatives outstanding as at March 31, – Interest rate futures (Government bond)	**2,872,600**	Nil
3)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	**2,872,600**	NA
4)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	**51,204**	NA

(iv) Disclosure on Risk Exposure in Derivatives

a. Qualitative Disclosure

- The Bank enters into derivative contracts for the purposes of trading and to meet customer requirements to manage their risks.
- The Bank has a policy in place for measurement, reporting, monitoring and mitigating credit, market and operational risk.
  - o Credit risk is managed based on the risk profile of the borrower or counterparty, repayment sources and other support given the current events, conditions and expectations. Credit risk for a derivative contract is sum of the potential future changes in value and the replacement cost, which is the positive mark-to-market value of the contract.
  - o The Bank uses Value-at-Risk (VaR) modeling and stress testing to measure and manage market risk. Trading limits and VaR are used to manage day-to-day risks and are subject to testing where expected performance is compared to actual performance. All limit excesses are communicated to senior management for review.
  - o There exists an organizational set up for the management of risk. All lines of business are responsible for the risks within the business including operational risks. Such risks are managed through corporate-wide and/or line of business specific policies and procedures, controls, and monitoring tools.
- Treasury front-office, mid-office and back-office are managed by officials with necessary systems support and clearly defined responsibilities.
- There exist policies for recording derivative transactions, recognition of income, valuation of outstanding contracts, provisioning and credit risk mitigation. The gains or losses are reported under the head ‘Profit on exchange/derivative transactions’ in the Profit and Loss account. On the Balance Sheet, unrealized gains are reported under “Other Assets” in Schedule 11 and unrealized losses are reported under “Other Liabilities” in Schedule 5. Outstanding amounts in respect of unrealized gains and losses summarized by major product types forming part of “Other Assets” and “Other Liabilities” respectively are as under:

(Rs. ‘000)

Particulars	**As at March 31, 2020**		As at March 31, 2019	
	Asset (+)	**Liability (-)**	Asset (+)	Liability (-)
Forward exchange contracts	**53,228,368**	**(48,917,967)**	38,768,170	(37,218,211)
Interest rate swap	**45,342,673**	**(47,659,271)**	14,444,470	(14,630,638)
Cross-currency interest rate swap	**920,482**	**(3,340,738)**	1,524,857	(1,108,694)
Interest rate futures	**51,204**	**Nil**	Nil	Nil
Currency futures	**Nil**	**(8,889)**	Nil	Nil
Options	**472,228**	**(1,061,174)**	560,893	(1,047,940)
Total	**100,014,955**	**(100,988,039)**	55,298,390	(54,005,483)

b. Quantitative Disclosure

(Rs. ‘000)

Sr. No.	**Particulars**	**Currency Derivatives* As at March 31, 2020**	**Interest Rate Derivatives**As at March 31, 2020**
1)	Derivatives (Notional Principal Amount)		
	a) For hedging	**Nil**	**Nil**
	b) For trading	**176,297,229**	**5,605,414,747**
2)	Marked to Market Positions		
	a) Asset (+)	**1,392,710**	**45,393,877**
	b) Liability (-)	**(4,410,801)**	**(47,659,271)**
3)	Credit Exposure#	**10,194,288**	**86,461,362**
4)	Likely impact of one percentage change in interest rate (100*PV01) ***		
	a) on hedging derivatives	**Nil**	**Nil**
	b) on trading derivatives	**1,172,424**	**1,030,824**
5)	Maximum and Minimum of 100*PV01 observed during the year ***		
	a) on hedging	**Nil**	**Nil**
	b) on trading (Maximum)	**1,380,704**	**3,132,903**
	c) on trading (Minimum)	**902,820**	**2,097**

Notional principal amount of outstanding foreign exchange contracts classified as trading and hedging as at March 31, 2020 amounted to Rs. 3,175,750,196 (‘000) and NIL respectively.

* Currency Derivatives include currency futures, cross-currency swaps and currency options.

** Interest Rate Derivatives include interest rate swaps and interest rate futures.

*** absolute values considered.

Credit exposure is computed based on the current exposure method representing the sum of potential future exposure and positive mark-to-market value of contracts.

(Rs. '000)

Sr. No.	Particulars	Currency Derivatives* As at March 31, 2019	Interest Rate Derivatives** As at March 31, 2019
1)	Derivatives (Notional Principal Amount)		
	a) For hedging	Nil	Nil
	b) For trading	145,205,366	2,763,093,505
2)	Marked to Market Positions		
	a) Asset (+)	2,085,750	14,444,470
	b) Liability (-)	(2,156,634)	(14,630,638)
3)	Credit Exposure#	9,561,980	36,211,477
4)	Likely impact of one percentage change in interest rate (100*PV01) ***		
	a) on hedging derivatives	Nil	Nil
	b) on trading derivatives	963,834	48,846
5)	Maximum and Minimum of 100*PV01 observed during the year ***		
	a) on hedging	Nil	Nil
	b) on trading (Maximum)	986,647	1,209,473
	c) on trading (Minimum)	367,915	17,557

Notional principal amount of outstanding foreign exchange contracts classified as trading and hedging as at March 31, 2019 amounted to Rs. 2,923,662,656 ('000) and NIL respectively.
* Currency Derivatives include currency futures, cross-currency swaps and currency options.
** Interest Rate Derivatives include interest rate swaps and interest rate futures.
*** absolute values considered.
# Credit exposure is computed based on the current exposure method representing the sum of potential future exposure and positive mark-to-market value of contracts.

6. Asset quality

(i) Non-Performing Assets (Funded)

(Rs. '000)

Sr. No.	Item	As at March 31, 2020	As at March 31, 2019
1)	Net NPAs to Net Advances (%)	**Nil**	Nil
2)	Movement of NPAs (Gross)		
	(a) Opening balance	**Nil**	Nil
	(b) Additions during the year	**2,236**	Nil
	(c) Reductions during the year	**2,236**	Nil
	(d) Closing balance	**Nil**	Nil
3)	Movement of Net NPAs		
	(a) Opening balance	**Nil**	Nil
	(b) Additions during the year	**1,677**	Nil
	(c) Reductions during the year (recoveries)	**1,677**	Nil
	(d) Closing balance	**Nil**	Nil
4)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	**Nil**	Nil
	(b) Provisions made during the year	**559**	Nil
	(c) Write-off	**Nil**	Nil
	(d) Write-back of excess provisions	**559**	Nil
	(e) Closing balance	**Nil**	Nil

(ii) Disclosure on NPA Divergence

There is no divergence in asset classification and provisioning during the current year requiring detailed disclosures pursuant to RBI/2018-19/157 circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019 and RBI/2016-17/283 circular no. DBR. BP. BC.No.63/21.04.018/2016-17 dated 18 April 2017. Disclosure pertaining to current year and previous year is given below:

(Rs. '000)

Sr No.	Particulars	During the year March 31, 2020	During the year March 31, 2019
1	Gross NPAs as at the beginning of the year as reported by the Bank	**Nil**	Nil
2	Gross NPAs as at the beginning of the year as assessed by RBI	**Nil**	130,174
3	Divergence in Gross NPAs (2-1)	**Nil**	130,174
4	Net NPAs as at the beginning of the year as reported by the Bank	**Nil**	Nil
5	Net NPAs as at the beginning of the year as assessed by RBI	**Nil**	97,630
6	Divergence in Net NPAs (5-4)	**Nil**	97,630
7	Provisions for NPAs as at the beginning of the year as reported by the Bank	**Nil**	Nil
8	Provisions for NPAs as at the beginning of the year as assessed by RBI	**Nil**	32,544
9	Divergence in provisioning (8-7)	**Nil**	32,544
10	Reported Net Profit after Tax (PAT) for the previous year	**8,577,743**	7,343,248
11	Adjusted (notional) Net Profit after Tax (PAT) for the previous year after taking into account the divergence in provisioning	**8,577,743**	7,324,920

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

6 (iii) Particulars of accounts restructured for year ended March 31, 2020

Rs. crore

Sr. no	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification / Details		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured accounts as on 1st April, 2019	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Fresh re-structuring during the financial year 2019-20	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Upgradation to restructured standard category during the financial year 2019-20	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of next year	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Downgradation of restructured accounts during the financial year 2019-20	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Writeoff of restructured accounts during the financial year 2019-20	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Restructured accounts as on March 31, 2020	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

6 (iii) Particulars of accounts restructured for year ended March 31, 2019

Rs. crore

Sr. no	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification / Details		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured accounts as on April 1, 2018	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Fresh re-structuring during the financial year 2018-19	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Upgradation to restructured standard category during the financial year 2018-19	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of next year	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Downgradation of restructured accounts during the financial year 2018-19	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Writeoff of restructured accounts during the financial year 2018-19	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Restructured accounts as on March 31, 2019	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

(iv) Details of financial assets sold to Securitization/ Reconstruction Company for Asset Reconstruction

No Financial assets were sold to Securitization/Reconstruction Company for asset reconstruction during the year ended March 31, 2020 (*Previous year ended March 31, 2019: NIL*).

(v) Details of non-performing financial assets purchased/sold

There were no non-performing financial assets that were purchased or sold during the year ended March 31, 2020 (*Previous year ended March 31, 2019 : NIL*).

(vi) Provision on standard assets

(Rs. '000)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision on standard assets	**1,343,622**	999,263

(vii) Provision for COVID-19 Deferment cases:

As per RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020, all commercial banks were permitted to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020 (further extended by three months till August 31, 2020). The Bank has laid down LMT approved policy on April 6, 2020 for any borrower who wants to avail deferment period for a Term Loan/Overdraft facility. None of the borrowers have requested the Bank to provide moratorium for the payment of overdraft facility/instalments and/ or interest falling due between March 1, 2020 to March 31, 2020.

Disclosure required as part of COVID-19 Regulatory Package - Asset Classification and Provisioning:

(Rs. '000)

Particulars	Amount
Advances outstanding in SMA/overdue categories, where the moratorium/deferment was extended	Nil
Amount where asset classification benefits is extended upto March 31, 2020	Nil
Provisions made as per para 5 of the COVID-19 Regulatory Package for the financial year ended March 31, 2020	Nil
Provisions adjusted during the financial year ended March 31, 2020	Nil
Residual provisions in terms of paragraph 6 of the COVID-19 Regulatory Package as at March 31, 2020	Nil

7. Business Ratios

Sr. No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a)	Interest income as a percentage to working funds*	**6.00%**	5.99%
b)	Non-interest income as a percentage to working funds*	**1.76%**	2.40%
c)	Operating Profit as a percentage to working funds*	**3.73%**	4.03%
d)	Return on assets@	**1.97%**	2.22%
e)	Business (Deposits plus Advances) per employee (Rs. '000)#	**1,329,635**	902,722
f)	Profit per employee (Rs. '000)	**25,776**	18,668

*Working funds are the average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the twelve months of the financial year.

@ Return on assets computed with reference to working funds as described above.

#For the purpose of Business (Deposits plus Advances) per employee, inter-bank deposits are excluded. Business per employee is calculated basis average employees for the year.

8. Asset Liability Management

Maturity Pattern of certain items of assets and liabilities

(Rs. in Crores)

As at March 31, 2020	Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	**388**	**14,373**	**5,127**	**3,660**	**253**	**435**
2 to 7 days	**1,470**	**3,169**	**4,382**	**-**	**10**	**103**
8 to 14 days	**1,235**	**-**	**2,851**	**-**	**30**	**103**
15 to 30 days	**4,309**	**2,811**	**4,745**	**-**	**79**	**1**
31 days and upto 2 months	**2,794**	**505**	**3,576**	**2,232**	**1,051**	**2,232**
Over 2 months and upto 3 months	**2,295**	**699**	**955**	**-**	**2,858**	**2,466**
Over 3 months and upto 6 months	**4,971**	**221**	**1,566**	**-**	**2,651**	**-**
Over 6 months and upto 1 year	**1,817**	**227**	**1,607**	**-**	**-**	**-**
Over 1 year and upto 3 years	**3,973**	**3,652**	**14,819**	**-**	**270**	**2,767**
Over 3 years and upto 5 years	**337**	**-**	**7**	**-**	**-**	**-**
Over 5 Years	**-**	**0**	**3**	**-**	**148**	**-**
Total	**23,589**	**25,657**	**39,638**	**5,892**	**7,350**	**8,107**

(Rs. in Crores)

As at March 31, 2019	Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	465	11,071	2,497	3,802	2,744	121
2 to 7 days	1,260	4,901	1,920	4,950	-	121
8 to 14 days	2,016	1,562	1,754	1,550	8	121
15 to 30 days	2,452	1,332	1,721	-	64	7
31 days and upto 2 months	2,310	657	1,386	2,531	430	2,531
Over 2 months and upto 3 months	2,094	401	563	-	1,511	624
Over 3 months and upto 6 months	4,108	252	1,495	-	2,221	-
Over 6 months and upto 1 year	1,729	154	915	-	-	-
Over 1 year and upto 3 years	2,706	2,115	10,366	-	-	3,261
Over 3 years and upto 5 years	312	105	7	-	-	-
Over 5 Years	-	-	1	-	135	-
Total	19,452	22,550	22,625	12,833	7,113	6,786

9. Exposures

(i) Exposure to Real Estate Sector **(Rs.'000)**

Category	**As at March 31, 2020**	As at March 31, 2019
Direct Exposure		
i) Residential Mortgages	**Nil**	Nil
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; Of which Individual Housing Loans included in Priority Sector advances	**Nil**	Nil
ii) Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	**Nil**	Nil
iii) Investment in mortgage backed securities (MBS) and other securitized exposures a. Residential, b. Commercial Real Estate.	**Nil**	Nil
Indirect Exposure		
Fund based and non-fund based exposures to National Housing Bank and Housing Finance Companies	**Nil**	Nil
Total Exposure to Real Estate Sector	**Nil**	Nil

(ii) Exposure to Capital Market **(Rs. '000)**

Sr. No.	**Particulars**	**As at March 31, 2020**	As at March 31, 2019
1)	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;	**Nil**	Nil
2)	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;	**Nil**	Nil
3)	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;	**Nil**	Nil
4)	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;	**Nil**	Nil
5)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	**Nil**	Nil
6)	Loans sanctioned to corporate 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;	**Nil**	Nil
7)	Bridge loans to companies against expected equity flows/issues;	**Nil**	Nil
8)	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	**Nil**	Nil
9)	Financing to stockbrokers for margin trading;	**Nil**	Nil
10)	All exposures to Venture Capital Funds (both registered and unregistered)	**Nil**	Nil
11)	Non-fund based exposure in the nature of guarantees	**Nil**	1,380,023
	Total Exposure to Capital Market	**Nil**	1,380,023

(iii) Risk Category-wise Country Exposure **(Rs. '000)**

Risk Category	Exposure (net) as at March 31, 2020	Provision held as at March 31, 2020	Exposure (net) as at March 31, 2019	Provision held as at March 31, 2019
Insignificant	**6,882,992**	**Nil**	33,809,327	16,964
Low	**1,183**	**Nil**	941	Nil
Moderate	**5,744**	**Nil**	18,544	Nil
High	**Nil**	**Nil**	Nil	Nil
Very High	**Nil**	**Nil**	Nil	Nil
Restricted	**Nil**	**Nil**	Nil	Nil
Off-Credit	**Nil**	**Nil**	Nil	Nil
Total	**6,889,919**	**Nil**	33,828,812	16,964

(iv) Single and Group Borrower limits

During the year ended March 31, 2020 the Bank did not exceed the single and group borrower limits in respect of any of its clients (*Previous Year ended March 31, 2019 : Nil*)

(v) Unsecured Advances

During the year ended March 31, 2020, the Bank has not given loans against intangible securities such as rights, licenses, authority etc *(Previous Year ended March 31, 2019 : Nil).*

10. Penalties levied by RBI

RBI has not imposed any penalty on the Bank during the year ended March 31, 2020 (*Previous Year ended March 31, 2019: Rs. 10,000 ('000)*).

11. Disclosures under Accounting Standard (AS) 15 Employee Benefits

The Bank has classified the various benefits provided to employees as under:-

a) Defined Contribution Plan – Pension Fund

During the year ended March 31, 2020, the Bank has recognized **Rs. 41,918 ('000)** *(Previous year ended March 31, 2019 : Rs. 42,140 ('000))* in the Profit and Loss account as Employers' Contribution to Pension Fund.

b) Defined Benefit Plan – Contribution to Gratuity Fund

Liabilities recognized in Balance Sheet in respect of funded defined benefit obligations: **(Rs. '000)**

Particulars	As at March 31, 2020	As at March 31, 2019
Projected Benefit Obligation at the end of year	**677,261**	590,450
Ending Asset	**589,938**	526,283
Fund Status asset/(liability)	**(87,323)**	(64,167)
Unrecognized past service cost - non vested benefits	**Nil**	Nil
Liability recognized in the Balance sheet	**(87,323)**	(64,167)

Gratuity Expenses during the year: **(Rs. '000)**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Service Cost	**66,436**	61,926
Interest Cost	**40,762**	38,231
Expected return on plan asset	**(40,605)**	(37,270)
Net Actuarial losses /(gains) recognized in the year	**15,796**	16,209
Past Service Cost	**Nil**	Nil
Effect of Curtailments	**Nil**	Nil
Expenses recognized in the statement of Profit and Loss account	**82,389**	79,096

Reconciliation of defined benefit obligations (Gratuity) during the year: **(Rs. '000)**

Particulars	As at March 31, 2020	As at March 31, 2019
Projected Benefit Obligation at the beginning of the year	**590,450**	529,485
Current Service Cost	**66,436**	61,926
Interest Cost	**40,762**	38,231
Contribution by plan participation	**Nil**	Nil
Actuarial Losses	**24,249**	12,601
Plan Amendments Cost/(Credit)	**Nil**	Nil
Acquisition/Business combination/Divestiture	**3,975**	1,085
Benefits Paid	**(48,612)**	(52,878)
Past service cost	**Nil**	Nil
Amalgamations	**Nil**	Nil
Curtailments	**Nil**	Nil
Settlements	**Nil**	Nil
Projected Benefit Obligation at the end of year	**677,261**	590,450

Change in fair value of assets: **(Rs. '000)**

Particulars	**As at March 31, 2020**	As at March 31, 2019
Plan Asset at beginning of year	**526,283**	486,898
Expected Return on Plan Asset	**40,605**	37,271
Employer Contribution	**63,209**	58,600
Employee Contribution	**Nil**	Nil
Benefits Payment	**(48,612)**	(52,878)
Actuarial Gains/(Losses)	**8,453**	(3,608)
Amalgamations	**Nil**	Nil
Settlements	**Nil**	Nil
Ending Asset	**589,938**	526,283

Investment pattern:

Particulars	**As at March 31, 2020**	As at March 31, 2019
Government of India securities	**36.53%**	42.70%
High quality corporate bonds (including public sector bonds)	**58.78%**	51.60%
Cash (Special deposit scheme)	**1.07%**	0.90%
Others	**3.62%**	4.80%

Principal actuarial assumptions:

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Discount rate (per annum)	**6.40%**	7.20%
Salary escalation rate p.a	**9.00%**	9.00%
Expected rate of return on assets (p.a)	**6.22%**	7.61%
Attrition rate	**10.00%**	10.00%

Experience Adjustments **(Rs. '000)**

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
Defined benefit obligation	**677,261**	590,450	529,485	598,766	516,062
Plan assets	**589,938**	526,283	486,898	456,590	408,242
(Surplus)/deficit	**87,323**	64,167	42,586	142,176	107,820
Experience Adjustment on plan liabilities (Gain)/Loss	**24,249**	12,601	(134,153)	28,556	(9,070)
Experience Adjustment on plan assets (Gain)/Loss	**(8,453)**	3,608	13,209	10,141	(1,962)

The mortality assumptions and rates considered in assessing the Bank's post retirement liabilities are as per the published rate under the Indian Assured Lives Mortality (2006-08) Ultimate table.

The estimates of future salary increase, considered in actuarial valuation, take into account the inflation, seniority, promotion and other relevant factors.

c) Provident Fund Contribution

During the year ended March 31, 2020, Bank's contribution to provident fund was **Rs. 95,069 ('000)** *(Previous year ended March 31, 2019 : Rs. 88,090 ('000))*.

d) Compensated Absences

The provision for compensated absences as on March 31, 2020 was **Rs. 342,993 ('000)** *(Previous year ended March 31, 2019 : Rs. 284,719 ('000))*.

12. Segmental Reporting

In accordance with RBI guidelines, the Bank has identified two primary segments: Treasury and Corporate Banking. These segments are identified based on nature of services provided, risk and returns, organizational structure of the Bank and the internal financial reporting system.

Treasury operations comprise derivatives trading, money market operations, investment in bonds, treasury bills and government securities and foreign exchange operations. The revenues of this segment consist of interest earned on investments, profit/(loss) on sale of investments and profits/(loss) on exchange/derivative transactions. The principal expenses of this segment consist of interest expense on funds borrowed, occupancy expenses, personnel costs, other direct overheads and allocated expenses.

Corporate Banking primarily comprises funded and non-funded facilities to clients, cash management activities and fee-based activities. Revenues of this segment consist of interest earned on loans given to clients, on cash management services and fees received from non-fund based activities i.e. issuance of letters of credit, guarantees etc. The principal expenses of this segment consist of interest expenses on funds borrowed, occupancy expenses, personnel costs, other direct overheads and allocated expenses.

Unallocated expenses are reviewed for attribution to the primary segment on an ongoing basis.

The Bank does not have Retail banking and residual operations hence no segmental disclosures for Retail banking and other banking operations have been made.

(Rs. '000)

Business Segments	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Treasury	**Corporate Banking**	**Unallocated**	**Total**	Treasury	Corporate Banking	Unallocated	Total
Segment Revenue	**30,045,243**	**17,127,933**	**2,173**	**47,175,349**	18,454,604	13,652,751	139,573	32,246,928
Segment Result (Operating Profit)	**21,066,450**	**1,582,770**	**2,173**	**22,651,393**	14,423,260	1,033,047	139,573	15,595,880
Provisions and Contingencies	**(463,139)**	**(426,473)**	**(334,465)**	**(1,224,077)**	515,289	(770,632)	(7,531)	(262,874)
Income taxes/ other provisions				**(9,428,736)**				(6,755,263)
Net profit				**11,998,580**				8,577,743
Segment Assets	**470,471,875**	**238,588,136**	**17,122,724**	**726,182,735**	328,232,277	197,077,496	15,393,161	540,702,934
Total Assets				**726,182,735**				540,702,934
Segment liabilities	**236,703,832**	**361,183,328**	**5,952,190**	**603,839,350**	197,077,329	232,563,194	717,606	430,358,129
Capital and Reserves				**122,343,385**				110,344,805
Total Liabilities				**726,182,735**				540,702,934

The Bank operates as a single unit in India and as such has no identifiable geographical segments subject to dissimilar risks and returns. Hence, no information relating to geographical segments are presented.

13. Related Party Disclosures

a) Head Office*

Bank of America N.A. and its branches

b) Ultimate Controlling Enterprise*

Bank of America Corporation

c) Subsidiaries of Head Office

- Bank of America Singapore Limited
- Bank of America Merrill Lynch International Limited

d) Fellow Subsidiaries of Head Office

- BA Continuum India Private Limited
- DSP Merrill Lynch Limited
- Merrill Lynch Global Services Pte Ltd
- Merrill Lynch International
- Merrill Lynch(Asia Pacific) Limited
- Merrill Lynch Japan Securities Ltd
- Merrill Lynch Markets Singapore Pte Ltd
- BofA Securities S.A.

e) Key Management Personnel*

Mrs. Kaku Nakhate, Chief Executive Officer

Transactions with related parties are in the ordinary course of business (Figures for year ended March 31, 2020 are shown in bold. Figures for Previous year ended March 31, 2019 are shown in brackets):

(Rs. '000)

Items/Related Party	**Subsidiaries of Head office**	**Fellow Subsidiaries of Head office**
Transactions during the year		
Sales/Redemption of Securities	**379,738,983** (285,671,904)	**Nil** (Nil)
Purchase of Securities	**384,250,230** (269,005,937)	**Nil** (Nil)
Term Deposits	**Nil** (Nil)	**114,325,256** (92,645,75)
Guarantees issued	**Nil** (Nil)	**25,256** (40,000)
Interest Received	**Nil** (Nil)	**31** (1)

Items/Related Party	Subsidiaries of Head office	Fellow Subsidiaries of Head office
Interest Paid	**Nil** (Nil)	**2,209,108** (1,522,198)
Fees on Cards	**Nil** (Nil)	**15,492** (14,123)
Commission Received	**Nil** (Nil)	**2,233** (2,424)
Bank charges Received	**Nil** (Nil)	**728** (554)
Payment in respect of retirement benefits of transferred employees, (net).	**Nil** (Nil)	**3,975** (1,085)
Rendering of Services	**102,972** (113,008)	**112,620** (137,491)
Receipt of Services	**Nil** (Nil)	**36,887** (59,162)
Outstanding at the year end		
Term Deposits	**Nil** (Nil)	**43,227,425** (30,302,169)
Demand Deposits	**Nil** (Nil)	**23,925,308** (181,296)
Balance in Current Account	**9,112** (9,691)	**Nil** (Nil)
Advances	**Nil** (Nil)	**63,663** (47,884)
Other Assets	**37,155** (27,028)	**59,469** (75,359)
Other Liabilities	**Nil** (Nil)	**713,525** (411,643)
Derivatives Contracts: Notional Value	**Nil** (23,038,500)	**Nil** (5,091,457)
Positive Mark-to-Market value	**Nil** (Nil)	**Nil** (Nil)
Negative Mark-to-Market value	**483,917** (96,933)	**Nil** (3,815)
Guarantees	**Nil** (Nil)	**103,176** (77,920)
Maximum outstanding during the year		
Term Deposits	**Nil** (Nil)	**48,827,425** (33,345,175)
Demand Deposits	**Nil** (Nil)	**30,921,228** (24,255,005)
Guarantees	**Nil** (Nil)	**103,176** (77,920)
Maximum outstanding during the year		
Term Deposits	**Nil** (Nil)	**33,345,175** (61,687,285)
Demand Deposits	**Nil** (Nil)	**24,255,005** (20,939,330)
Guarantees	**Nil** (Nil)	**77,920** (37,920)

Material related party transactions #:

(Rs. '000)

Particulars	Subsidiaries of Head office	Fellow Subsidiaries of Head office
Sales/Redemption of Securities		
Bank of America Singapore Limited	**379,738,983** (285,671,904)	**Nil** (Nil)
Purchase of Securities		
Bank of America Singapore Limited	**384,250,230** (269,005,937)	**Nil** (Nil)
Payment in respect of retirement benefits of transferred employees, net		
DSP Merrill Lynch Limited	**Nil** (Nil)	**3,975** (1,085)
Rendering of Services		
DSP Merrill Lynch Limited	**Nil** (Nil)	**94,177** (116,468)
Bank of America Merrill Lynch International Limited	**102,972** (113,008)	**Nil** (Nil)
Receipt of Services		
DSP Merrill Lynch Limited	**Nil** (Nil)	**15,733** (30,177)
Merrill Lynch Global Services Pte Ltd	**Nil** (Nil)	**21,154** (28,984)

* In accordance with RBI Master Circular (DBR.BP.BC.No.23/21.04.018/2015-16 dated July 1, 2015) on 'Disclosure in Financial Statements – Notes to Accounts', where there is only one entity/person in any category of related parties, the Bank has not disclosed any details pertaining to that related party other than the relationship with that related party.

In accordance with the Accounting Standard 18, a specific related party transaction is disclosed as a material related party transaction when it exceeds 10% of total related party transactions in that category, other than cases which are in the nature of banker – customer relationships, where the Bank has obligation under the law to maintain confidentiality.

14. Deferred Tax

The Deferred Tax Asset (DTA) as at March 31, 2020 amounting to **Rs. 1,526,667 ('000)** (*Deferred Tax Asset as at March 31, 2019 (DTA) Rs. 922,041 ('000)*). The components that gave rise to the deferred tax assets included in the balance sheet are as follows:

(Rs. '000)

Particulars	As at March 31, 2020	As at March 31, 2019
<u>Deferred tax assets/(Deferred tax liability)</u>		
Depreciation on fixed assets	**159,403**	141,216
Disallowances under section 43B of Income-tax Act 1961	**356,503**	298,579
Provisions	**1,010,761**	482,246
Total	**1,526,667**	922,041

15. Provision for Current Taxation

(Rs. '000)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income Tax for the year	**9,972,767**	7,026,000
Income tax adjustments for prior years	**60,595**	14,993
Total	**10,033,362**	7,040,993

16. Leases

Information in respect of premises taken on operating lease of non-cancellable nature is as under:

(Rs. '000)

Sr. No.	Future minimum lease payments	As at March 31, 2020	As at March 31, 2019
1)	Up to 1 year	**5,645**	5,645
2)	More than 1 year and up to 5 years	**2,352**	7,997
3)	More than 5 years	**Nil**	Nil

- The lease payments, recognized in the Profit and Loss account for the year ended March 31, 2020: **Rs. 327,179 ('000)** (*Previous year ended March 31, 2019 : Rs. 320,440 ('000)*).
- The Bank has not sub-leased any part of the above premises.

- There are no lease payments recognized in the Profit and Loss Account for contingent rent.
- The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

17. Other Fixed Assets (including furniture & fixtures)

Other Fixed Assets under Schedule 10(II) include software acquired by the Bank, details for which are given below: **(Rs. '000)**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
At Cost as at March 31, of preceding year	**205,531**	197,974
Additions during the year	**61,677**	7,557
Deductions during the year	**(2,986)**	NIL
At Cost as at March 31	**264,222**	205,531
Accumulated amortization	**(183,002)**	(168,254)
Written down value as at March 31	**81,220**	37,277

18. Provisions, Contingent liabilities and Contingent Assets

The Bank has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Bank recognizes a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

<u>Description of Contingent Liabilities stated in Schedule 12</u>

a) <u>Claims against the Bank not acknowledged as Debts</u>

The Bank is a party to certain legal proceedings in the normal course of business. This also includes claims/demands raised by income tax and service tax authorities which are disputed by the Bank.

The Sabka Vishwas (Legal Dispute Resolution) Scheme, 2019 (the 'Scheme'), a scheme proposed in the Union Budget, 2019, was introduced to resolve all disputes relating to the erstwhile Service Tax and Central Excise Acts, which are now subsumed under GST. The Bank had applied for settlement in two outstanding matters under the Scheme. The Bank has made payment of 9.92 crores and further made a provision of Rs. 19.60 crores after availing applicable relief on the disputed amount and also waiver of penalty amount. The Bank had earlier reported in relation to these outstanding matters under contingent liabilities an aggregate amount of Rs 36.43 crores as at March 31, 2019.

b) <u>Liability on account of foreign exchange and derivative contracts</u>

The Bank enters into foreign exchange contracts, currency options, currency swaps, interest rate swaps, interest rate futures and currency futures with inter-bank participants on its own account and for its customers.

Foreign exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency options give the buyer, on payment of a premium, the right but not an obligation, to buy or sell specified amounts of currency at agreed rates of exchange on or before a specified future date. Currency Futures contract is a standardized foreign exchange derivative contract traded on a recognized stock exchange to buy or sell one currency against another on a specified future date, at a price specified on the date of contract. Currency Swaps are commitments to exchange cash flows by the way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as contingent liabilities are typically amounts used as a basis for the calculation of interest component of the contract and do not necessarily indicate the amounts of future cash flows involved or the current fair value of such contracts and, therefore, do not indicate the Bank's exposure to credit or price risks. These contracts become favorable (assets) or unfavorable (liabilities) as a result of movements in the market rates or prices relative to their terms. Interest Rate Futures contract is a standardized derivative contract with an interest bearing instrument viz government bond as the underlying asset.

c) <u>Guarantees given on behalf of Constituents, Acceptances, Endorsements and other obligations</u>

As a part of its corporate banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of customer failing to fulfill its financial or performance obligations.

d) <u>Other items for which the Bank is contingently liable</u>

These include i) Committed Lines of Credit, ii) Capital Commitments and iii) Depositor Education and Awareness Fund (DEAF).

e) <u>Movement in Provision for Contingencies</u>

(Rs. '000)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Provision	**21,905**	21,043
Additions	**Nil**	1,472
Reversals	**Nil**	610
Closing Provision	**21,905**	21,905

19. Employee stock compensation expense: -

Restricted stocks/restricted units of the Bank's Ultimate Controlling Enterprise, Bank of America Corporation (BAC), are granted to the eligible employees of the Bank in terms of the global long-term incentive compensation plans of the Ultimate Controlling Enterprise. These restricted stocks/restricted units vest in three equal annual installments beginning one year from the grant date. During the year ended March 31, 2020, **256,470 numbers** of restricted stocks/restricted units were granted (*Previous Year ended March 31, 2019– 264,636 numbers*) and the average estimated fair value per unit on the date of grant was **US$ 32.46**

(*Previous year – US$ 27.09*). Payments to and provisions for employees for the year includes **Rs. 722,698 ('000)** (*Previous year – Rs. 770,979 ('000)*) towards these awards. The liability towards restricted stocks/restricted units recognized as at March 31, 2020 is **Rs. 797,718 ('000)** (*as at March 31, 2019 – Rs. 476,253 ('000)*).

20. Floating Provisions

The Bank does not hold any floating provision as at March 31, 2020 (*as at March 31, 2019 – Nil*).

21. Draw down from Reserves

During the year ended March 31, 2020 there has been a draw down from Investment reserve of **Rs. 112,046 ('000)** *(Previous year ended March 31, 2019 :Nil)* in accordance with the RBI master circular on Prudential Norms for Classification, valuation and operation of Investment Portfolio by Banks.

22. Disclosure of Complaints/Unimplemented awards of Banking Ombudsmen

In accordance with RBI Master Circular on Customer Services in Banks DBR No.Leg.BC.21/09.07.006/2015-16 dated July 1, 2015 details of customer complaints and awards passed by Banking Ombudsman are as follows:

A. Customer complaints

Sr. no.	**Particulars**	**For the year ended March 31, 2020**	For the year ended March 31, 2019
a)	No. of complaints pending at the beginning of the year	**Nil**	Nil
b)	No. of complaints received during the year	**21**	12
c)	No. of complaints redressed during the year	**21**	12
d)	No. of complaints pending at the end of the year	**Nil**	Nil

B. Awards passed by the Banking Ombudsmen

Sr. no.	**Particulars**	**For the year ended March 31, 2020**	For the year ended March 31, 2019
a)	No. of unimplemented awards at the beginning of the year	**Nil**	**Nil**
b)	No. of awards passed by the Banking Ombudsmen during the year	**Nil**	**Nil**
c)	No. of awards implemented during the year	**Nil**	**Nil**
d)	No. of unimplemented awards at the end of the year	**Nil**	**Nil**

23. Letters of Comfort issued

The Bank has not issued any Letter of Comfort during the year ended March 31, 2020 *(Previous year ended March 31, 2019: Nil).*

24. Provision Coverage ratio

In accordance with RBI guidelines, the Bank's Provision Coverage Ratio as at March 31, 2020 was NIL (*as at March 31, 2019 – Nil*).

25. Bancassurance Business

The Bank is not into the business of Bancassurance and has not received any fees/remuneration in respect of the same during the year ended March 31, 2020. *(Previous year ended March 31, 2019: Nil).*

26. Concentration of Deposits, Advances, Exposures and NPAs

1) Concentration of Deposits **(Rs. '000)**

Particulars	**As at March 31, 2020**	As at March 31, 2019
Total Deposits of twenty largest depositors	**203,192,656**	113,694,944
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	**51.26%**	50.25%

2) Concentration of Advances* **(Rs. '000)**

Particulars	**As at March 31, 2020**	As at March 31, 2019
Total Advances to twenty largest borrowers	**222,103,330**	180,652,728
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	**37.79%**	38.46%

* Advances represent Credit Exposure including derivatives furnished in Master Circular on Exposure Norms DBR.No.Dir. BC.12/13.03.00/2015-16 dated July 1, 2015

3) Concentration of Exposures **(Rs. '000)**

Particulars	**As at March 31, 2020**	As at March 31, 2019
Total Exposure of twenty largest borrowers/customers	**222,103,330**	187,806,085
Percentage of Exposure to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	**37.79%**	38.08%

4) Concentration of NPAs **(Rs. '000)**

Particulars	**As at March 31, 2020**	As at March 31, 2019
Total Exposure of top four NPA accounts	**NIL**	NIL

27 a. Sector-wise advances

(Rs. '000)

SI NO.	Sector	As at March 31, 2020		
		Outstanding Total Advances #	**Gross NPAs**	**Percentage of Gross NPAs to Total Advances in that sector**
	Priority Sector			
1	Agriculture and allied activities	**75,016**	**Nil**	**Nil**
2	Advances to industries sector eligible as priority sector lending	**51,983,587**	**Nil**	**Nil**
3	Services	**7,713,118**	**Nil**	**Nil**
4	Personal loans	**Nil**	**Nil**	**Nil**
	Sub-Total (A)	**59,771,721**	**Nil**	**Nil**
	Non-Priority Sector			
1	Agriculture and allied activities	**Nil**	**Nil**	**Nil**
2	Industry	**84,195,168**	**Nil**	**Nil**
3	Services	**91,923,761**	**Nil**	**Nil**
4	Personal loans	**Nil**	**Nil**	**Nil**
	Sub-Total (B)	**176,118,929**	**Nil**	**Nil**
	Total (A+B)	**235,890,650**	**Nil**	**Nil**

Represent gross advances

(Rs. '000)

SI NO.	Sector	As at March 31, 2019		
		Outstanding Total Advances #	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
	Priority Sector			
1	Agriculture and allied activities	Nil	Nil	Nil
2	Advances to industries sector eligible as priority sector lending	40,541,349	Nil	Nil
3	Services	8,562,800	Nil	Nil
4	Personal loans	Nil	Nil	Nil
	Sub-Total (A)	49,104,149	Nil	Nil
	Non-Priority Sector			
1	Agriculture and allied activities	Nil	Nil	Nil
2	Industry	74,203,753	Nil	Nil
3	Services	71,209,574	Nil	Nil
4	Personal loans	Nil	Nil	Nil
	Sub-Total (B)	145,413,327	Nil	Nil
	Total (A+B)	194,517,476	Nil	Nil

Represent gross advances

b. Investment in Priority Sector Lending Certificate

(Rs. '000)

Particulars	**As at March 31, 2020**	As at March 31, 2019
General	**5,000,000**	Nil
Small and Marginal Farmer	**Nil**	Nil
Agriculture	**Nil**	Nil
Micro Enterprises	**12,350,000**	9,580,000

28. Movement of NPAs **(Rs. '000)**

Particulars	**As at March 31, 2020**	As at March 31, 2019
Gross NPAs as on April 01 (Opening Balance)	**Nil**	Nil
Additions (Fresh NPAs during the year)	**2,236**	Nil
Sub-total (A)	**2,236**	Nil
Less: -		Nil
(i) Upgradations	**2,236**	Nil
(ii) Recoveries (excluding recoveries made from upgraded accounts)	**Nil**	Nil
(iii) Write-offs	**Nil**	Nil
Sub-total (B)	**2,236**	Nil
Gross NPAs as on March 31 (Closing balance) (A-B)	**Nil**	Nil

29. Overseas Assets, NPAs and Revenue **(Rs. '000)**

Particulars	March 31, 2020	March 31, 2019
Total Assets	**Nil**	Nil
Total NPAs	**Nil**	Nil
Total Revenue	**Nil**	Nil

30. Off-Balance sheet SPVs (Domestic & Overseas) sponsored – There were no Off Balance sheet SPVs (Domestic & Overseas) sponsored as at March 31, 2020 *(as at March 31, 2019: Nil).*

31. Unamortised Pension and Gratuity Liabilities – There were no Unamortised Pension and Gratuity Liabilities as at March 31, 2020 *(as at March 31, 2019: Nil).*

32. Disclosures on Remuneration

The Bank's compensation policies including that of CEO's, is in conformity with the Financial Stability Board principles and standards. In accordance with the requirements of RBI Circular No. DBOD No.BC.72/29.67/001/2011-12 dated January 13, 2012; the Regional Office of the Bank has submitted a declaration to RBI confirming the aforesaid matter.

33. Corporate Social Responsibility (CSR) expenditure –

The Bank's CSR approach in India is aligned to the global strategy, adapted to focus on local priorities, helping communities thrive with a specific focus women and children (especially adolescent girls) and disadvantaged communities.

In line with this strategy, the Bank has extended support to Non-Governmental Organizations (NGOs) in the areas of Arts & Culture, Education & Skills Development, Sanitation & Hygiene and Energy Access.

Arts & Culture – Focus is on conservation and preservation of arts wherein the Bank has supported two museums i.e. the Chhatrapati Shivaji Maharaj Vastu Sangrahalaya (CSMVS) and Bhau Daji Lad Museum. At CSMVS, the Bank helped create Mumbai's first ever Children's Museum which is a creative hub for children. In partnership with schools and NGOs, the museum conducts workshops and sessions through the year to help children develop an understanding on the need to protect and preserve rich Indian heritage.

Education & Skills Development – Focus is on strengthening the education system for children in government run and low-income private schools as well as providing market relevant technical and life skills to youth, especially adolescent girls and young women. In the education and skills space the Bank supports Akanksha Foundation, Teach for India, Quest Alliance, Medha and Indian Institute of Management Ahmedabad. These programs have contributed in enhancing the quality of education to under privileged children in India. The teaching community has benefited from training programs rolled out under these initiatives.

With an increased focus on mainstreaming individuals with intellectual and developmental disabilities (IDDs), the Bank has supported organizations focused on enhancing education and employability skills for individuals with disabilities including Enable India, Muskaan – PAEPID, Bethany Society and Umeed Child Development Center. The Bank also continued its support as a strategic partner for the Dasra Adolescent Collaborative aimed at addressing development issues for adolescent girls. The Collaborative aims to reach 3.5 million adolescents in 3 years.

Sanitation and Hygiene – Focus is on creating an efficient sanitation ecosystem for communities with a specific emphasis on providing a safe and hygienic alternative for adolescent girls as well as critical hygiene awareness, especially menstrual hygiene management training, aimed at behaviour change. The Bank has partnered with Gramalaya, Shelter Associates, Gujarat Mahila Housing Trust and Vatsalya. These long-term programs are aimed not only at building a robust sanitation infrastructure but also effecting a positive change, especially among adolescent girls.

Energy Access/Renewable Energy – Focus is on creating decentralized renewable energy infrastructure for disadvantaged communities providing energy access that not only satisfies basic lighting needs but also enhances development through enhanced sustainable livelihood, education, healthcare etc. The Bank has partnered with PRADAN to roll out this integrated development model. The Bank's programs in this vertical are focused on improving gender outcomes, positively impacting women.

(Rs. '000)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
(1) Gross amount required to spent by the Bank during the year	**280,980**	257,970
(2) Amount spent during the year on:		
i) Construction/acquisition of any asset	**-**	-
– in cash	**-**	-
– Yet to be paid in cash	**281,068**	257,975
ii) any other purpose	**-**	-
– in cash		
– Yet to be paid in cash		
Total	**281,068**	257,975

34. Disclosure relating to securitization

There are no securitization transactions which were originated by the bank during the year ended March 31, 2020 (*Previous Year ended March 31, 2019: Nil).* Hence these disclosures are not applicable.

35. Disclosures pertaining to Micro and Small Enterprises

Following disclosure is made as per the requirement of The Micro, Small and Medium Enterprises Development Act, 2006.

(Rs. '000)

Particulars	As At March 31, 2020	As At March 31, 2019
The principal amount remaining unpaid to any supplier	**6,994**	4,183
The interest due thereon(above principal amount) remaining unpaid to any supplier	**156**	571
The amount of interest paid by the buyer in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day for the year ended	**NIL**	NIL
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	**NIL**	NIL
The amount of interest accrued and remaining unpaid at the end of the year	**156**	571
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	**NIL**	NIL

36. Credit Default Swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2020 (*Previous year ended March 31, 2019: Nil*).

37. Intra Group Exposures: - **(Rs. '000)**

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Total amount of intra-group exposures	**376,112**	2,669,571
(b) Total amount of top-20 intra-group exposures	**376,112**	2,669,571
(c) Percentage of intra-group exposures to total exposure of the bank on borrowers/customers	**0.05%**	0.45%

38. Transfers to Depositor Education and Awareness Fund (DEAF): - **(Rs. '000)**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance of amounts transferred to DEAF	**271,182**	241,303
Add : Amounts transferred to DEAF during the year	**42,931**	33,346
Less : Amounts reimbursed by DEAF towards claims	**Nil**	3,467
Closing balance of amounts transferred to DEAF	**314,113**	271,182

39. Unhedged Foreign Currency Exposure ("UFCE") of borrowers: -

UFCE of the borrowers is an area of risk for the individual entity as well as the entire financial system. Entities who do not hedge their exposures may incur significant losses due to exchange rate movements, which in turn can reduce their capability to service the loans taken from banks.

The Bank recognizes the importance of the risk of adverse fluctuation of foreign exchange rates on the profitability and financial position of borrowers, who are exposed to currency risk. In this regard, the Bank, in line with RBI circular on UFCE dated January 15, 2014 has put in place requisite procedures for monitoring and mitigation of currency induced credit risk of borrowers. These include the following:

- Details of UFCE sought from the borrower at the time of granting fresh credit facilities.
- Periodic monitoring of un-hedged foreign currency exposures of existing borrowers.
- Incremental provisioning (over and above provision applicable for standard assets) is made in Bank's Profit and Loss Account, on borrower counterparties having UFCE, depending on the likely loss/EBID# ratio. Incremental capital is maintained in respect of borrower counterparties in the highest risk category. These requirements are given below.

Likely Loss/EBID# (%)	Incremental provisioning requirement on total credit exposure over & above standard asset provisioning	Incremental capital requirement
Upto 15%	NIL	NIL
More than 15% and upto 30%	20 bps	NIL
More than 30% and upto 50%	40 bps	NIL
More than 50% and upto 75%	60 bps	NIL
More than 75% or data unavailable	80 bps	25% increase in the risk weight

#EBID, as defined for purposes of computation of Debt Service Coverage Ratio = Profit After Tax + Depreciation + Interest on debt + Lease Rentals, if any.

- In case of borrowers exposed to currency risk where declarations are not submitted, provision for currency induced credit risk and incremental capital are maintained as per highest risk category, i.e. 80bps and 25% increase in the risk weight respectively. Provision held for currency induced credit risk as at March 31, 2020 was **Rs. 1,110,739 ('000)** *(as at March 31, 2019: Rs. 830,745 ('000))*. Incremental Risk weighted assets value considered for the purpose of CRAR calculation in respect of currency induced credit risk as at March 31, 2020 was **Rs. 58,378,309 ('000)** *(as at March 31, 2019 : Rs. 30,341,418 ('000))*.

40. i) Liquidity Coverage Ratio (LCR):

The Bank has been computing its LCR on a daily basis since January 2017 in line with the extant RBI guidelines. The following table sets forth, the quarterly average of unweighted and weighted values of the LCR of the Bank. The simple average has been computed based on daily values for the three months ended June 30, 2019, September 30, 2019, December 31, 2019 and March 31, 2020.

(Rs. Crores)

		Q1 FY 19-20		Q2 FY 19-20		Q3 FY 19-20		Q4 FY 19-20	
		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)	14,231	14,231	15,893	15,893	25,064	25,064	29,520	29,520
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	1	0	1	0	1	0	1	0
	(i) Stable deposits								
	(ii) Less stable deposits	1	0	1	0	1	0	1	0
3	Unsecured wholesale funding, of which:	27,136	10,958	28,790	11,167	35,607	14,033	39,230	15,601
(i)	Operational deposits (all counterparties)	7,717	1,929	9,264	2,315	10,136	2,533	10,554	2,637
	(ii) Non-operational deposits (all counterparties)	19,419	9,029	19,527	8,852	25,471	11,500	28,676	12,964
	(iii) Unsecured debt								
4	Secured wholesale funding	7,131	-	10,704	-	1,495	-	1,406	-
5	Additional requirements, of which	2,719	1,894	2,636	1,701	1,829	1,140	2,653	1,658
	(i) Outflows related to derivative exposures and other collateral requirements	1,660	1,660	1,460	1,460	933	933	1,407	1,407
	(ii) Outflows related to loss of funding on debt products								
	(iii) Credit and liquidity facilities	1,059	233	1,176	242	896	207	1,246	251
6	Other contractual funding obligations	710	710	769	769	730	730	1,005	1,005
7	Other contingent funding obligations	21,795	996	22,731	1,049	25,121	1,158	27,515	1,270
8	Total Cash Outflows	59,492	14,557	65,631	14,687	64,784	17,060	71,810	19,533
Cash Inflows									
9	Secured lending (e.g. reverse repos)	2,475	-	3,232	-	6,929	-	11,533	-
10	Inflows from fully performing exposures	5,466	5,065	7,539	4,658	7,743	4,912	6,834	4,319
11	Other cash inflows	791	931	1,305	951	836	482	1,240	898
12	Total Cash Inflows	8,732	5,995	12,076	5,609	15,509	5,395	19,608	5,217
13	**TOTAL HQLA**	**14,231**	**14,231**	**15,893**	**15,893**	**25,064**	**25,064**	**29,520**	**29,520**
14	**Total Net Cash Outflows**	**50,760**	**8,562**	**53,555**	**9,078**	**49,274**	**11,665**	**52,202**	**14,316**
15	**Liquidity Coverage Ratio (%)**		**166.21**		**175.07**		**214.85**		**206.20**

Financial Year : 2018-2019

The LCR positions of the Bank based on simple average of month-end values for the three months ended June 30, 2018, September 30, 2018, December 31, 2018 and March 31, 2019.

		Q1 FY 18-19		Q2 FY 18-19		Q3 FY 18-19		Q4 FY 18-19	
		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)	7,857	7,857	10,774	10,774	13,727	13,727	9,790	9,790
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	1	0	1	0	1	0	1	0
	(i) Stable deposits								
	(ii) Less stable deposits	1	0	1	0	1	0	1	0
3	Unsecured wholesale funding, of which:	18,392	6,892	18,785	7,081	22,348	8,291	20,747	7,751
	(i) Operational deposits (all counterparties)	6,076	1,518	6,572	1,642	7,396	1,848	7,650	1,912
	(ii) Non-operational deposits (all counterparties)	12,316	5,374	12,213	5,439	14,952	6,444	13,097	5,839
	(iii) Unsecured debt								
4	Secured wholesale funding	975	-	358	-	75	-	3,753	-
5	Additional requirements, of which	2,693	1,784	2,708	1,729	2,525	1,827	2,864	2,074

		Q1 FY 18-19		Q2 FY 18-19		Q3 FY 18-19		Q4 FY 18-19	
		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)
	(i) Outflows related to derivative exposures and other collateral requirements	1,600	1,600	1,553	1,553	1,685	1,685	1,864	1,864
	(ii) Outflows related to loss of funding on debt products								
	(iii) Credit and liquidity facilities	1,092	183	1,155	175	840	142	1,000	210
6	Other contractual funding obligations	420	420	597	597	1,067	1,067	957	957
7	Other contingent funding obligations	17,042	763	19,133	853	19,390	866	20,496	925
8	Total Cash Outflows	39,524	9,859	41,581	10,260	45,406	12,051	48,818	11,707
Cash Inflows									
9	Secured lending (e.g. reverse repos)	2,446	-	3,955	-	5,362	-	1,884	-
10	Inflows from fully performing exposures	5,688	3,964	5,677	3,876	4,277	4,626	6,695	4,756
11	Other cash inflows	1,030	710	1,123	803	835	714	1,248	998
12	Total Cash Inflows	9,164	4,674	10,754	4,679	10,474	5,340	9,826	5,754
13	**TOTAL HQLA**	**7,857**	**7,857**	**10,774**	**10,774**	**13,727**	**13,727**	**9,790**	**9,790**
14	**Total Net Cash Outflows**	**30,359**	**5,185**	**30,827**	**5,581**	**34,932**	**6,711**	**38,992**	**5,953**
15	**Liquidity Coverage Ratio (%)**		**151.53**		**193.05**		**204.54**		**164.46**

40. ii) Qualitative disclosure around LCR :

The Bank measures and monitors the LCR in line with RBI's guidelines on "BASEL III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards" dated June 09, 2014 as amended by "Prudential Guidelines on Capital Adequacy and Liquidity Standards" dated March 31, 2015 along with the amendments issued by RBI.

The LCR guidelines aim at measuring and promoting short term resilience of banks to potential liquidity disruptions, by ensuring that banks maintain an adequate level of unencumbered High Quality Liquid Assets (HQLAs) to meet net cash outflows over next 30 days in a severe liquidity stress scenario.

The minimum LCR requirement was 100% for FY 2019-20. The Bank has incorporated LCR as part of its risk appetite metric and has maintained LCR above the regulatory threshold for every month end from April 2019 to March 2020.

The Bank has been maintaining HQLA in the form of excess CRR balance and SLR investments over and above mandatory requirement apart from regulatory dispensation allowed in the form of borrowing limit available through Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR). The Bank's HQLA consists mostly of Level 1 assets which are the most liquid assets as indicated by RBI. The main drivers of the LCR computation consist of outflows from eligible deposits and inflows from eligible advances, computed on the basis of run-off rates prescribed by RBI.

The Bank's Asset Liability Committee (ALCO) is the primary governing body for the oversight of the Bank's liquidity risk management, while the day-to-day management of liquidity risk is the responsibility of Corporate Treasury.

41. Other expenditure in 'Schedule 16 – Operating Expenses' includes Head office administration Expenditure of **Rs. 433,149 ('000)** for the year ended March 31, 2020 *(Previous year ended March 31, 2019 : Rs. 460,192 ('000))* and expenses for Information Technology Support Services amounting to **Rs. 637,861 ('000)** for the year ended March 31, 2020 (*Previous Year ended March 31, 2019 : Rs. 523,978 ('000)*) attributable to the Banks Operations in India.

42. Miscellaneous Income includes service fee income of **Rs. 957,907 ('000)** for the year ended March 31, 2020 *(Previous year ended March 31, 2019: Rs. 1,085,247 ('000))* from overseas branches and affiliates accounted as per contractual terms.

43. Outstanding commitments as of March 31, 2020 relating to securities purchase and sale contracts stood at **Rs. 37,730,932 ('000)** & **Rs. 28,796,986 ('000)** respectively *(as at March 31, 2019: Rs. 11,801,143 ('000) and Rs. 16,330,706 ('000) respectively).*

44. The disclosures required on holdings as well as dealing in Specified bank notes during the period from 8 November 2016 to 30 December 2016 as envisaged in notification G.S.R. 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs is not applicable to the Bank.

45. Previous year figures have been regrouped and reclassified wherever necessary to confirm to the presentation for the year ended March 31, 2020.

Signatures to schedules 1 to 18

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

sd/-
Sameer Mota
Partner
Membership Number: 109928

Place: Mumbai
Date: 26 June 2020

For **BANK OF AMERICA, N.A. (INDIA BRANCHES)**

sd/-
Kaku Nakhate
Chief Executive Officer

sd/-
Viral Damania
Chief Financial Officer

Place: Mumbai
Date: 26 June 2020

BANK OF AMERICA, N.A. (INDIA BRANCHES)

(Incorporated in U.S.A. With Limited Liability)

BASEL III – PILLAR 3 DISCLOSURES AS AT MARCH 31, 2020

Table DF-1: Scope of Application

Name of the entity to which the framework applies: Bank of America N.A. (India branches)

The Basel III Pillar 3 disclosures contained herein relate to Bank of America, N.A. – India Branches (hereafter referred to as the "the Bank" or "BANA India") for the period ended March 31, 2020. Bank of America Corporation ("BAC" or "the Company") has a subsidiary, Bank of America, N.A. ("BANA U.S.") into which BANA India is consolidated. The Pillar 3 disclosures are compliant with Reserve Bank of India (the "RBI") Master circular DBOD. No. BP.BC. 1/21.06.201/2015-16 dated July 1, 2015 on BASEL III Capital Regulations along with Master circular DBOD. No. BP.BC. 5/21.06.001/2014-15 dated July 1, 2014 on Prudential Guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework.

RBI has implemented Basel III capital regulations effective April 1, 2013 with transitional arrangements as below:

Transitional Arrangements - BASEL III Capital Regulations

		(% of RWAs)			
Minimum capital ratios		**March 31, 2020**	**March 31, 2021**	**March 31, 2022**	**March 31, 2023**
Minimum Common Equity Tier 1 (CET1)	A	5.500	5.500	5.500	5.500
Capital conservation buffer (CCB)	B	1.875	2.500	2.500	2.500
Global Systemically Important Banks buffer (GSIB) (^)	C	2.500	2.500	2.500	2.500
Minimum Tier 1 capital	D	7.000	7.000	7.000	7.000
Minimum Total Capital (*)	E	9.000	9.000	9.000	9.000
Minimum Regulatory Capital Requirement	F = E + B+ C	13.375	14.000	14.000	14.000

^ GSIB percentage as applicable currently for Bank of America (prescribed by Federal Reserve Board)

*The difference between the minimum total capital requirement of 9% and Tier I requirement can be met with Tier 2 and higher forms of capital.

Under BASEL III norms - transitional arrangements, the bank is currently required to maintain a minimum total capital to risk weighted assets ratio ("CRAR") of 13.3750% (including CCB and G SIB requirement) and a minimum Common Equity Tier 1 CRAR of 5.5% and minimum Tier 1 CRAR of 7.0%.

Considering the potential stress on account of COVID-19, RBI has decided to defer the implementation of the last tranche of 0.625% of the CCB from 31 March 2020 to 30 September 2020

I. Qualitative disclosures:

The provisions of Accounting Standard ("AS") 21 - Consolidated Financial statements, AS 23 Accounting for Investments in Associates in Consolidated Financial statements & AS 27 - Financial Reporting of Interest in Joint Ventures, issued by The Institute of Chartered Accountants of India ("ICAI") and notified by the Companies (Accounting Standards) Rules 2006 do not apply to the Bank. BANA India has not invested its capital in any of the entities operating in India and owned by BAC. Further, the Bank does not have any interest in insurance entities. Hence the qualitative disclosures are only made for BANA India as a standalone entity.

a. List of group entities considered for consolidation

Name of the entity/Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes/no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes/no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
Not Applicable						

b. List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

Name of the entity/Country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) INR mm*	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity) INR mm
DSP Merrill Lynch Limited/India *	Securities Broker/ Dealer and Merchant Banker	23,807	NIL	Not Applicable	39,116

** Amounts are as per last audited financial statements (F.Y. ending March 31, 2019)*

II. Quantitative disclosures

c. List of group entities considered for consolidation

Name of the entity/ country of incorporation (as indicated in (i) a. above)	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity
Not Applicable			

d. **The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted:**

Name of the subsidiaries/country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Capital deficiencies
Not Applicable				

e. **The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted:**

Name of the insurance entities/country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity/ proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
Not Applicable				

f. **Any restrictions or impediments on transfer of funds or regulatory capital within the banking group:** Disclosures for BANA India are given as a standalone entity and therefore this disclosure requirement is not applicable.

Table DF-2: Capital Adequacy

I. Qualitative disclosures

The Bank is required to comply with all applicable laws and regulations in India including guidelines issued by RBI and other relevant regulatory bodies.

The Internal Capital Adequacy Assessment Process ("ICAAP") document assesses the capital adequacy for the Bank and details the process by which this assessment is made based on a reference date and looking forward, over a three-year planning horizon ("ICAAP Planning Horizon").

ICAAP establishes a framework for banks to perform a comprehensive assessment of the risks they face and relate capital to those risks. The capital analysis performed by the Bank is expected to encompass all risks, not just the risks captured by the Basel III Pillar 1 minimum regulatory capital calculation. Successful risk identification and measurement requires having a comprehensive process to quantify measure and aggregate these various risks in order to ensure that the Bank's capital resources are sufficient to cushion volatility in earnings due to unexpected losses.

The authority to develop the ICAAP document is delegated to the Finance department. The Bank's Chief Financial Officer ("CFO") is responsible for the production of ICAAP with inputs from Front Line Units ("Businesses" or "Business"), Independent Risk Management and Control Functions. Enterprise-wide functions, including Enterprise Financial and Strategic ("EFAS") Risk and International Capital Management and Advocacy ("ICMA") also review the ICAAP to ensure adequate challenge and consistency with Enterprise practices.

The Bank has established an Internal Capital Guideline ("IGL") and maintains capital levels in excess of this guideline. Bank has set up a "Tripwire" above the IGL to serve as an early warning signal to prompt action and avoid a capital breach.

The ICAAP document is presented to the Asset Liability Committee ("ALCO") and the Local Management Team ("LMT") for final review and approval on an annual basis. The ICAAP is also validated by Corporate Audit periodically, as required under RBI guidelines.

ICAAP is an integral management tool for determining the adequacy of the Bank's capital resources throughout the ICAAP planning horizon. It is also utilized to assess the risks being faced by the Bank and assess the adequacy of BANA India's capital under Baseline as well as Stress Scenarios over the ICAAP Planning Horizon. The ALCO and the LMT are responsible for acting at an early stage to prevent capital from falling below the minimum levels required to support risk characteristics.

Capital Requirements for Pillar 1 risks (i.e. Credit Risk, Market Risk and Operational Risk)

The Bank has adopted Standardized Approach ("SA") for credit risk, Standardized Duration Approach ("SDA") for market risk and Basic Indicator Approach ("BIA") for operational risk for computing its capital requirement.

Under the SA for credit risk, the Bank relies upon the ratings issued by the external credit rating agencies specified by the RBI for assigning risk weights for capital adequacy purposes under the Basel III guidelines. The risk weights applicable for claims against banks, sovereign, corporate and other Assets are as per the Basel III guidelines. In compiling the credit exposures, the Bank does not reduce cash collateral received if any, against credit exposures as eligible credit mitigants, as permitted by the RBI.

Under the SDA for computing the capital requirement for market risk, the Bank has adopted the "duration" method.

The minimum capital requirement for market risk is computed in terms of:

a. "Specific risk" charge for each security, to protect against an adverse movement in the price of an individual security owing to factors related to the individual issuer.

b. "General market risk" charge towards interest rate risk in the portfolio, where long and short positions in different securities or instruments can be offset.

Under the BIA, the Bank holds capital for operational risk equal to 15% of average positive gross annual income for the previous three financial years.

II. Quantitative disclosures

Capital Structure as on March 31, 2020

INR mm

Common Equity Tier 1	110,092
Additional Tier 1	-
Tier 2	5,909
Total Capital Funds	**116,001**

Capital Structure as on March 31, 2019

INR mm

Common Equity Tier 1	102,158
Additional Tier 1	-
Tier 2	3,482
Total Capital Funds	105,640

Capital requirement and CRAR INR mm

	31-Mar-20	31-Mar-19
Capital requirements for credit risk:		
– Portfolios subject to standardized approach	62,542	37,255
– Securitization exposures	-	-
Capital requirements for market risk:		
Interest rate risk		
– General market risk	18,062	11,353
– Specific risk	-	2,004
Equity risk		
General market risk	-	-
– Specific risk	-	-
Foreign exchange risk (including gold)	1,396	1,396
Capital requirements for operational risk: (Basic indicator approach)	6,071	5,244
Total Capital Requirements	**88,071**	**57,252**
Common Equity Tier I capital ratio	16.72%	23.87%
Tier I capital ratio	16.72%	23.87%
Tier II capital ratio	0.90%	0.81%
Total capital ratio	**17.62%**	**24.68%**

Risk Exposure and Assessment

Risk management is a disciplined approach to identify, analyze, assess and control unacceptable risk to minimize the volatility of financial results, drive sustainable earnings and protect the Bank's brand and reputation. The Bank takes a comprehensive approach to risk management, integrating it with strategic, capital and financial operating plans. Risk management and capital utilization are integral parts of the strategic planning process and are considered throughout the process to align the Business strategies with capital considerations. This holistic approach promotes the risk versus reward analysis needed to make informed strategic and business decisions.

Bank of America's Risk Framework requires that strong risk management practices are integrated in key strategic, capital and financial planning processes and in day-to-day business processes, thereby ensuring risks are appropriately considered, evaluated and responded to in a timely manner.

The front line units have primary responsibility for managing risks inherent in their businesses. The bank employs an effective risk management process, referred to as Identify, Measure, Monitor and Control ("IMMC"), as part of its daily activities.

Some of the risks that the Bank is exposed to are described below:

- Credit risk is the risk of loss arising from the inability or failure of a borrower or counterparty to meet its obligations. BANA India manages credit risk to a borrower or counterparty based on its risk profile, which includes assessing repayment sources, underlying collateral, if any, and the expected effects of the current and forward-looking economic environment on the borrowers or counterparties. Underwriting, credit management and credit risk limits are proactively reassessed as a borrower's or counterparty's risk profile changes.
- Market risk is the risk of loss due to changes in the market values of the Bank's assets and liabilities caused by changing interest rates, currency exchange rates, and security prices. Market risk is inherent in the Bank's operations and arises from both trading and non-trading positions. Trading exposures represent positions taken in a wide range of financial instruments and markets which expose the Bank to various risks, such as interest rate risk, foreign exchange risk, etc. The Bank manages these risks by using trading strategies and other hedging actions which encompass a variety of financial instruments in both the cash and derivatives markets. Key market risk exposures are assessed at both specific and aggregate levels. At the specific level, market risk sensitivities are assessed by evaluating the impact of individual risk factors such as interest rates and foreign exchange. At the aggregate level, market risk is assessed using two key measures, which are Value-at-Risk ("VaR") and Bi-Weekly Maximum Observed Loss ("MoL").
- Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. BANA India manages the operational risks of its business activities using the enterprise-wide Operational Risk Framework. Enterprise Operational Risk policies, processes, tools, and standards are implemented by the Businesses/ECFs with Oversight from the Independent Business/ECF Risk Teams (Regional Function). Each have a quality assurance role and through direct action or Oversight, these stakeholders are collectively responsible for execution of the Operational Risk Program requirements, achievement of risk management objectives, and ensuring timely action is taken in response to concerns and issues.

- Strategic risk is the risk resulting from incorrect assumptions about external or internal factors, inappropriate business plans (e.g., too aggressive, wrong focus, ambiguous); ineffective business strategy execution; or failure to respond in a timely manner to changes in the regulatory, macroeconomic or competitive environments in the geographic locations in which we operate (such as competitor actions, changing customer preferences, product obsolescence and technology developments).
- Liquidity risk is the inability to meet expected or unexpected cash flow and collateral needs while continuing to support our businesses and customers under a range of economic conditions. The primary objective of liquidity risk management is to ensure that BANA India can meet expected or unexpected cash flow and collateral needs while continuing to support our businesses and customers with the appropriate funding sources, under a range of economic conditions.
- Reputational risk is the risk that negative perceptions regarding BANA India's conduct or business practices may adversely impact its profitability or operations. Reputational risk may result from many of the bank's activities, including those related to the management of strategic, operational, compliance and credit risks. As a result, the potential impact to the bank's reputation of all our activities and all risks we face is evaluated. Reputational risk may arise from negative perception on the part of key stakeholders (e.g., customers, counterparties, investors, regulators, rating agencies), scrutiny from external parties (e.g., politicians, consumer groups, media organizations) and the ongoing threat of litigation. These reputational risk events could adversely impact the bank's financial standing through an inability to maintain or establish business relationships.
- Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation of the Bank arising from the failure of the Bank to comply with the requirements of applicable laws, rules, regulations, related self-regulatory organizations' standards and codes of conduct. BANA India manages compliance risk through an integrated set of controls and processes to address external and internal risks, including a complex and dynamic regulatory environment and the evolving products, services and strategies of the front line units and control functions
- Interest Rate Risk in Banking Book (IRRBB) refers to the potential adverse financial impact on the Bank's net interest income from changes in interest rates. Due to the fundamental nature of its business, the Bank carries various interest sensitive assets and liabilities in its balance sheet. This exposes the Bank to risk on from changes in interest rates. These assets and liabilities essentially reside in the banking book. In other words, IRRBB refers to the risk associated with interest rate sensitive instruments that are not held in the trading book of the Bank. Interest rate risk in the trading book is covered in the market risk section.
- Credit concentration risk arises due to imperfect diversification of credit exposures in two ways. One, by having very large exposures to a small set of obligors due to which, default by a big customer could result in a huge loss. This is known as name (single/group) concentration risk. Second type of concentration is due to excessive exposure to a particular industry sector. It is observed that defaults in a particular industry sector are generally correlated. Hence, if an industry is under a severe recession, it could result in multiple defaults leading to huge losses.
- Other Risks
  - **Securitization Risk**

    The Bank, as of March 31, 2020, does not have any such investments. The bank has also not securitized any of its assets
  - **Settlement Risk** arises out of exposures on counterparties during the settlement of a deal when the Bank has performed its obligation in the contract and the counterparty is yet to perform its part (either delivery or payment). It is of transient nature; and may arise from counterparty default, operational problems, market liquidity constraints and other factors.
  - **Pension obligation risk** is the risk of a shortfall of pension funds available in the future to meet pension obligations for its eligible employees. The Bank provides for its pension liability which is a defined contribution scheme, for all its eligible employees.
  - **Model Risk** is the potential for adverse consequences from decisions based on incorrect or misused model output and reports. The Enterprise Model Risk Policy ("EMRP") provides comprehensive guidance for understanding monitoring, and managing model risk at Bank of America. The EMRP is consistent with applicable rules and regulations, and establishes a framework of corporate responsibilities and standards for effectively managing model risk across the enterprise.
  - **Risk of Under-estimation of Credit Risk under the Standardized Approach**

    The use of standardized approach for calculating the Pillar 1 capital requirement in respect of credit risk is a conservative approach given the portfolio primarily consists of corporate customers with strong credit profiles and the credit risk in the portfolio is well managed by the credit risk management processes in place.

Risk Governance

BANA India has the following senior management level local committees or groups for risk governance.

Local Management Team ("LMT")

The LMT is chaired by the Country Executive Officer of the Bank. It is the primary body which provides strategic direction to the Bank and ensures compliance with regulatory requirements and the internal policies of the Bank. It is responsible for branch governance and oversight of branch operations. It is also responsible for reviewing and approving new business and products. It reviews the country performance with respect to strategic objectives. The LMT holds meetings six times in a financial year or more frequently if required. The LMT reviews and approves the ICAAP on an annual basis or upon any revision in the interim.

Asset Liability Committee ("ALCO")

The ALCO is chaired by the Country Executive Officer of the Bank. The ALCO is responsible for establishing policies and providing directives to manage the structural balance sheet risks arising over time, resulting from the Bank's business activities originating from the changing asset-liability mix. It provides management oversight of balance sheet, capital and liquidity management activities of the Bank. The ALCO holds meetings four times in a financial year or more frequently if required. The ALCO reviews and approves the ICAAP on an annual basis or upon any revision in the interim.

Risk Management Committee ("RMC")

RMC is independently chaired by the Chief Risk Officer. RMC serves as an oversight body to provide strategic direction for a progressive risk management system and policies & strategy to be followed to mitigate the risks associated with the business. RMC comprises senior management of the Bank and representatives from front line units and relevant control & support functions. RMC meets at least on a quarterly basis.

Customer Service Committee ("CSC")

Customer Service Committee ('CSC') is responsible for activities relating to customer service and client services issues. CSC meets four times in a year. The committee is chaired by Head - Banking Operations.

Audit Council

The Audit Council assists LMT in exercising oversight of the effectiveness of the Bank's system of internal controls and policies and procedures for managing and accessing risk, integrity of the financial statements of the Bank, and compliance by the Bank with legal and regulatory requirements. The Council also provides direct oversight over the audit function. The Audit Council meets at least four times in a year.

The Audit council is mainly responsible for:

- Providing direction and overseeing the operation of the audit function in the Bank,
- Obtaining and reviewing half-yearly reports from the Compliance Officer, and
- Following up on issues raised in LFAR and discussing the financial statements

Technology Steering Committee ("TSC")

The TSC is chaired by the Chief Information Officer ("CIO"). The Technology Steering Committee (TSC) oversees projects in partnership with the Regional/Global Technology and other Functional teams across the Bank including common infrastructure or other projects cutting across businesses or support groups. The TSC meets at least six times in a year or more frequent, if required**.**

The TSC is mainly responsible for:

- To assist the Executive Management in implementing Information technology ("IT") Strategy that has been approved by the by global/regional and local management forums,
- Setting project priorities, reviewing critical project status and milestones,
- Monitoring IT governance, risk and controls, and
- Providing regular updates to the India LMT on significant Technology matter

Returns Governance Group ("RGG")

Returns Governance Group (RGG) was formed based on guidance by RBI in 'Approach Paper on Automated Data Flow from Banks' and guidance on Supervisory Program for Assessment of Risk and Capital (SPARC). RGG is the governance body responsible for providing oversight to all regulatory submissions, including Risk Based Supervision. RGG, as required by RBI shall inter-alia comprise of representatives from Compliance, Business, Technology, etc. and perform inter-alia the following roles.

- Act as the owner of all the layers indicated in the end state from the process perspective and in the context of automated submission systems, ensure governance around Data Acquisition, Data conversion and Data submission.
- Provide oversight and guidance to Technology Steering Committee, which is currently managing the automation of regulatory reports, etc.
- Review and escalation point for Technology Steering Committee for handling change request for any new requirement by Reserve Bank and also handling ad-hoc queries.
- Ensuring governance that the metadata is as per the regulatory definitions.

Table DF-3: Credit Risk: General Disclosures

I. Qualitative disclosures

Robust risk management policies and procedures are laid out in the Global Banking and Markets Core policy. It is supplemented by the Credit Compliance Manual. Written policies, procedures, standards, and guidelines are updated on a regular basis to provide a clear direction to officers for meeting the requirements for which they are accountable. Approval authority is vested via an Approval Grid which takes into account the quantum, internal risk rating and nature of exposure and the position/experience of the approver.

The Bank manages credit risk based on the risk profile of the borrower or counterparty, repayment sources, the nature of underlying collateral, and other support given current events, conditions and expectations. Credit risk management begins with an assessment of the credit risk profile of the borrower or counterparty based on an analysis of their financial position. As part of the overall credit risk assessment of a borrower or counterparty, credit exposures are assigned a risk rating and are subject to approval based on defined credit approval standards. High Value Proposals are subject to approvals by Credit Approval Council ("CAC"). Subsequent to loan origination, risk ratings are monitored on an ongoing basis. If necessary, risk ratings are adjusted to reflect changes in the financial condition and cash flow of a borrower or counterparty.

BANA India follows the policy of internal rating on a scale of Risk Rating ("RR") 1-11, and the RR is regularly monitored. Exposures with RR of 8 or worse (criticized assets) are subject to additional scrutiny and monitoring.

Unhedged Foreign Currency Exposure ("UFCE") of the borrower is an area of risk for the individual entity as well as for the entire financial system; as entities who do not hedge their exposure may incur significant losses due to exchange rate movements, which in turn can reduce their capability to service the loans taken from the banks. In line with the RBI circular dated January 15, 2014, BANA India has put in place a process to ascertain the amount of UFCE, estimate the extent of likely loss and riskiness due to UFCE, and provide for incremental capital & make incremental provision, as warranted.

In order to address concentration risk in banking industry the RBI has issued 'Guidelines of Enhancing Credit Supply' requiring banks to create additional provision and also apply additional risk weights on specified borrowers effective April 01, 2018. BANA India has put in place a process to ensure compliance with requirements of the said guidelines/directions.

In accordance with RBI guidelines relating to COVID-19 Regulatory Package dated 27 March 2020, 17 April 2020 and 23 May 2020 ('RBI Circulars'), the Bank has laid down a LMT approved policy for borrowers who want to avail moratorium on the payment of overdraft facility/instalments and/or interest, as applicable.

Definitions

- **Overdue:** Any amount due to Bank under any credit facility is 'overdue' if it is not paid by the due date.

Norms for determining when to classify various types of assets as non-performing

- Term loans are treated as non-performing if the interest and/or installments of principal remain overdue for a period of more than 90 days.
- Cash credits & overdrafts are treated as non-performing if the accounts remain out of order for a period of more than 90 days.

- An account will be treated "out of order" if the outstanding balance remains continuously in excess of the sanctioned limit/ drawing power. In case where the outstanding balance is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on balance-sheet date or credits are not enough to cover the interest debited during the same period, these accounts will be treated as out of order.
- Bills purchased/discounted are treated as non-performing if the bill remains overdue and unpaid for a period of more than 90 days.
- Any overdue receivables representing positive mark-to-market value of a foreign exchange and interest rate derivative contracts will be treated as non- performing asset if these remain unpaid for 90 days or more, upon becoming due
- Any other facility will be treated as non-performing if any amount to be received remains overdue for a period of more than 90 days during the financial year

II. Quantitative disclosures

a. Total Gross credit exposures

INR mm	**31-Mar-20**	31-Mar-19
Fund Based	**413,650**	300,583
Non-Fund Based [1]	**165,714**	98,729

b. Geographic distribution

INR mm	**31-Mar-20**		31-Mar-19	
	Domestic	**Overseas [2]**	Domestic	Overseas [2]
Fund Based	**413,650**	-	300,583	-
Non-Fund Based [1]	**165,714**	-	98,729	-

[1]Includes market as well as non-market related exposures
[2] As per the clarification given in the guidelines for Pillar 3 disclosures, definition of Overseas and Domestic should be as adopted for segment reporting in compliance with Accounting Standard- 17 issued by ICAI. As the Bank does not have any overseas operations, all exposures are reported under domestic exposures.

c. Distribution of Exposures by sector/industry **INR mm**

Sr.no	**Particulars**	**31-Mar-20**		**31-Mar-19**	
		Funded Exposure	**Non Funded Exposure***	**Funded Exposure**	**Non Funded Exposure***
1.	**Agriculture & Allied Activities**				
	Agri - Direct	-	-	-	-
	Agri - Indirect	75	20	400	-
	1. Total	**75**	**20**	**400**	**-**
2.	**Industry (Micro & Small, Medium and Large)**				
a.	Construction	4,025	1,223	5,747	816
b.	Gems & Jewellery	-	-	-	-
c.	Cement & Cement products	-	-	-	-
d.	Infrastructure	35,649	3,124	15,388	1,210
e.	Textiles	1	502	3,174	85
f.	Basic metal and metal products	8,940	3,849	7,224	741
g.	Mining and Quarrying	128	11	671	6
h.	All Engineering	15,324	10,576	16,691	9,743
i	Chemicals and chemical products	37,434	2,241	28,600	4,659
j	Petroleum, coal products and nuclear fuels	11,651	4,332	6,143	1,639
k	Vehicles, vehicle parts and transport equipment	13,943	1,978	8,447	1,822
l.	Beverage & Tobacco	9,240	353	11,775	62
m	Food Processing	5,824	56	8,633	972
n	Other Industries	389	100	654	59
o	Paper & paper products	633	91	1,092	18
p	Rubber, plastic & their products	2,395	73	1,119	81
q	Leather & leather products	-	-	-	-
r	Wood and Wood products	-	-		
s	Glass and glassware	-	-	-	-
	2. Total	**145,578**	**28,509**	**115,357**	**21,915**
3.	**Services**				
c.	Aviation	-	651	-	609
d.	Shipping	-	-	-	-
e.	Commercial Real Estate	-	-	-	-
b.	Banks	10,729	100,562	35,856	49,591
a.	Non-Banking Financial Companies	49,192	6,307	30,962	5,621
t.	Computer Software	8,754	10,997	10,018	7,227
v.	Trade	13,046	2,099	18,307	1,044
f.	Other Services	172,727	13,257	79,372	9,910
e.	Professional and Other services	6,592	2,216	3,444	1,987
c.	Transport Operators	6,867	965	6,495	795
d.	Tourism Hotels and Restaurants	90	131	372	29
	3. Total	**267,997**	**137,185**	**184,826**	**76,814**
	Grand Total	**413,650**	**165,714**	**300,183**	**98,729**

** Includes market as well as non-market related exposures*
Note: Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation

d. Residual contractual maturity pattern for assets.

As of March 31, 2020 **INR mm**

Particulars	**Cash**	**Advances**	**Balance with RBI**	**Balances with other Banks**	**Fixed Assets**	**Investments**	**Other Assets**
Next Day	41	3,879	1,223	103,042	-	143,734	856
2 - 7 days	-	14,698	-	-	-	31,686	3
8-14 days	-	12,348	-	1,879	-	-	6
15-30 days	-	43,093	4,813	-	-	25,617	-
31 days to 2 month	-	27,937	1,537	-	-	8,182	-
2-3 months	-	22,948	1,192	-	-	6,344	103,116
3-6 months	-	49,716	416	-	-	2,211	4,568
6 months to 1 year	-	18,172	426	-	-	2,269	-
1-3 years	-	39,731	3,920	-	-	36,522	-
3-5 years	-	3,369	2	-	-	-	-
5-7 years	-	-	0	-	-	0	-
7-10 years	-	-	1	-	-	-	-
10-15 years	-	-	0	-	-	0	-
Over 15 years	-	-	-	-	1,131	-	5,554
TOTAL	**41**	**235,891**	**13,530**	**104,921**	**1,131**	**256,565**	**114,103**

As of March 31, 2019 **INR mm**

Particulars	Cash	Advances	Balance with RBI	Balances with other Banks	Fixed Assets	Investments	Other Assets
Next Day	38	4,647	2,831	41,652	-	110,710	952
2 - 7 days	-	12,605	-	-	-	49,009	1
8-14 days	-	20,158	-	-	-	15,621	65
15-30 days	-	24,523	3,840	-	-	13,318	-
31 days to 2 month	-	23,103	511	-	-	6,567	-
2-3 months	-	20,941	878	-	-	4,015	57,409
3-6 months	-	41,078	551	-	-	2,518	3,591
6 months to 1 year	-	17,291	337	-	-	1,541	-
1-3 years	-	27,060	3,810	-	-	21,154	-
3-5 years	-	3,114	5	-	-	1,050	-
5-7 years	-	-	0	-	-	1	-
7-10 years	-	-	0	-	-	0	-
10-15 years	-	-	-	-	-	-	-
Over 15 years	-	-	-	-	1,179	-	3,030
TOTAL	38	194,517	12,764	41,652	1,179	225,504	65,048

e. Amount of NPAs (Gross) – Nil (March 31, 2019 – Nil)

f. Net NPAs –Nil (March 31, 2019 – Nil)

g. NPA Ratios

- Gross NPA to Gross Advances – **Nil** (March 31, 2019 – Nil)
- Net NPA to Net Advances –**Nil** (March 31, 2019 – Nil)

h. Movement of NPAs (Gross)

INR mm	**31-Mar-20**	31-Mar-19
Opening balance	**-**	-
Additions during the year	**2.24**	-
Reductions during the period	**2.24**	-
Closing balance	**-**	-

i. Movement of provision for NPAs

INR mm	**31-Mar-20**	31-Mar-19
Opening balance	**-**	-
Provisions made during the year	**0.56**	-
Write-off	**-**	-
Write-back of excess provisions	**0.56**	-
Closing balance	**-**	-

j. Non-Performing Investments: Nil (March 31, 2019 – Nil)

k. Provisions for Non-Performing Investments – Nil (March 31, 2019 – Nil)

l. Movement of provision for Depreciation on Investments

INR mm	31-Mar-20	31-Mar-19
Opening balance	**-**	265
Provisions made during the year	**265**	-
Write-off	**-**	-
Write-back of excess provisions	**-**	265
Closing balance	**265**	-

Table DF-4: Credit Risk: Disclosures for Portfolios Subject to the Standardised Approach

I. Qualitative disclosures

The Bank adopts the following basis for assignment of risk weights for different categories of counterparties:

a. Scheduled Banks including foreign bank branches in India:

The bank has applied risk weights on exposures to scheduled banks for the purpose of Pillar 1 calculation in line with Basel III regulations as prescribed by RBI.

b. Foreign Banks:

Ratings for foreign banks have been sourced from websites of Fitch, Moody's and Standard & Poor's. The bank has applied risk weights relevant to the ratings assigned by international credit rating agencies as prescribed by RBI. In case of unrated exposures, bank has applied risk weights as prescribed by RBI guidelines.

c. Corporates:

Where the obligors have obtained rating of the facility from any of the accredited credit rating agencies viz. Brickwork Ratings India Pvt. Limited, Credit Analysis & Research Limited (CARE), CRISIL Limited, ICRA Limited (ICRA), India Ratings and Research Private Limited (Fitch), SME Rating Agency of India Ltd. (SMERA) as specified by the RBI, the Bank has applied the risk weights relevant to the ratings assigned by the credit rating agencies. Unrated corporate exposures have been risk weighted at 150% as per RBI guidelines.

II. Quantitative disclosures

a. Total Gross credit exposures

INR mm	31-Mar-20	31-Mar-19
Fund Based		
Below 100% risk weight	**263,883**	188,795
100% risk weight	**7,102**	108,533
More than 100% risk weight	**142,665**	3,255
Deducted	-	-
Total	**413,650**	300,583

INR mm	31-Mar-20	31-Mar-19
Non-Fund Based [5]		
Below 100% risk weight	**109,391**	60,943
100% risk weight	**1,694**	37,637
More than 100% risk weight	**53,629**	149
Deducted	-	-
Total	**165,714**	98,729

[5] *Includes market as well as non-market related exposures.*

Table DF-5: Credit Risk Mitigation: Disclosures for Standardized Approaches

I. Qualitative disclosures

In determining credit risk capital, the Bank has not reduced the facility amounts by any corresponding eligible collateral amount in the form of cash margins.

The risk weighted assets are computed based on the gross outstanding facility amount.

II. Quantitative disclosures

The Bank has not availed Credit Risk Mitigation Techniques ("CMT") as at March 31, 2020

Table DF-6: Securitization Exposures: Disclosure for Standardized Approach

I. Qualitative disclosures

There are no securitization transactions originated by the Bank.

II. Quantitative disclosures

A. Banking Book

Total amount of exposures securitized by the Bank: **Nil** (March 31, 2019: Nil)

Amount of assets intended to be securitized within a year: **Nil** (March 31, 2019: Nil)

Total amount of assets securitized and unrecognized gain or losses on sale: **Nil** (March 31, 2019: Nil)

Aggregate amount of on-balance sheet and off-balance sheet securitization exposures purchased and break-up by exposure type

INR mm	31-Mar-20		31-Mar-19	
	Exposure Type	Exposure Amount	Exposure Type	Exposure Amount
On Balance Sheet	-	-	-	-
Off Balance Sheet	-	-	-	-
Total		-		-

Securitization exposures purchased and the associated capital charge by different risk weight bands

INR mm	As at 31-Mar-2020			As at 31-Mar-2019		
	Exposure	Risk Weighted Assets	Capital Requirement	Exposure	Risk Weighted Assets	Capital Requirement
Below 100% risk weight	-	-	-	-	-	-
100% risk weight	-	-	-	-	-	-
More than 100% risk weight	-	-	-	-	-	-
Total	-	-	-	-	-	-

Securitization Exposures deducted entirely from Tier 1 capital, credit enhancing Interest Only Strips (I/Os) deducted from total capital, and other exposures deducted from total capital: Nil (March 31, 2019: Nil)

B. Trading book

- Aggregate amount of exposures securitised by Bank for which bank has retained some exposures and which is subject to market risk approach: **Nil** (March 31, 2019: Nil)
- Aggregate amount of on-balance sheet securitisation exposures retained or purchased: **Nil** (March 31, 2019: Nil)
- Aggregate amount of off-balance sheet securitisation exposures: **Nil** (March 31, 2019: Nil)
- Aggregate amount of securitization exposures retained or purchased subject to Comprehensive Risk Measure for specific risk : **Nil** (March 31, 2019: Nil)
- Aggregate amount of securitization exposures retained or purchased subject to securitization framework for specific risk broken into different risk weight bands: **Nil** (March 31, 2019: Nil)
- Aggregate amount of capital requirements for the securitisation exposures subject to securitisation framework: **Nil** (March 31, 2019: Nil)
- Securitisation Exposures deducted entirely from Tier 1 capital, credit enhancing Interest Only Strips (I/Os) deducted from total capital, and other exposures deducted from total capital: **Nil** (March 31, 2019: Nil)

Table DF-7: Market Risk in Trading Book

I. Qualitative disclosures

Market risk is the risk of loss due to changes in the market values of the Bank's assets and liabilities caused by changing interest rates, currency exchange rates, and security prices. Market risk is inherent in the Bank's operations and arises from both trading and non-trading positions. Trading exposures represent positions taken in a wide range of financial instruments and markets which expose the Bank to various risks, such as interest rate risk, foreign exchange risk, etc. The Bank manages these risks by using trading strategies and other hedging actions which encompass a variety of financial instruments in both the cash and derivatives markets.

Key market risk exposures are assessed at both specific and aggregate levels. At the specific level, market risk sensitivities are assessed by evaluating the impact of individual risk factors such as interest rates and foreign exchange. At the aggregate level, market risk is assessed using two key measures, which are Value-at-Risk ("VaR") and Bi-Weekly Maximum Observed Loss ("MoL").

VaR is a statistical measure of potential portfolio market value loss resulting from changes in market variables, during a given holding period, measured at a specified confidence level. The Branch uses historical simulation approach for VaR and it is calculated over a one-day holding period at a 99% confidence level, using three years of historical data. The performance of VaR model is monitored through daily back-testing and is performed at both Entity and Line of Business (LoB) level. MOL is the potential market value loss on a portfolio over a 10-day holding period using historical data with start date anchored to January 1st, 2007

VaR and MOL are supplemented with stress tests, which are performed to assess extreme tail events or shocks. The stress tests are designed to highlight exposures to unlikely but plausible events or extremely volatile conditions, both hypothetically and historically.

Market Risk Management Architecture

The market risk function is independent of the front office and monitors all prudential limits governing trading activities and reports exceptions to senior management.

Market Risk Management Control

Market risk of the Branch is primarily managed through establishing and monitoring limits. Investment policy and FX/derivatives policy of the Branch (or BANA Mumbai) lists the applicable limits and approval processes.

Market Risk Management utilizes a suite of reports which assess risk on a daily basis. These reports are distributed to Senior Management on daily basis. Limit excesses, limit changes (temporary, or permanent) are communicated to Senior Management, as well as to relevant forum such as the LMT, Risk management Committee and the ALCO where applicable.

Market Risk Management Policies and Procedures

The Market Risk Management is guided by market risk policies and guidelines. Global market risk management policy is in place and is followed. The policy describes how market risk is managed by establishing the key market risk measures, defining roles and responsibilities and describing key monitoring processes in place. In addition, the Investment policy and FX/derivatives policy of the Branch lists the applicable limits and approval processes.

The market risk capital requirement is expressed in terms of two separately calculated charges:

General market risk charge from the interest rate risk in the portfolio in different securities or instruments.

- Specific risk charge for each security, which is designed to protect against an adverse movement in the price of an individual security owing to factors related to the individual issuer.

For regulatory capital, the requirements for general market risk are designed to capture the risk of loss arising from changes in market prices and interest rates. The capital charge is the sum of four components:

- the net short or long position in the whole trading book.
- a small proportion of the matched positions in each time-band - vertical disallowance.
- a larger proportion of the matched positions across different time bands - horizontal disallowance.
- a net charge for positions in options.

The general market risk charge is measured by using the modified duration method. Foreign exchange open positions (higher of limit or actual) are risk-weighted at 100%.

II. Quantitative disclosures

INR mm	**31-Mar-20**	31-Mar-19
Capital requirements for:		
Interest rate risk		
- general market risk	**18,062**	11,353
- specific risk	**-**	2,004
Equity position risk	**-**	-
- general market risk	**-**	-
- specific risk	**-**	-
Foreign exchange risk	**1,396**	1,396
Total	**19,458**	14,753

Table DF-8: Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational Risk Events: inadequate or failed internal processes, people, systems and external events may result in unexpected or undesired consequences including a financial loss, an unexpected gain, a near miss and/or an opportunity cost (lost future revenue). The events associated with these unintended and/or undesired consequences are termed as operational risk events.

Operational Loss: an operational loss is the recorded financial consequence (excluding insurance reimbursements or tax effects) resulting from an operational loss event, including all expenses associated with an operational loss event except for opportunity costs, foregone revenue, and costs related to risk management and control enhancements implemented to prevent future operational losses. Operational loss events can also result in unintended financial gains. BAC classifies operational losses using the Basel II categories and definitions: Internal Fraud; External Fraud; Employment Practices and Workplace Safety; Clients, Products, and Business Practices; Damage to Physical Assets; Business Disruption and System Failures; and Execution, Delivery, and Process Management.

BANA India manages the operational risks of its business activities using the enterprise-wide Operational Risk Framework. Enterprise Operational Risk policies, processes, tools, and standards are implemented by the Businesses/ECFs with Oversight from the Independent Business/ECF Risk Teams (Regional Function). Each have a quality assurance role and through direct action or Oversight, these stakeholders are collectively responsible for execution of the Operational Risk Program requirements, achievement of risk management objectives, and ensuring timely action is taken in response to concerns and issues.

Governance of Operational Risk

Operational risk is managed by all employees as part of our day-to-day activities. Front line units and control functions own operational risk and are responsible for monitoring, assessing and testing the effectiveness of controls, while continuing to identify, escalate, debate and report operational risks. Front line units/control functions may have business Oversight or control teams that support business leaders in the implementation of the program.

The Operational Risk management function at Bank of America (BAC) is independent of front line unit/control function, and is responsible for designing the program and overseeing its implementation and execution in accordance with the Policy and its supporting Standards. Operational Risk Teams are also responsible for objectively assessing, challenging and advising the front line units/control functions on operational risk.

Risk Management Process

BAC's Operational Risk Management Program has been built around ten interrelated requirements that are set out in the Operational Risk Management - Enterprise Policy, which also specifies the responsibilities and accountabilities of the first and second lines of defense. These requirements work together to drive a comprehensive risk-based approach for the proactive identification, management, mitigation and escalation of operational risks throughout the Company. These ten core requirements are:

1) Operational risk appetite
2) Key Risk Indicators
3) Risk and Control Self-Assessment
4) Scenario Analysis

5) Internal Operational Loss Event Data
6) External Operational Loss Event Data
7) Quality Assurance (QA) Program
8) Operational Risk Coverage Plans
9) Operational Risk Reporting and Escalation
10) Operational Risk Capital Model Oversight.

Table DF-9: Interest Rate Risk in the Banking Book (IRRBB)

I. Qualitative disclosures

Interest Rate Risk in Banking Book (IRRBB) refers to the potential adverse financial impact on the Bank's net interest income from changes in interest rates. Due to the fundamental nature of its business, the bank carries various interest sensitive assets and liabilities in its balance sheet. This exposes the Bank to risk on from changes in interest rates. These assets and liabilities essentially reside in banking book. In other words, IRRBB refers to risk associated with interest rate sensitive instruments that are not held in the trading book of the Bank. Interest rate risk in the trading book is covered in the market risk section

Presently the Bank uses the following tools for managing interest rate risk:

Gap analysis: The interest rate gap or mismatch risk is measured by calculating gaps over different time intervals at a given date. This static analysis measures mismatches between rate sensitive liabilities ("RSL") and rate sensitive assets ("RSA"). The report is prepared monthly by grouping rate sensitive liabilities, assets and off-balance sheet positions into time buckets according to residual maturity or next re-pricing period, whichever is earlier. The difference between RSA and RSL for each time bucket signifies the gap in that time bucket. The direction of the gap indicates whether net interest income is positively or negatively impacted by a change in interest rates and the magnitude of the gap helps in assessing the change in net interest income for any given interest rate shift. The interest rate sensitivity/gap reports are reviewed by the ALCO on a regular basis.

Earnings at risk ("EaR"): The interest rate gap reports mentioned above indicate whether the Bank is in a position to benefit from rising interest rates by having a positive gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by having a negative gap (RSL > RSA). EaR measures the change in NII over a one year time horizon for various levels of parallel shift in interest rates.

Economic value: Change in the interest rates have a long-term impact on the capital position of the Bank, as the economic value of the Bank's assets, liabilities and off-balance sheet positions get affected by these rate changes. The Bank applies a modified duration approach and monitors impact of various levels of parallel shift in interest rate curves on the capital position. The interest rate sensitivity/gap reports are reviewed by the ALCO on a regular basis.

II. Quantitative disclosures

The increase/(decline) in earnings and economic value (on a pre-tax basis) for an upward/downward rate shock broken down by currency is as below

a. Impact on net interest income over the next 12 months (earnings perspective)

INR mm	31-Mar-2020		31-Mar-2019	
	If interest rate were to go up by 100 basis points	**If interest rate were to go down by 100 basis points**	If interest rate were to go up by 100 basis points	If interest rate were to go down by 100 basis points
Currency				
INR	(877)	877	11	(11)
USD	137	(137)	65	(65)
Others	2	(2)	(1)	1
Total	**(738)**	**738**	75	(75)

b. Impact on market value of equity (economic value perspective):

INR mm	31-Mar-2020		31-Mar-2019	
	If interest rate were to go up by 200 basis points	**If interest rate were to go down by 200 basis points**	If interest rate were to go up by 200 basis points	If interest rate were to go down by 200 basis points
Currency				
INR	3,478	(3,478)	1,448	(1,448)
USD	911	(911)	1,097	(1,097)
Others	57	(57)	108	(108)
Total	**4,446**	**(4,446)**	2,653	(2,653)

Table DF-10: General Disclosure for Exposures Related to Counterparty Credit Risk

I. Qualitative disclosures

Discussion of methodology used to assign economic capital and credit limits for counterparty credit exposures

A credit approval document is used to analyze the counterparty's creditworthiness, document transaction structure and risk mitigation, and approve the Traded Products limit(s). Specific requests, including limit structure and attributes is also included in the credit approval document. BANA India adopts standardized model and does not assign economic capital for counterparty credit exposures.

Discussion of policies for securing collateral and establishing credit reserve

Collateralization is one of the key credit risk mitigation techniques available in the market. The term "Collateral" means assets pledged as security to ensure payment or performance of an obligation. When facing derivative counterparties, BAC enters into master netting arrangements and, in appropriate circumstances, collateral arrangements which provide in the event of a customer default, the right to liquidate collateral and the right to offset counterparty's rights and obligations. BAC also monitors the fair market value of the underlying securities used as collateral, including accrued interest, and, as necessary, requests additional collateral to ensure that the relevant transactions are adequately collateralized. BANA India makes appropriate provisions for credit risk as per regulatory guidelines.

Discussion of policies with respect to wrong-way risk exposures

Transactions that include significant positive correlation between the performance of the counterparty and the exposure profile of the underlying product are called Wrong Way Risk ("WWR") trades. The BAC Wrong Way Risk Policy outlines the characteristics of WWR trades, and describes the approval escalation requirements and associated monitoring and reporting of WWR exposure.

Discussion of the impact of the collateral the bank would have to provide given a credit rating downgrade

As per local contractual agreements, BANA India is not required to post any collateral given a credit rating downgrade.

II. Quantitative disclosures

As at March 31, 2020

INR mm	Forward Exchange Contracts	Interest Rate Derivative Contracts	Cross Currency Swaps	Options
Gross positive fair value of contracts	53,228	45,394	920	472
Netting benefits	43,072	-	-	-
Netted current credit exposure (positive mark-to-market)	10,156	45,394	920	472
Collateral held*	-	-	-	-
Net derivatives credit exposure	10,156	45,394	920	472
Exposure at default under Current Exposure Method	84,615	86,461	7,441	2,753

INR mm	
Notional value of credit derivative hedges Institution's own credit portfolio • Protection bought • Protection sold Institution's Intermediation activity credit portfolio • Protection bought • Protection sold	Not Applicable

As at March 31, 2019

INR mm	Forward Exchange Contracts	Interest Rate Derivative Contracts	Cross Currency Swaps	Options
Gross positive fair value of contracts	38,768	14,444	1,525	561
Netting benefits	33,114	-	-	-
Netted current credit exposure (positive mark-to-market)	5,654	14,444	1,525	561
Collateral held*	-	-	-	-
Net derivatives credit exposure	5,654	14,444	1,525	561
Exposure at default under Current Exposure Method	72,333	36,211	6,916	2,646

INR mm	
Notional value of credit derivative hedges Institution's own credit portfolio • Protection bought • Protection sold Institution's Intermediation activity credit portfolio • Protection bought • Protection sold	Not Applicable

Note: Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation.

** The Bank has not availed any Credit Risk Mitigation Techniques*

Table DF-11: Composition of Capital

Sr. no	Particulars	Amt in INR mm	Amounts Subject to Pre-Basel III Treatment	Reference No.
	Common Equity Tier 1 capital: instruments and reserves			
1.	Directly issued qualifying common share capital plus related stock surplus (share premium)	31,883		A1
2.	Retained earnings	78,313		A2+A3
3.	Accumulated other comprehensive income (and other reserves)	–		
4.	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies1)	–		
5.	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	–		
6.	**Common Equity Tier 1 capital before regulatory adjustments**	**110,196**		
	Common Equity Tier 1 capital: regulatory adjustments			
7.	Prudential valuation adjustments	–		
8.	Goodwill (net of related tax liability)	–		
9.	Intangibles (net of related tax liability)	104		C1
10.	Deferred tax assets	–	-	A4
11.	Cash-flow hedge reserve	–		
12.	Shortfall of provisions to expected losses	–		
13.	Securitisation gain on sale	–		
14.	Gains and losses due to changes in own credit risk on fair valued liabilities	–		
15.	Defined-benefit pension fund net assets	–		
16.	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	–		
17.	Reciprocal cross-holdings in common equity	–		
18.	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–		
19.	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	–		
20.	Mortgage servicing rights (amount above 10% threshold)	–		
21.	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	–		
22.	Amount exceeding the 15% threshold	–		
23.	of which: significant investments in the common stock of financial entities	–		
24.	of which: mortgage servicing rights	–		
25.	of which: deferred tax assets arising from temporary differences	–		
26.	National specific regulatory adjustments (26a+26b+26c+26d)	–		
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	–		
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	–		
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	–		
26d	of which: Unamortised pension funds expenditures	–		
27.	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	–		
28.	**Total regulatory adjustments to Common equity Tier 1**	**104**		
29.	**Common Equity Tier 1 capital (CET1)**	**110,092**		

Sr. no	Particulars	Amt in INR mm	Amounts Subject to Pre-Basel III Treatment	Reference No.
30.	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	–		
31.	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	–		
32.	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	–		
33.	Directly issued capital instruments subject to phase out from Additional Tier 1	–		
34.	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	–		
35.	of which: instruments issued by subsidiaries subject to phase out	–		
36.	**Additional Tier 1 capital before regulatory adjustments**	**–**		
	Common Equity Tier 1 capital: instruments and reserves			
	Additional Tier 1 capital: regulatory adjustments			
37.	Investments in own Additional Tier 1 instruments	–		
38.	Reciprocal cross-holdings in Additional Tier 1 instruments	–		
39.	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	–		
40.	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–		
41.	National specific regulatory adjustments (41a+41b)	–		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	–		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	–		
42.	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	–		
43.	**Total regulatory adjustments to Additional Tier 1 capital**	**–**		
44.	**Additional Tier 1 capital (AT1)**	**–**		
45.	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44)**	**110,092**		
	Tier 2 capital: instruments and provisions			
46.	Directly issued qualifying Tier 2 instruments plus related stock surplus	–		
47.	Directly issued capital instruments subject to phase out from Tier 2	–		
48.	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	–		
49.	of which: instruments issued by subsidiaries subject to phase out	–		
50.	Provisions	5,909		B1+B2+ B3+B4
51.	**Tier 2 capital before regulatory adjustments**	**5,909**		
52.	Investments in own Tier 2 instruments	–		
53.	Reciprocal cross-holdings in Tier 2 instruments	–		
54.	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	–		
55.	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–		
56.	National specific regulatory adjustments (56a+56b)	–		
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	–		

Sr. no	Particulars	Amt in INR mm	Amounts Subject to Pre-Basel III Treatment	Reference No.
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	–		
57.	**Total regulatory adjustments to Tier 2 capital**	–		
58.	**Tier 2 capital (T2)**	**5,909**		
59.	**Total capital (TC = T1 + T2) (45 + 58)**	**116,001**		
60.	**Total risk weighted assets (60a + 60b + 60c)**	**658,478**		
60a	of which: total credit risk weighted assets	467,605		
60b	of which: total market risk weighted assets	145,480		
60c	of which: total operational risk weighted assets	45,393		
Capital ratios				
61.	**Common Equity Tier 1 (as a percentage of risk weighted assets)**	**16.72%**		
62.	**Tier 1 (as a percentage of risk weighted assets)**	**16.72%**		
63.	**Total capital (as a percentage of risk weighted assets)**	**17.62%**		
64.	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	**9.88%**		
65.	of which: capital conservation buffer requirement	**1.88%**		
66.	of which: bank specific countercyclical buffer requirement	–		
67.	of which: G-SIB buffer requirement	**2.50%**		
68.	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) – (Point 61 – Point 71)	**7.15%**		
	National minima (if different from Basel III)			
69.	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70.	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71.	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
	Amounts below the thresholds for deduction (before risk weighting)			
72.	Non-significant investments in the capital of other financial entities	–		
73.	Significant investments in the common stock of financial entities	–		
74.	Mortgage servicing rights (net of related tax liability)	NA		
75.	Deferred tax assets arising from temporary differences (net of related tax liability)	–		
	Applicable caps on the inclusion of provisions in Tier 2			
76.	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	5,909		
77.	Cap on inclusion of provisions in Tier 2 under standardised approach	5,845		
78.	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–		
79.	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	–		
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80.	Current cap on CET1 instruments subject to phase out arrangements	–		
81.	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	–		
82.	Current cap on AT1 instruments subject to phase out arrangements	–		
83.	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–		
84.	Current cap on T2 instruments subject to phase out arrangements	–		
85.	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	–		

BANK OF AMERICA

BANK OF AMERICA, N.A. (INDIA BRANCHES)

(Incorporated in U.S.A. With Limited Liability)

BASEL III – PILLAR 3 DISCLOSURES AS AT MARCH 31, 2020

Table DF-12: Composition of Capital- Reconciliation Requirement

INR mm		**Balance sheet as in financial statements**	**Balance sheet under regulatory scope of consolidation**
		As on 31-Mar-2020	As on 31-Mar-2020
A	**Capital & Liabilities**		
i	Paid-up Capital	31,883	31,883
	Reserves & Surplus	90,460	90,460
	Minority Interest	-	-
	Total Capital	122,343	122,343
ii	Deposits	396,382	396,382
	of which: Deposits from banks	13,327	13,327
	of which: Customer deposits	383,055	383,055
	of which: Other deposits (pl. specify)	-	-
iii	Borrowings	58,922	58,922
	of which: From RBI	-	-
	of which: From banks	25,645	25,645
	of which: From other institutions & agencies	33,277	33,277
	of which: Others (pl. specify)		
	of which: Capital instruments	-	-
iv	Other liabilities & provisions	148,535	148,535
	Total	**726,183**	**726,183**
B	**Assets**		
i	Cash and balances with Reserve Bank of India	13,572	13,572
	Balance with banks and money at call and short notice	104,921	104,921
ii	Investments:	256,565	256,565
	of which: Government securities	256,565	256,565
	of which: Shares	-	-
	of which: Debentures & Bonds	-	-
	of which: Subsidiaries/Joint Ventures/Associates	-	-
	of which: Others (Commercial Papers, Certificate of Deposits etc.)	-	-
iii	Loans and advances	235,891	235,891
	of which: Loans and advances to banks	8,029	8,029
	of which: Loans and advances to customers	227,862	227,862
iv	Fixed assets	1,131	1,131
v	Other assets	114,103	114,103
	of which: Goodwill and intangible assets	104	104
	of which: Deferred tax assets	1,527	1,527
vi	Goodwill on consolidation	-	-
vii	Debit balance in Profit & Loss account	-	-
	Total Assets	**726,183**	**726,183**

INR mm		**Balance sheet as in financial statements**	**Balance sheet under regulatory scope of consolidation**	**Reference no.**
		As on 31-Mar-20	As on 31-Mar-20	
A	**Capital & Liabilities**			
	Paid-up Capital	31,883	31,883	**A1**
	of which: Amount eligible for CET1	31,883	31,883	
	of which: Amount eligible for AT1	-	-	
	Reserves & Surplus	94,460	94,460	
	Statutory Reserves	23,480	23,480	A2
	Capital Reserves	54,833	54,833	A3

BASEL III – PILLAR 3 DISCLOSURES AS AT MARCH 31, 2020

INR mm		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference no.
		As on 31-Mar-20	As on 31-Mar-20	
	Investment Reserve Account	30	30	B1
	Investment Fluctuation Reserve	3,424	3,424	
	Balance in Profit & Loss A/c	8,693	8,693	
	of which :			
	Unallocated Surplus	1,503	1,503	
	Current period profits not reckoned for Capital Adequacy	7,190	7,190	
	Minority Interest	-	-	
i	**Total Capital**	122,343	122,343	
ii	**Deposits**	396,382	396,382	
	of which: Deposits from banks	13,327	13,327	
	of which: Customer deposits	383,055	383,055	
	of which: Other deposits (pl. specify)	-	-	
iii	**Borrowings**	58,922	58,922	
	of which: From RBI	-	-	
	of which: From banks	25,645	25,645	
	of which: From other institutions & agencies	33,277	33,277	
	of which: Others (pl. specify)	-	-	
	of which: Capital instruments	-	-	
iv	Other liabilities & provisions	148,535	148,535	
	of which: Provision for Standard Assets	4,798	4,798	B2
	of which: Provision for Country risk	-	-	B3
	of which: General Provision	-	-	B4
	of which: Provision for Enhancing Credit Supply	-	-	
	of which: DTLs related to goodwill	-	-	
	of which: DTLs related to intangible assets	-	-	
	Total Capital and Liabilities	**726,183**	**726,183**	
B	**Assets**			
i	**Cash and balances with Reserve Bank of India**	13,572	13,572	
	Balance with banks and money at call and short notice	104,921	104,921	
	Investments	256,565	256,565	
	of which: Government securities	256,565	256,565	
	of which: Other approved securities	-	-	
	of which: Shares	-	-	
	of which: Debentures & Bonds	-	-	
	of which: Subsidiaries/Joint Ventures/Associates	-	-	
	of which: Others (Commercial Papers, Certificate of Deposits etc.)	-	-	
	Loans and advances	235,891	235,891	
	of which: Loans and advances to banks	8,029	8,029	
	of which: Loans and advances to customers	227,862	227,862	
	Fixed assets	1,131	1,131	
	Other assets	114,103	114,103	
	of which:			
	Goodwill	-	-	
	Other intangibles (excluding MSRs)	104	104	C1
	Deferred tax assets	1,527	1,527	A4
	Goodwill on consolidation	-	-	
	Debit balance in Profit & Loss account	-	-	
	Total Assets	**726,183**	**726,183**	

Table DF-13: Main Features of Regulatory Capital Instruments

The Bank has not issued any Regulatory Capital instruments

Disclosure template for main features of regulatory capital instruments		
1	Issuer	Not Applicable
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	
3	Governing law(s) of the instrument	
	Regulatory treatment	
4	Transitional Basel III rules	
5	Post-transitional Basel III rules	
6	Eligible at solo/group/ group & solo	
7	Instrument type	
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	
9	Par value of instrument	
10	Accounting classification	
11	Original date of issuance	
12	Perpetual or dated	
13	Original maturity date	
14	Issuer call subject to prior supervisory approval	
15	Optional call date, contingent call dates and redemption amount	
16	Subsequent call dates, if applicable	
	Coupons/dividends	
17	Fixed or floating dividend/coupon	
18	Coupon rate and any related index	
19	Existence of a dividend stopper	
20	Fully discretionary, partially discretionary or mandatory	
21	Existence of step up or other incentive to redeem	
22	Noncumulative or cumulative	
23	Convertible or non-convertible	
24	If convertible, conversion trigger(s)	
25	If convertible, fully or partially	
26	If convertible, conversion rate	
27	If convertible, mandatory or optional conversion	
28	If convertible, specify instrument type convertible into	
29	If convertible, specify issuer of instrument it converts into	
30	Write-down feature	
31	If write-down, write-down trigger(s)	
32	If write-down, full or partial	
33	If write-down, permanent or temporary	
34	If temporary write-down, description of write-up mechanism	
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	
36	Non-compliant transitioned features	
37	If yes, specify non-compliant features	

Table DF-14: Full Terms and Conditions of Regulatory Capital Instruments

Instruments	Full Terms and Conditions
The Bank has not issued any Regulatory Capital instruments	

Table DF-15: Disclosure Requirements for Remuneration

The Bank's compensation policies including that of CEO's, is in conformity with the Financial Stability Board principles and standards. In accordance with the requirements of the RBI Circular No. DBOD No.BC.72/29.67/001/2011-12 dated January 13, 2012; the Regional Office of the Bank has submitted a declaration to RBI confirming the aforesaid matter and hence this disclosure is not applicable.

BANK OF AMERICA

BANK OF AMERICA, N.A. (INDIA BRANCHES)

(Incorporated in U.S.A. With Limited Liability)

BASEL III – PILLAR 3 DISCLOSURES AS AT MARCH 31, 2020

Table DF-16: Equities – Disclosure for Banking Book Position - Nil

Table DF-17: Summary Comparison of Accounting Assets vs Leverage Ratio Exposure Measure

	Item	INR million
1	Total consolidated assets as per published financial statements	626,168
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	181,271
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	60,004
7	Other adjustments (Asset amounts deducted in determining Basel III Tier 1 capital)	(104)
8	**Leverage ratio exposure**	**867,339**

Table DF-18: Leverage Ratio Common Disclosure Template

	Item	INR million
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	523,940
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(104)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**523,836**
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	56,943
5	Add-on amounts for PFE associated with all derivatives transactions	124,328
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**181,271**
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	102,228
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**102,228**
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	259,679
18	(Adjustments for conversion to credit equivalent amounts)	(199,675)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**60,004**
	Capital and total exposures	
20	Tier 1 capital	110,092
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**867,339**
	Leverage ratio	
22	**Basel III leverage ratio (per cent)**	**12.69%**