

Financial Statements

AMERICAN EXPRESS BANKING CORP.

(INDIA BRANCH)

Year ended March 31, 2017



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

1. We have audited the accompanying financial statements of American Express Banking Corp- India Branch (the "Bank"), which comprise the Balance Sheet as at March 31, 2017, and the Profit and Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Bank's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time as applicable to banks. 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards, provisions of section 29 of the Banking Regulation Act, 1949, circulars and guidelines issued by RBI as applicable to banks and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under section 143 (10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Management, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements together with the notes thereon give the information required by provisions of section 29 of the Banking Regulation Act, 1949 as well as Companies Act, 2013 and circulars and guidelines issued by Reserve Bank of India, in the manner so required for the 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 March 31, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. In our opinion, the Balance Sheet, Profit and Loss Account, and Cash Flow Statement dealt with by this report have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 read with applicable provisions of section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

10. As required sub section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
- 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.
 - The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank;
 - Since the Bank is having only one branch, the question on reporting the number of branches audited by us and manner of audit thereon does not arise.
11. Further, as required by section 143(3) of the Companies Act, 2013, we further report that:
- 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;
 - In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books, except that the backup of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India; Refer note I of Schedule 18 of the financial statements wherein it has been stated that the backup of the books of accounts and other books and papers maintained in electronic mode has been maintained on servers physically located outside India.
 - The Balance Sheet, Profit and Loss Account, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by the Reserve Bank of India;
 - The requirements of section 164(2) of the Companies Act, 2013 are not applicable to the Bank considering it is a branch of American Express Banking Corp which is incorporated with limited liability in the United States of America;
 - With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in Annexure A;
 - With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in Paragraph 11 (b) above that the backup of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India. Refer note I of Schedule 18 of the financial statements wherein it has been stated that the backup of the books of accounts and other books and papers maintained in electronic mode has been maintained on servers physically located outside India.
 - 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 knowledge and belief and according to information and according to the explanations given to us:
 - The Bank has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its financial statements – Refer Schedule 12 and Note IV.11 of Schedule 18 to the financial statements;
 - The Bank has made provision as at March 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts. Refer Schedule 5 and note IV.1(g) of the financial statements. There are no derivative contracts as at March 31, 2017.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank during the year ended March 31, 2017.
 - The disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30th March 2017 is not applicable to the Bank - Refer Schedule 18 – Note 18.IV.1(u).

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

Sd/-
Sharad Vasant
Partner
Membership Number: 101119

Place : Mumbai
Date : June 25, 2017



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

Annexure A to Independent Auditors' Report

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the Chief Executive Officer of American Express Banking Corp. – India Branch on the financial statements for the year ended March 31, 2017

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

1. We have audited the internal financial controls over financial reporting of American Express Banking Corp. – India Branch (“the Bank”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Meaning of Internal Financial Controls Over Financial Reporting

6. A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with 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 Over Financial Reporting

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

Opinion

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-

Sharad Vasant

Partner

Membership Number : 101119

Place : Mumbai

Date : June 25, 2017



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

BALANCE SHEET AS AT MARCH 31, 2017				PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017			
(Amount in Rs. '000)				(Amount in Rs. '000)			
Schedule	As at March 31, 2017	As at March 31, 2016	Schedule	Year ended March 31, 2017	Year ended March 31, 2016		
CAPITAL AND LIABILITIES			INCOME				
Capital	1	11,474,884	9,969,644	Interest Earned	13	2,727,970	2,039,507
Reserves and Surplus	2	199,384	76,810	Other Income	14	10,378,218	8,449,252
Deposits	3	14,291,922	10,788,732	Total		13,106,188	10,488,759
Borrowings	4	9,643,771	13,335,406	EXPENDITURE			
Other Liabilities and Provisions	5	25,671,755	12,048,175	Interest Expended	15	1,100,428	1,478,365
Total		61,281,716	46,218,767	Operating Expenses	16	10,584,103	8,284,833
ASSETS				Provisions and Contingencies	17	931,361	976,833
Cash and Balances with Reserve Bank of India	6	1,385,697	1,090,697	Total		12,615,892	10,740,031
Balances with Banks and Money at Call and Short Notice	7	957,156	676,936	PROFIT / (LOSS)			
Investments	8	16,277,840	8,810,611	Net Profit / (Loss) for the Year		490,296	(251,272)
Advances	9	35,639,568	29,894,061	Profit / (Loss) brought forward		(3,940,837)	(3,689,565)
Fixed Assets	10	323,280	294,879			(3,450,541)	(3,940,837)
Other Assets	11	6,698,175	5,451,583	APPROPRIATIONS			
Total		61,281,716	46,218,767	Transfer to Statutory Reserve		122,574	–
Contingent Liabilities	12	429,370	217,658	Transfer to Other Reserves		–	–
Bills for Collection		–	–	Transfer to Government / proposed dividend		–	–
Significant Accounting Policies and Notes to Financial Statements	18			Balance carried over to Balance Sheet		(3,573,115)	(3,940,837)
						(3,450,541)	(3,940,837)
				Significant Accounting Policies and Notes to Financial Statements	18		

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

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

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

Sd/-
Sharad Vasant
Partner
Membership No. 101119

Place: Mumbai
Date: June 25, 2017

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

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

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

Sd/-
Manoj Adlakha
Chief Executive Officer

Sd/-
Vivek Sehgal
Financial Controller

Place: Gurugram
Date: June 16, 2017



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Amount in Rs. '000)

	Year ended March 31, 2017	Year ended March 31, 2016
Cash Flow from Operating activities		
Net profit/(loss) before taxes	490,296	(251,272)
Adjustments for :		
Provision for standard advances	36,984	26,039
Provision for non-performing advances	27,483	197,938
Depreciation on assets	112,283	127,285
Net (profit)/loss on sale of land, building and other assets	(541)	(3,761)
Operating profit before working capital changes	666,505	96,229
(Increase)/decrease in investments	(7,467,229)	(2,643,755)
(Increase)/decrease in advances	(5,772,990)	(6,803,893)
Increase/(decrease) in deposits	3,503,190	487,468
(Increase)/decrease in other assets	(1,564,357)	204,454
Increase/(decrease) in other liabilities and provisions	13,586,596	234,175
(Taxes paid)/(Taxes deducted at source)/Refund received [net]	(49,957)	(33)
A Net Cash Flow (used in)/from operating activities	2,901,758	(8,425,355)
Cash Flow from Investing activities		
Fixed assets purchased	(150,553)	(61,903)
Proceeds from sale of fixed assets	10,410	9,339
B Net Cash Flow (used in)/from Investing activities	(140,143)	(52,564)
Cash Flow from Financing activities		
Infusion of capital	1,505,240	–
Proceeds/(Repayment) from/of Borrowings	(3,691,635)	4,001,533
Proceeds from Subordinate Debt	–	3,300,000
C Net Cash Flow from/(used in)Financing activities	(2,186,395)	7,301,533
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	575,220	(1,176,386)
Cash and cash equivalents at beginning of year	1,767,633	2,944,019
Cash and cash equivalents at end of year	2,342,853	1,767,633
Increase/(decrease) in cash and cash equivalents	575,220	(1,176,386)

Notes to the Cash Flow Statement

1. Cash and cash equivalents represents cash and balances with banks as disclosed in Schedule 6 and 7
2. The above Cash Flow Statement has been prepared under the “Indirect method” as set out in the Accounting Standard (AS-3) on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

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

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

Sd/-
Sharad Vasant
Partner
Membership No. 101119

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

Sd/-
Manoj Adlakha
Chief Executive Officer

Sd/-
Vivek Sehgal
Financial Controller

Place: Mumbai
Date: June 25, 2017

Place: Gurugram
Date: June 16, 2017



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in Rs. '000)			(Amount in Rs. '000)		
	As at March 31, 2017	As at March 31, 2016		As at March 31, 2017	As at March 31, 2016
SCHEDULE 1 – CAPITAL			SCHEDULE 4 – BORROWINGS		
Amount of deposit kept with RBI under section 11 (2) of the Banking Regulation Act, 1949 as per contra.	78,810	78,810	I. BORROWINGS IN INDIA		
	<u>78,810</u>	<u>78,810</u>	Reserve Bank of India	–	–
HEAD OFFICE ACCOUNT			Other banks	5,093,771	8,785,406
Opening balance	9,969,644	9,969,644	II. BORROWINGS OUTSIDE INDIA	4,550,000	4,550,000
Additions during the year	1,505,240	–	[Refer Note IV: 1.b of Schedule 18]	<u>9,643,771</u>	<u>13,335,406</u>
Closing balance	<u>11,474,884</u>	<u>9,969,644</u>	Secured borrowings included in I and II above	<u>Nil</u>	<u>Nil</u>
SCHEDULE 2 – RESERVES AND SURPLUS			SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS		
I. STATUTORY RESERVES			I. Bills payable	–	–
Opening balance	76,810	76,810	II. Inter-office adjustments (net)	–	–
Additions during the year	122,574	–	III. Interest accrued	139,330	141,161
Closing balance	<u>199,384</u>	<u>76,810</u>	IV. Others (including provisions)	25,532,425	11,907,014
II. CAPITAL RESERVES				<u>25,671,755</u>	<u>12,048,175</u>
Opening balance	–	–	SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA		
Additions during the year	–	–	I. Cash in hand (including foreign currency notes)	–	–
Closing balance	–	–	II. Balances with Reserve Bank of India		
III. SHARE PREMIUM			i) In Current account	1,385,697	1,090,697
Opening balance	–	–	ii) In Other accounts	–	–
Additions during the year	–	–		<u>1,385,697</u>	<u>1,090,697</u>
Closing balance	–	–	SCHEDULE 7 – BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
IV. REVENUE AND OTHER RESERVES			I. In India		
Opening balance	–	–	Balances with banks		
Additions during the year	–	–	i) In Current Accounts	957,156	676,936
Closing balance	–	–	ii) In Other Deposit Accounts	–	–
V. Balance of Profit and Loss Account	–	–	Money at call and short notice		
	<u>199,384</u>	<u>76,810</u>	i) With banks	–	–
SCHEDULE 3 - DEPOSITS			ii) With other institutions	–	–
A. In India				<u>957,156</u>	<u>676,936</u>
I. DEMAND DEPOSITS			II. Outside India		
From banks	–	–	i) In Current Accounts	–	–
From others	–	–	ii) In Other Deposit Accounts	–	–
II. SAVINGS BANK DEPOSITS	–	–	iii) Money at call and short notice	–	–
III. TERM DEPOSITS				<u>957,156</u>	<u>676,936</u>
From banks	–	–			
From others (Institutional)	14,291,922	10,788,732			
	<u>14,291,922</u>	<u>10,788,732</u>			
B. (i) Deposits of branches in India	14,291,922	10,788,732			
(ii) Deposits of branches outside India	–	–			
	<u>14,291,922</u>	<u>10,788,732</u>			



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in Rs. '000)			(Amount in Rs. '000)		
	As at March 31, 2017	As at March 31, 2016		As at March 31, 2017	As at March 31, 2016
SCHEDULE 8 – INVESTMENTS			SCHEDULE 10 – FIXED ASSETS		
I. Investment in India in			I. PREMISES		
i) Government Securities (Treasury Bill)	16,277,840	8,810,611	At cost as on 31 March of the preceding year	–	–
ii) Other approved securities	–	–	Additions during the year	–	–
iii) Shares	–	–	Deductions during the year	–	–
iv) Debentures and Bonds	–	–		–	–
v) Subsidiaries and/or joint ventures	–	–	Depreciation to date	–	–
vi) Others	–	–	Total Net Book Value I	–	–
	16,277,840	8,810,611	II. OTHER FIXED ASSETS (Including Furniture and Fixtures)*		
II. Investment outside India in			At cost as on March 31 of the preceding year	1,711,193	1,710,487
i) Government Securities (including local authorities)	–	–	Additions during the year	150,553	61,903
ii) Subsidiaries and/or joint ventures abroad	–	–	Deductions during the year	(78,596)	(61,197)
iii) Others	–	–		<u>1,783,150</u>	<u>1,711,193</u>
	16,277,840	8,810,611	Depreciation to date	<u>(1,459,870)</u>	<u>(1,416,314)</u>
			Total Net Book Value II	<u>323,280</u>	<u>294,879</u>
SCHEDULE 9 – ADVANCES			Net Book Value I and II	323,280	294,879
A. i) Bills purchased and discounted	–	–	* Refer Note III. 7 of Schedule 18		
ii) Cash credits, overdraft and loan repayable on demand	35,639,454	29,893,929	SCHEDULE 11 – OTHER ASSETS		
iii) Term loans - Staff	114	132	I. Inter-office adjustments (net)	–	–
	35,639,568	29,894,061	II. Interest accrued	102,563	79,398
B. i) Secured by tangible assets (Secured by Fixed Deposits)	952,896	538,511	III. Tax paid in advance/ tax deducted at source	56,308	6,351
ii) Covered by bank/ governments guarantees	1,146,077	971,844	IV. Stationery and Stamps	–	–
iii) Unsecured	33,540,595	28,383,706	V. Non-banking assets acquired in satisfaction of claims	–	–
	35,639,568	29,894,061	VI. Deferred tax asset	–	–
C. I. Advances in India			VII. Others (Including Debit Balance in Profit and Loss Account Rs. 3,573,115 ('000) - Previous year Rs. 3,940,837 ('000))	6,539,304	5,365,834
i) Priority sector *	–	–		6,698,175	5,451,583
ii) Public sector	–	–	SCHEDULE 12 – CONTINGENT LIABILITIES		
iii) Banks	–	–	I. Claims against the bank not acknowledged as debts	–	–
iv) Others	35,639,568	29,894,061	II. Liability for partly paid investments	–	–
	35,639,568	29,894,061	III. Liability on account of outstanding forward exchange contracts	–	–
II. Advances Outside India			IV. Guarantees given on behalf of constituents		
i) Due from banks	–	–	a) In India	–	–
ii) Due from others			b) Outside India	–	–
(a) Bills purchased and discounted	–	–	V. Acceptances, endorsements and other obligations	–	–
(b) Syndicated loans	–	–	VI. Other items for which the bank is contingently liable	429,370	217,658
(c) Others	–	–		429,370	217,658
	35,639,568	29,894,061			

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



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	(Amount in Rs. '000)			(Amount in Rs. '000)	
	Year ended March 31, 2017	Year ended March 31, 2016		Year ended March 31, 2017	Year ended March 31, 2016
SCHEDULE 13 – INTEREST EARNED			SCHEDULE 16 – OPERATING EXPENSES		
Interest/discount on advances/bills	1,889,912	1,470,642	Payments to and provisions for employees	1,212,088	1,239,032
Income on investments	838,058	568,865	Rent, taxes and lighting	143,591	139,635
Interest on balances with the Reserve Bank of India and other inter-bank funds	–	–	Printing and stationery	82,894	82,630
Others	–	–	Advertisement and publicity	4,889,480	3,065,952
	<u>2,727,970</u>	<u>2,039,507</u>	Depreciation on Bank's property	112,283	127,285
SCHEDULE 14 – OTHER INCOME			Director's fee, allowances and expenses	–	–
Commission, exchange and brokerage (net) [Refer Note IV.2 of Schedule 18]	10,120,680	7,970,052	Auditors' fees and expenses [Refer Note IV. 17 of Schedule 18]	6,095	5,745
Net Profit/(Loss) on sale of investments	109	40	Law charges	17,265	9,218
Net Profit/(Loss) on revaluation of investments	–	–	Postage, telegram, telephones etc.	189,646	181,406
Profit on sale of land, building and other assets	2,695	4,378	Repairs and maintenance	85,871	88,305
Less: Loss on sale of land, building and other assets	(2,154)	(617)	Insurance	12,764	14,150
Net profit on exchange transactions	–	–	Business Support Cost (net)	2,778,109	2,335,747
Income earned by way of dividends etc. from subsidiaries, companies and/ or joint ventures abroad/in India	–	–	Other expenditure	1,054,017	995,728
Miscellaneous Income	256,888	475,399		<u>10,584,103</u>	<u>8,284,833</u>
	<u>10,378,218</u>	<u>8,449,252</u>	SCHEDULE 17 – PROVISIONS AND CONTINGENCIES*		
SCHEDULE 15 – INTEREST EXPENDED			Depreciation in the value of securities	–	–
Interest on deposits	776,198	793,705	Provision for advances and receivables	931,361	976,880
Interest on Reserve Bank of India/ interbank borrowings	324,230	684,660	Provision for income tax and wealth tax :		
Others	–	–	Wealth Tax	–	(47)
	<u>1,100,428</u>	<u>1,478,365</u>	Fringe Benefit Tax	–	–
			Deferred Income Tax	–	–
			[Refer Note IV.5 of Schedule 18]		
				<u>931,361</u>	<u>976,833</u>
			* Refer Note IV.1.e of Schedule 18 for details		

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

- I. The financial statements for the year ended March 31, 2017 comprises the Balance Sheet, Profit and Loss Account, Cash Flow Statement and Schedules of the India Branch of American Express Banking Corp. (the "Bank"), which is incorporated in the New York State Banking Law, United States of America. The Bank's ultimate holding company is American Express Company, which is incorporated in the United States of America. The Bank has maintained the books of accounts and other books and papers in the electronic mode, periodic backup of which have been maintained on servers physically located outside of India.
- II. **Background:** American Express Banking Corp. - India Branch has been granted licence by Reserve Bank of India ('RBI') to carry on banking business in India. The licence authorises the Bank to conduct credit card business (including prepaid cards), distribute traveller cheques and accept institutional deposits. In line with the market practice and the RBI Guidelines, the bank issues credit cards, prepaid cards and provides payment solutions to corporates and other entities for their purchases like inventory, fixed assets, payroll cost and other expenses like office supplies, utilities, advertising, couriers, etc.
- III. **Significant Accounting Policies**
 1. **Basis of preparation:** The financial statements 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,



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

statutory provisions prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time and Accounting Standards (AS) prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and conform to the statutory requirements prescribed by the RBI from time to time and current practices prevailing within the banking industry in India

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

2. **Use of Estimates:** The preparation of financial statements, in conformity with the generally accepted accounting principles, requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates and these differences are recognized prospectively in the current and future periods.

3. **Revenue Recognition**

- (i) Fees and commissions received, net of rebates/commissions paid, are recognized upon the occurrence of the transactions. Annual fees on cards are amortized over the period of one year. Joining fees on cards are recognised in the year of billing.
- (ii) Interest income and other changes on card balances are recognized as it accrues, except in the case of non-performing assets, where it is recognised on realisation, as per the prudential norms prescribed by RBI.
- (iii) Recovery from bad debts written off is recognized as income on the basis of actual realization from customers.
- (iv) Interest income on discounted instruments is recognised over the tenure of the instruments.

4. **Foreign Currency transactions and balances**

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

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

5. **Investments**

(i) **Classification**

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

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

(ii) **Valuation**

Treasury Bills, being discounted instruments are valued at carrying cost as per RBI guidelines.

- (iii) Brokerage, commission, etc., paid at the time of acquisition of securities are charged to Profit and Loss Account.

6. **Advances**

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

Provision for NPAs on card balances outstanding is made at card member level in compliance with the prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances issued by the Reserve Bank of India and are monitored and tracked at a portfolio level. In the case of sub-standard assets, in addition to minimum provision requirement prescribed by RBI, the bank makes additional provision based on best estimate of probable losses.

Provision for Standard Assets is made in compliance with the prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances issued by the Reserve Bank of India and disclosed under Other Liabilities and Provisions.

The Bank identifies all card accounts with delinquencies and generally writes off in the books of account, the outstanding card receivables which are 210 days past billing from the bill generation date. Accelerated write off is effected where it is evident that the outstanding amount is unlikely to be recovered.



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

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

7. Fixed assets and depreciation

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

<u>Asset</u>	<u>Estimated Useful Life</u>
Leasehold Improvements	Over the lease period
Data Processing Equipments	
Server and Networks	6 years
End User Devices such as laptop, desktop, etc	3 years
Transport Equipments	8 years
Furniture and Fixtures	10 years
Machinery and Equipments	
Office Equipments	5 years
Headsets and Mobile Phones	3 years

8. Accounting for Leases

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

9. Employee Benefits

a) Provident Fund

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

b) Pension

- (i) The Bank has a pension scheme which is a defined contribution plan. Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash out option through salary or under a defined contribution plan to the pension fund. Contributions under these schemes are recognised in the Profit and Loss Account in the period in which they accrue.

- (ii) In addition to the above arrangement, there are deferred (exited) employees who had opted for the defined benefit scheme.

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

c) Gratuity

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



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

d) Leave encashment

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

10. Income Taxes

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

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

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

11. Membership Reward Points

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

12. Accounting for Provision, Contingent Liabilities and Contingent Assets

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

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

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

Contingent assets are not recognized in the financial statements.

13. Segment Reporting

The Bank has recognised Banking Operations and Treasury operations, as the primary reporting Business Segments, in accordance with the RBI guidelines on compliance with Accounting Standard – 17 issued by Institute of Chartered Accountants of India as specified under Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounting) Rules, 2014.

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

Treasury activities include the Investments and balance in bank account to meet the Statutory Liquidity Ratio (SLR), Liquidity Coverage Ratio (LCR) and maintenance of Cash Balances to meet the Cash Reserve Ratio (CRR) requirement and the corresponding funding to meet these requirements. The interest income and interest expenses related to these activities comprise the revenue and expense of this segment.

14. Cash and Cash Equivalents

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

15. Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to ascertain if there is any indication of impairment based on internal/external factors in accordance with Accounting Standard – 28, Impairment of Assets issued by Institute of Chartered Accountants of India as specified under Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounting) Rules, 2014. The carrying amount is reduced to the recoverable amount and reduction is recognised as an impairment loss in the Profit and Loss Account.



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

IV. NOTES TO FINANCIAL STATEMENTS

1. Statutory Disclosures as per RBI norms:

a) Capital Adequacy Ratio

In terms of the extant RBI guidelines on Basel III Capital Regulations, as of March 31, 2017, the Bank is required to maintain a minimum Capital to Risk-weighted Asset Ratio (CRAR) (including capital conservation buffer of 1.25%) of 10.25%. Further, within this overall capital requirement, the Bank is also required to maintain a Minimum Common Equity Tier 1 (including capital conservation buffer of 1.25%) of 6.75% and Minimum Tier 1 Capital of 7%. The Bank's Capital Adequacy Ratio, calculated as per the Basel III Capital Regulations is provided here under.

Particulars	2016-17	2015-16
Common Equity Tier 1 capital ratio (%)	13.02%	11.98%
Tier I Capital Ratio (%)	13.02%	11.98%
Tier II Capital Ratio (%)	7.71%	9.33%
Total Capital ratio (CRAR) (%)	20.73%	21.31%
Percentage of the shareholding of the Government of India in public sector banks	–	–
Amount of equity capital raised	1,505,240	–
– Head Office Funds (Amount Rs. in '000)	–	–
Amount of additional Tier 1 capital raised	–	3,300,000
Amount of additional Tier 2 capital raised of which –		
– Debt Capital instrument: (Amount in Rs. '000)		
– Preference Share Capital Instruments		

b) Subordinated Debt :

Schedule 4 – Borrowings includes an amount of Rs. 3,300,000 and Rs. 1,250,000 thousands pertaining to subordinated debt raised during 2015-16 and 2013-14 respectively from Head Office. Details of the Head Office borrowings is as under –

(Amount Rs. in '000)

Particulars	2016-17		2015-16	
Date of Borrowing	1-Nov-2013	27-Nov-2015	1-Nov-2013	27-Nov-2015
Rate of Interest	Interest Free	Interest Free	Interest Free	Interest Free
Amount (Rs '000)	1,250,000	3,300,000	1,250,000	3,300,000
Date of Repayment	1-Nov-2023	27-Nov-2025	1-Nov-2023	27-Nov-2025
Call Option with the Bank	After completion of 5 years from the Issuance date (1-Nov-2018), with a prior notice of 120 days to the Lender. The bank has decided not to exercise the prepayment option.	After completion of 5 years from the Issuance date (27-Nov-2020), with a prior notice of 120 days to the Lender. The bank has decided to exercise the prepayment option only after 01-Apr-2023.	After completion of 5 years from the Issuance date (1-Nov-2018), with a prior notice of 120 days to the Lender. During the year, the bank has decided not to exercise the prepayment option.	After completion of 5 years from the Issuance date (27-Nov-2020), with a prior notice of 120 days to the Lender. The bank has decided to exercise the prepayment option only after 01-Apr-2022.

c) Business / Information Ratios :

	Particulars	2016-17	2015-16
a.	Interest income as a percentage to working funds (%)	5.31	5.16
b.	Non-interest income as a percentage to working funds (%)	20.22	21.37
c.	Operating profit as a percentage to working funds (%)	2.77	1.83
d.	Return on assets (%)	0.96	(0.64)
e.	Business (deposits plus advances) per employee (Amount in Rs. '000)	74,224	51,959
f.	Profit/(loss) per employee (Amount in Rs. '000)	801	(351)



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

Definitions:

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

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

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

(Amount Rs. in '000)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and upto 6 months	Over 6 months and upto 12 months	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits -											
Current Year	-	523,000	330,824	1,424,894	6,176,338	5,159,083	667,783	10,000	-	-	14,291,922
Previous Year	-	350,000	154,000	1,209,671	3,970,009	4,569,792	533,760	1,500	-	-	10,788,732
Advances -											
Current Year	985,831	5,914,988	6,900,820	13,801,639	3,854,132	1,231,701	781,038	1,970,199	199,220	-	35,639,568
Previous Year	821,393	4,928,356	5,749,749	11,499,498	3,516,457	1,087,068	645,218	1,398,370	247,952	-	29,894,061
Investments -											
Current Year	10,458,077	726,708	751,446	526,646	1,201,712	826,516	723,433	294,229	-	769,073	16,277,840
Previous Year	2,871,351	608,399	753,103	346,465	1,631,984	946,764	459,750	260,921	1,552	930,322	8,810,611
Borrowings -											
Current Year	232,792	-	-	-	1,000,000	1,000,000	2,860,979	-	-	4,550,000	9,643,771
Previous Year	-	2,100,000	390,000	-	3,000,000	1,510,138	1,785,268	-	-	4,550,000	13,335,406
Foreign Currency Assets -											
Current Year	-	-	-	600	2	-	-	-	-	-	602
Previous Year	482,712	-	2,288	272,395	86	-	-	-	-	-	757,481
Foreign Currency Liabilities -											
Current Year	202,152	654,931	1,405,038	2,826,536	5,581,089	-	439,256	-	-	4,550,000	15,659,002
Previous Year	1,868	45,712	5,511	786,978	314,504	-	-	-	-	4,550,000	5,704,573

e) Provisions and Contingencies:

(Amount Rs. in '000)

Particulars	2016-17	2015-16
Provision for depreciation on Investment	-	-
Provision towards Non Performing Assets	27,483	197,938
Provision towards Standard Assets	36,984	26,039
Write-offs	1,224,963	953,056
Recoveries	(438,139)	(271,761)
Others	80,070	71,608
Provision made towards Income tax, Wealth Tax and Deferred Tax	-	(47)
TOTAL	931,361	976,833

f) Investments

(Amount Rs. in '000)

Particulars	2016-17	2015-16
Gross value of Investments		
In India	16,277,840	8,810,611
Outside India	-	-
Provision for depreciation		
In India	-	-
Outside India	-	-
Net value of investments		
In India	16,277,840	8,810,611
Outside India	-	-

The bank has classified all investments as 'Available for Sale'.



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

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

(Amount Rs. in '000)

Particulars	2016-17	2015-16
(i) Net NPAs to Net Advances (%)	0.56%	0.83%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	496,326	202,268
(b) Additions during the year	2,095,655	1,720,644
(c) Reductions during the year	2,116,888	1,426,586
(d) Closing balance	475,093	496,326
(iii) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	248,505	50,567
(b) Additions during the year	1,087,477	915,539
(c) Reductions during the year	1,059,994	717,601
(d) Closing balance	275,988	248,505
(iv) Movement of Net NPAs		
(a) Opening balance	247,821	151,701
(b) Provisions made during the year	1,008,178	805,105
(c) Write off / write back of excess provision	1,056,894	708,985
(d) Closing balance	199,105	247,821

h) Category-wise NPAs (funded)

(Amount Rs. in '000)

Non-performing asset category	2016-17		2015-16	
	Gross NPAs	Provisions	Gross NPAs	Provisions
Sub standard	414,091	214,986	465,319	217,498
Doubtful	–	–	–	–
Loss	61,002	61,002	31,007	31,007
Total	475,093	275,988	496,326	248,505

i) Single Borrower Limit (SBL) and Group Borrower Limits (GBL) :

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

j) Disclosure of complaints:

Customer Complaints

(Amount Rs. in '000)

S. No	Particulars	2016-17	2015-16
1	No. of complaints pending at the beginning of the year	468	274
2	No. of complaints received during the year	17352	13,735
3	No. of complaints redressed during the year	17392	13,541
4	No. of complaints pending at the end of the year	428	468



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

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

Concentration of Deposits

(Amount Rs. in '000)

S. No.	Particulars	2016-17	2015-16
1	Total Deposits of twenty largest depositors	13,938,152	10,585,797
2	Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	97.52%	98.12%

Concentration of Advances

(Amount Rs. in '000)

S. No.	Particulars	2016-17	2015-16
1	Total Advances to twenty largest borrowers	5,789,276	6,063,024
2	Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	16.12%	20.11%

Concentration of Exposures

(Amount Rs. in '000)

S. No.	Particulars	2016-17	2015-16
1	Total Exposure to twenty largest borrowers / customers	5,421,587	5,872,104
2	Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the bank on borrowers/ customers	5.87%	19.84%

Concentration of NPAs

(Amount Rs. in '000)

S. No.	Particulars	2016-17	2015-16
1	Total Exposure to top four NPA accounts	79,931	34,269

l) Sector-wise Advances

(Amount Rs. in '000)

S. No.	Sector	2016-17			2015-16		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPA to Total Advances	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPA to Total Advances
A	Priority Sector						
1	Agriculture and allied activities	–	–	–	–	–	–
2	Industry (Micro & small, Medium and Large)	–	–	–	–	–	–
3	Services	–	–	–	–	–	–
4	Personal Loans	–	–	–	–	–	–
	Sub Total (A)	–	–	–	–	–	–
B	Non Priority Sector						
1	Agriculture and allied activities	–	–	–	–	–	–
2	Industry (Micro & small, Medium and Large)	4,233,819	85,338	2.02%	–	–	–
3	Services	13,131,508	53,896	0.41%	–	–	–
4	Personal Loans	18,550,229	335,859	1.81%	30,142,566	496,326	1.65%
	Sub Total (B)	35,915,556	475,093	1.32%	30,142,566	496,326	1.65%
	Totals (A+B)	35,915,556	475,093	1.32%	30,142,566	496,326	1.65%

During the year, the bank has enhanced the process of identifying and reporting sector-wise advances. Accordingly, disclosure is made in current year on prospective basis.



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

m) Movement of NPAs

(Amount Rs. in '000)

S. No.	Particulars	2016-17	2015-16
1	Gross NPAs - Opening Balance	496,326	202,268
2	Additions – Fresh NPAs during the year	2,095,655	1,720,644
3	Sub-Total [A] (1 + 2)	2,591,981	1,922,912
4	Less :		
	i. Upgradations	194,420	125,543
	ii. Recoveries	857,968	485,365
	iii. Write-offs	1,064,500	815,678
	Sub-Total [B]	2,116,888	1,426,586
5	Gross NPAs – Closing Balance	475,093	496,326

n) Provisioning Coverage Ratio (PCR)

In terms of the RBI guidelines, the Bank's Provisioning Coverage Ratio as of September 30, 2010 was 82.88%. The provisioning coverage ratio of the Bank with regard to the NPAs as on March 31, 2017 computed as per the RBI guidelines was 76.72% [2015-16: 67.90%].

o) Intra-Group Exposure

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

(Amount Rs. in '000)

S. No.	Particulars	March 31, 2017	March 31, 2016
1	Total amount of intra-group exposures	8,825	4,333
2	Total amount of top-20 intra-group exposures	8,825	4,333
3	Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	0.01%	0.01%
4	Details of breach of limits on intra-group exposures and regulatory action thereon, if any	None	None

p) Transfers to Depositor Education and Awareness Fund (DEAF)

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

Below are the details of amount transferred to Depositor Education and Awareness Fund as of March 2017.

(Amount Rs. in '000)

Particulars	2016-17	2015-16
Opening balance of amounts transferred to DEAF	–	–
Add : Amounts transferred to DEAF during the year	3,802	–
Less : Amounts reimbursed by DEAF towards claims	–	–
Closing balance of amounts transferred to DEAF	3,802	–

During previous year, post RBI clarification dated August 24, 2015, the Bank has reversed abandoned property revenues on 'expired prepaid cards' pertaining to period May 2014 to March 2015 in line with notification of scheme in official gazette dated May 27, 2014, amounting Rs 19,845 ('000).



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

q) Liquidity Coverage Ratio

As per 'Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards' dated June 9, 2014 (Circular Ref No. RBI/2012-13/635/DBOD.BP.BC.No.120/21.04.098 /2013-14) and subsequent amendments, banks are required to monitor their resilience to potential liquidity disruptions under stress scenarios by ensuring that they have sufficient high quality liquid assets to survive an acute stress scenario lasting for 30 days and fund their activities with more stable sources of funding on an ongoing basis. Banks are required to maintain High Quality Liquid Assets of a minimum of 100% of its Net Cash Outflows by January 1, 2019. However, with a view to provide transition time, the guidelines mandate a minimum requirement of 60% w.e.f. January 1, 2015 and a step up of 10% every year to reach the minimum requirement of 100% by January 1, 2019.

Qualitative Disclosures

Liquidity Risk is defined as the inability of the Bank to meet its ongoing financial and business obligations as they become due, at a reasonable cost. The Bank manages its liquidity risk by maintaining access to a diverse set of readily marketable securities, and contingent sources of liquidity to ensure that it can continuously meet its business requirements and financial obligations. The India Country ALCO chaired by the CEO oversees the Bank's liquidity risk program. General principles and the overall framework for managing liquidity risk are defined in the Treasury Policy of the Bank duly approved by the Country Executive Committee (CEC), which describes how the Bank seeks to manage funding and liquidity risk on an enterprise basis.

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

The Bank has institutionalized a process of measuring, monitoring and reporting of the LCR in line with its internal policies and procedures duly approved by the CEC.

The Bank has been in compliance with the minimum standard of 70% from 1st January, 2016 to 31st December, 2016 and 80% from 1st January, 2017 onwards.

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

Detailed compositions of elements of the LCR are listed below –

1) High Quality liquid assets (HQLA)

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

2) Net Cash Outflows

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

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

The Daily average LCR for the Bank for the quarter ending March 31, 2017 stood at 108.61%



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

Quantitative Disclosures

(Amount Rs. in '000)

	Quarter ended 31st March 2017		Quarter ended 31st December 2016		Quarter ended 30th September 2016		Quarter ended 30th June 2016		Quarter ended 31st March 2016	
	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
High Quality Liquid Assets										
1	Total High Quality Liquid Assets (HQLA)									
		12,518,845		11,427,083		10,028,775		8,396,885		4,987,659
Cash Outflows										
2	Retail deposits and deposits from small business customers, of which:									
(i)	Stable deposits									
(ii)	Less stable deposits									
3	Unsecured wholesale funding, of which:									
(i)	Operational deposits (all counterparties)									
(ii)	Non-operational deposits (all counterparties)									
(iii)	Unsecured debt									
4	Secured wholesale funding									
5	Additional requirements, of which									
(i)	Outflows related to derivative exposures and other collateral requirements									
(ii)	Outflows related to loss of funding on debt products									
(iii)	Credit and liquidity facilities									
6	Other contractual funding obligations									
7	Other contingent funding obligations									
8	Total Cash Outflows									
Cash Inflows										
9	Secured lending (e.g. reverse repos)									
10	Inflows from fully performing exposures									
11	Other cash inflows									
12	Total Cash Inflows									
			Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value
21	TOTAL HQLA									
22	Total Net Cash Outflows*									
23	Liquidity Coverage Ratio (%)									

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

Note: The average weighted and un-weighted amounts are calculated taking simple average for the months in the respective quarters till December 2016. For the quarter ended March 31, 2017, the weighted and unweighted amounts are calculated taking simple average of daily positions for 90 days.

r) Risk Category wise Country Exposure

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

(Amount Rs. in '000)

Risk Category	Exposure (Net) as at March 31, 2017	Provision as at March 31, 2017	Exposure (Net) as at March 31, 2016	Provision as at March 31, 2016
Insignificant	587	–	272,318	–
Low	13	–	35	–
Moderate	–	–	42	–
High	–	–	–	–
Very High	–	–	–	–
Restricted	–	–	–	–
Off-credit	–	–	–	–
Total	600	–	272,395	–



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

s) Disclosure on Frauds

(Amount Rs. in '000)

Particulars	2016-17	2015-16
Number of frauds reported	1,506	1,119
Amount Involved	82,112	86,542
Amount Written-Off	34,085	71,566
Amount Recovered	48,027	14,976
Quantum of unamortized provision debited from other reserves	–	–

t) Divergence in the asset classification and provisioning

RBI vide its circular dated April 18, 2017, has directed that banks shall make suitable disclosures, wherever either (a) the additional provisioning requirements assessed by RBI exceed 15 percent of the published net profits after tax for the reference period or (b) the additional Gross NPAs identified by RBI exceed 15 percent of the published incremental Gross NPAs for the reference period, or both. There has been no divergence observed by RBI for the financial year 2015-16 in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures.

u) Disclosure on Specified Bank Notes

The Bank believes that the MCA notification G.S.R. 308 (E) dated March 30, 2017 regarding holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 is not applicable to banking companies. Accordingly, the disclosures prescribed under the said notification are not required to be made by the Bank.

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

(i)	Investments :	Repo Transactions Non-SLR Investment Portfolio Non performing Non-SLR Investments Movement of provisions held towards depreciation in Investments Sale and transfers to/from HTM category
(ii)	Asset Quality :	Particulars of Accounts Restructured Details of financial assets sold to Securitisation/Reconstruction Company for Asset Reconstruction Details of non-performing financial assets purchased/sold Unsecured Advances: Assets for which intangible securities have been taken as collateral Provision for restructured Loans/Assets Investment in Securities Receipts
(iii)	Exposures :	Exposure to Real Estate Sector Exposure to Capital Market
(iv)	Awards passed by the Banking Ombudsman	
(v)	Disclosure relating to securitisation	
(vi)	Draw down from Reserves	
(vii)	Penalties imposed by Reserve Bank of India	
(viii)	Discontinuing Operations	
(ix)	Unamortised Pension and Gratuity Liabilities	

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

(i)	Investments :	Investments in Associates
(ii)	Derivatives :	Forward Rate Agreements/ Interest Rate Swaps Exchange Traded Interest Rate Derivatives Disclosure on risk exposure in derivatives Credit Default Swaps
(iii)	Letter of Comforts issued by the Bank	
(iv)	Earnings per share	
(v)	Consolidated Financial Statements	
(vi)	Capital and Provisioning Requirement for Exposure to Entities with Unhedged Foreign Currency Exposure	
(vii)	Interim Financial Reporting	
(viii)	Overseas Assets, NPAs and Revenue	
(ix)	Off-Balance Sheet SPVs sponsored	

2. Commission, exchange and brokerage (net)

Commission, exchange and brokerage is netted off with the amount shared with affiliates on overseas Card Member spend on the Bank's merchant and volume rebates amounting to Rs 2,689,233 ('000) [2015-16: Rs 1,823,449 ('000)].



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

3. Deferred Taxes

As of March 31, 2017, in view of lack of virtual certainty supported by convincing evidence that sufficient taxable income would accrue in the immediate future, as a matter of prudence, the Bank has decided not to recognise Deferred Tax Assets as on March 31, 2017.

4. Segment Reporting

The summary of the segmental information of the Bank for the Year ended 31st March, 2017 are given below- **(Amount in Rs. '000)**

Segmentation Particulars	Banking operations		Treasury		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Segment revenue	12,268,130	9,919,894	838,058	568,865	13,106,188	10,488,759
Segment result	438,778	(164,890)	51,518	(86,429)	490,296	(251,319)
Operating Profits /(Loss)					490,296	(251,319)
Income taxes					-	(47)
Extraordinary profit / (loss)						
Net profit (loss)					490,295	(251,272)
Other information :						
Segment assets	42,773,831	36,194,006	18,451,577	10,018,410	61,225,408	46,212,416
Unallocated assets (Taxes)					56,308	6,351
Total assets	42,773,831	36,194,006	18,451,577	10,018,410	61,281,716	46,218,767
Segment liabilities	42,830,139	36,200,357	18,451,577	10,018,410	61,281,716	46,218,767
Unallocated liabilities (Taxes)						
Total liability	42,830,139	36,200,357	18,451,577	10,018,410	61,281,716	46,218,767
Cost to acquire fixed assets	150,553	61,903			150,553	61,903
Depreciation	112,283	127,285			112,283	127,285

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

5. Related Party Disclosures

In the terms of the Accounting Standard 18 on 'Related Party Disclosures' issued by Institute of Chartered Accountants of India as specified under Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounting) Rules, 2014 and the related guideline issued by the RBI, the details pertaining to related parties are as under:

Related Party Relationship:

Sr. No.	Relationship	Party Name
1.	Parent - Head Office	American Express Banking Corp., New York.
2.	Ultimate Holding Company	American Express Company
3.	Subsidiaries of Ultimate Holding Company	American Express (Malaysia) Sdn. Bhd. American Express (Thai) Co., Ltd. American Express Advanced Services Europe Limited American Express Argentina, SA American Express Australia Ltd American Express Bank (Mexico) S.A. American Express Business Solutions (India) Private Limited American Express Company (Mexico) Sa De CV American Express Europe Limited American Express Foreign Exchange Services India Limited. American Express Global Business Travel American Express India Pvt Ltd. American Express International (NZ), Inc. American Express International (Taiwan), Inc. American Express International, Inc. American Express Limited American Express Payment Services Limited American Express Prepaid Card Management Corporation American Express Services Europe Limited American Express Services India Pvt Ltd American Express Travel Related Services Company, Inc. Amex Bank Of Canada Amex Canada Inc. Loyalty Solutions and Research Pvt Ltd Non-Consolidated (Teller AS) - JV PT American Express Indonesia
4.	Subsidiaries/ Associates/ Joint Ventures	-
5.	Key Management Personnel **	Manoj Adlakha as Chief Executive Officer



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

The related party balances and transactions for the year ended March 31, 2017 are summarized as follows :

(Amount in Rs. '000)

Particulars	Year	Parent - Head Office		Total
		American Express Banking Corp, New York		
Borrowings	2016-17		4,550,000	4,550,000
	2015-16		4,550,000	4,550,000
<i>Maximum Outstanding</i>	2016-17		4,550,000	
	2015-16		4,550,000	

(Amount in Rs. '000)

Particulars	Year	Subsidiaries of Ultimate Holding Company								Grand Total
		American Express Europe Limited	American Express Global Business Travel	American Express India Pvt Ltd.	American Express International, Inc.	American Express Prepaid Card Management Corporation	American Express Services India Pvt Ltd	American Express Travel Related Services Company, Inc.	Others	
Deposits	2016-17	-	-	12,910,000	-	-	270,100	-	57,000	13,237,100
	2015-16	-	-	10,250,000	-	-	-	-	-	10,250,000
<i>Maximum Outstanding</i>	2016-17	-	-	14,155,000	-	-	345,000	-	210,000	
	2015-16	-	-	11,090,000	-	-	27,442	-	27,000	
Advances	2016-17	-	4,408	255,829	-	-	2,361	-	2,057	264,655
	2015-16	-	1,912	340,521	-	-	1,182	-	1,238	344,853
<i>Maximum Outstanding</i>	2016-17	-	8,659	433,104	-	-	18,164	-	17,310	
	2015-16	-	7,071	388,164	-	-	12,332	-	2,600	
Receivables	2016-17	-	-	-	-	-	-	562	38	600
	2015-16	-	-	-	3,146	9,508	-	998	226	13,878
Payables #	2016-17	116,467	146,972	222,268	10,621,974	-	148,100	338,535	16,145	11,610,461
	2015-16	132,306	135,553	233,332	11,007	-	122,226	392,721	15,653	1,042,798
Transfer of assets	2016-17	-	-	3,610	-	-	-	-	-	3,610
	2015-16	-	-	1,999	-	-	227	-	-	2,226
Interest Expense	2016-17	-	-	714,702	-	-	5,253	-	1,770	721,725
	2015-16	-	-	688,262	-	-	33	-	529	688,824
Payments by Related Party on Bank's behalf or Payment/Receipt by Bank on behalf of Related Party	2016-17	-	-	55,856	-	-	713	-	2,004	58,573
	2015-16	-	-	293,493	-	-	-	-	-	293,493
Revenue from Services Rendered										
Commission, exchange and brokerage (gross)	2016-17	24	154	1,725	11,937	-	73	1,961,764	8,370	1,984,047
	2015-16	44,346	-	1,658	52,058	-	-	1,663,404	37,282	1,798,748
Less: Volume Rebate and Issuer Rate Payable	2016-17	(100,226)	-	-	(11,333)	-	-	(1,323,717)	(1,852)	(1,437,128)
	2015-16	(108,042)	-	-	(166,088)	-	-	(1,146,257)	(17,854)	(1,438,241)
Miscellaneous Income	2016-17	-	-	-	7,852	-	-	74,336	27,970	110,158
	2015-16	-	-	-	18,334	85,172	-	232,689	21,780	357,975
Revenue from Services Rendered Total	2016-17	(100,202)	154	1,725	8,456	-	73	712,383	34,488	657,077
	2015-16	(63,696)	-	1,658	(95,696)	85,172	-	749,836	41,208	718,483
Cost of Services Received										
Business Support Cost	2016-17	10	-	1,013,230	8,595	-	1,288,135	739,032	103,941	3,152,943
	2015-16	-	-	867,685	5,156	-	1,050,330	709,786	68,338	2,701,295
Other expenditure	2016-17	-	24,152	-	-	-	-	-	484	24,636
	2015-16	-	23,473	-	-	-	-	1,117	22,201	46,791
Rent, taxes and lighting	2016-17	-	-	62,096	-	-	-	-	-	62,096
	2015-16	-	-	62,367	-	-	-	-	-	62,367
Advertisement and Publicity	2016-17	-	-	-	-	-	-	-	52,896	52,896
	2015-16	-	-	-	-	-	-	-	20,088	20,088
Re-imbursements of cost to/from Related Party	2016-17	-	-	7,206	-	-	-	(374,834)	-	(367,628)
	2015-16	-	-	55,473	-	-	-	(365,548)	(25,003)	(335,078)
Cost of Services Received Total	2016-17	10	24,152	1,082,532	8,595	-	1,288,135	364,198	157,321	2,924,943
	2015-16	-	23,473	985,525	5,156	-	1,050,330	345,355	85,624	2,995,463

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

Payables include amount payable to American Express International Inc. with respect to settlements with overseas group entities on account of spends made by overseas/Indian card members in India/outside India. The respective income/expenses, from the spends made by overseas/Indian card members in India/outside India, has been considered the income/expenses from the respective overseas entities and disclosed accordingly. However, volume of such transactions is not considered for disclosure.



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

6. Other Liabilities include:

(Amount in Rs. '000)

Particulars	2016-17	2015-16
Provisions towards Standard Assets	155,569	118,585
Other Provisions*	107,306	108,199
Prepaid Cards	7,616	413,269

*Includes Counter Cyclical Provisioning Buffer of Rs. 88,500 ('000) (Previous Year Rs. 88,500 ('000)).

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

8. Leases

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

(Amount in Rs. '000)

Particulars	2016-17	2015-16
Future minimum lease payments under non-cancellable Operating leases		
Not later than 1 year	107,187	105,016
Later than 1 year and not later than 5 years	136,750	115,614
Later than 5 years	–	–
Lease payments recognized in the Profit and Loss Account in respect of operating leases	108,715	122,130

9. Provision, Contingent Liabilities and Contingent Assets

Movement in provision for membership reward points:

(Amount in Rs. '000)

Particulars	2016-17	2015-16
Opening	1,333,266	1,181,157
Additions	2,772,204	1,544,928
Utilisations/Write backs	2,379,441	1,392,819
Closing Balance	1,726,029	1,333,266

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

10. Taxes

The income tax expenses comprise the following:

(Amount in Rs. '000)

Particulars	2016-17	2015-16
Wealth Tax	–	(47)
Deferred Income tax (benefit)/expense	–	–
Total	–	(47)

11. Description of contingent liabilities

Contingent Liabilities	Brief Description
Other items for which the bank is contingently liable	<p>The Bank is a party to various legal proceedings and direct/indirect tax assessments in the normal course of business. The Bank does not expect the outcome of any of legal proceedings to have a material adverse effect on the Bank's financial condition, result of operations and cash flows. Income tax matters for which appeal is pending having tax impact of Rs 424,988 ('000) has been disputed by bank and hence disclosed as contingent liability.</p> <p>Bank has provided guarantees for availing certain services in the normal course of business amounting Rs 580 ('000).</p> <p>The amount deposited in Depositor Education and Awareness Fund amounting to Rs 3,802 ('000).</p>

Also refer Schedule 12 – Contingent Liabilities



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

12. Employee Benefits

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

Brief description of the Plans

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

(Amount in Rs. '000)

A	Charge to the Profit and Loss Account based on contributions:	2016-17	2015-16
	Provident fund	45,161	30,192
	Superannuation	984	1,268
	TOTAL	46,145	31,460
B	Contribution towards Pension for deferred / vested pensioners (left employees) : The above employee benefit is covered under Pension Trust and as detailed under Paragraph III 9 (b) of Schedule 18 above.		
Pension: The components of net benefit expenses recognized in the Profit and Loss Account and Balance Sheet and the funded status for the pension benefit plan are summarised below :			
		As at March 31, 2017	As at March 31, 2016
I	Assumptions		
	Mortality Rate (in deferment)	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
	Mortality Rate (Post retirement)	LIC (1996-98) Ultimate	LIC (1996-98) Ultimate
	Discount Rate	6.90%	7.80%
	Rate of increase in compensation	Not Applicable	Not Applicable
	Rate of return(expected) on plan assets	7.50%	7.50%
II	Changes in present value of obligations		
	Defined Benefit Obligation at beginning of the Year	35,522	33,559
	Interest Cost	2,481	2,571
	Current Service Cost	–	–
	Actuarial Losses/(Gains)	10,531	584
	Benefit Payments	(7,438)	(1,192)
	Defined Benefit Obligation at end of the Year	41,096	35,522
III	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of the Year	72,666	70,747
	Expected return on plan assets	5,171	5,261
	Actuarial Gain / (Loss)	(2,053)	(2,150)
	Benefit Payments	(7,438)	(1,192)
	Fair Value of Plan Assets at end of the Year	68,346	72,666
IV	Amounts to be recognised in the Balance Sheet		
	Defined Benefit Obligation at the end of the Year	41,096	35,522
	Fair Value of Plan Assets at the end of the Year	68,346	72,666
	Amount not recognised as an Asset	–	–
	Surplus Assets	27,250	37,144
V	Expense Recognised	–	–

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



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

	As at March 31, 2017	As at March 31, 2016
	Percentage	
Government of India securities (Central and State)	46.01	42.99
High quality corporate Bonds (Including Public Sector Bonds)	–	–
Equity shares	–	–
Cash (Including Special Deposits)	53.99	56.22
Others	–	0.79
Total	100.00	100.00

Experience Adjustments	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Defined Benefit Obligation at end of the period	(41,096)	(35,522)	(33,559)	(24,023)	(29,667)
Plan Asset as at the end of the period	68,346	72,666	70,747	70,769	72,164
Funded Status	27,250	37,144	37,188	46,746	42,497
Experience Gain/(Loss) adjustments on plan liabilities	(7,433)	(584)	(2,680)	(1,667)	865
Experience Gain/(Loss) adjustments on plan assets	(2,053)	(2,150)	(4,712)	(1,601)	(11,316)
Actuarial Gain/(Loss) due to change on assumptions	(3,098)	–	(5,256)	4,466	(2,398)

(Amount in Rs. '000)

C	<p>Contribution towards Gratuity: The above employee benefit is covered under a Gratuity Trust and as detailed under Paragraph III 9 (c) of Schedule 18 above.</p>
----------	---

Gratuity : The components of net benefit expenses recognized in the Profit and Loss Account and Balance Sheet and the funded status for gratuity benefit plan are summarised below:

		As at March 31, 2017	As at March 31, 2016
I	Assumptions		
	Mortality	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
	Discount Rate	6.90%	7.80%
	Rate of increase in compensation	10.00%	10.00%
	Rate of return (expected) on plan assets	7.50%	7.50%
	Withdrawal rates	Up to age 30 - 27% age 31-40 - 18% age 41-50 - 7% age 51 and above - 8%	Up to age 30 - 20% age 31-40 - 12% age 41-50 - 10% age 51 and above - 5%
	II	Changes in present value of obligations	
DBO at beginning of the Year		125,572	133,030
Interest Cost		9,442	9,561
Current Service Cost		14,700	15,302
Benefits Paid		(9,037)	(20,897)
Actuarial Losses/(Gains) on obligation		7,624	2,601
Liabilities extinguished on settlements		–	–
Liability released due to employee transfer			(14,025)
DBO at end of the Year	148,301	125,572	



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

		As at March 31, 2017	As at March 31, 2016
III	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of the Year	53,878	42,550
	Expected Return of Plan Assets	3,702	2,689
	Contributions	–	30,000
	Benefits paid	(9,037)	(20,897)
	Assets distributed in settlements	–	–
	Actuarial gain / (loss) on plan assets	(1,673)	(464)
	Fair Value of Plan Assets at end of the Year	46,870	53,878
IV	Amounts to be recognised in the Balance Sheet		
	Present Value of DBO at the end of the Year	148,301	125,572
	Fair Value of Plan Assets at end of the Year	46,870	53,878
	Funded/(Unfunded) Status	(101,431)	(71,694)
	Unrecognised Past Service Costs	–	–
	Net Asset /(Liability) recognised in the Balance Sheet	(101,431)	(71,694)
V	Expense Recognised		
	Current Service Cost	14,700	15,302
	Interest Cost	9,442	9,561
	Expected Return on Plan Assets	(3,702)	(2,689)
	Net Actuarial (Gain) /Loss recognised for the Year	9,297	3,065
	Expense recognised in the statement of P&L A/c	29,737	25,239

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

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

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

	As at March 31, 2017	As at March 31, 2016
	Percentage	
Government of India securities (Central and State)	15.12	13.00
High quality corporate Bonds (Including Public Sector Bonds)	–	–
Equity shares	–	–
Cash (Including Special Deposits)	84.88	87.00
Others	–	–
Total	100.00	100.00

Experience Adjustments	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Defined Benefit Obligation at end of the period	(148,301)	(125,572)	(133,030)	(110,504)	(84,276)
Plan Asset as at the end of the period	46,870	53,878	42,550	44,841	43,965
Funded Status	(101,431)	(71,694)	(90,480)	(65,663)	(40,311)
Experience Gain/(Loss) adjustments on plan liabilities	267	(2,601)	14,869	(6,423)	(5,782)
Experience Gain/(Loss) adjustments on plan assets	(1,673)	(464)	(147)	(137)	2,895
Actuarial Gain/(Loss) due to change on assumptions	(7,891)	–	(26,139)	(9,882)	(5,572)



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

D	<p><u>Leave Encashment</u></p> <p>The amount charged to Profit and Loss Account during the year towards Leave Encashment and compensated absences Rs.20,465 thousand. (Previous year Rs 9,312 thousand)</p> <p>The liability for leave encashment and compensated absences as on March 31, 2017 is Rs 70,672 thousand (Previous Year Rs. 62,706 thousand).</p>
----------	---

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

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

(Amount in Rs. '000)

	Particulars	2016-17	2015-16
1	Principal amount due remaining unpaid	–	–
2	Interest amount due thereon and remaining unpaid	–	–
3	Amount of interest paid in terms of Section 18 of the MSMED Act 2006	–	6
4	Interest due and payable (under the MSMED Act 2006) which have not been paid (covering all payments)	318	–
5	The amount of interest accrued and remaining unpaid at the end of the accounting year (i.e. including amount brought forward from previous year)	318	–
6	Details on payments made in respect of outstanding as at Sl. No. 1 above.	–	–

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

(Amount in Rs. '000)

Particulars	2016-17	2015-16
Others - Income from Insurance Corporate Agency Business		
- For selling life insurance products	6,181	7,514
- For selling non-life insurance products	62,477	66,629

15. Disclosures on Remuneration :

Qualitative Disclosures

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

Quantitative Disclosures

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

(Amount in Rs. '000)

No.	Particulars	2016-17	2015-16
1	(i) Number of employees having received a variable remuneration award during the financial year.	4	4
	(ii) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	–	–
	(iii) Total amount of deferred remuneration paid out in the financial year	–	–



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

No.	Particulars	2016-17	2015-16
2	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.		
	Fixed	42,343	39,691
	Variable	25,918	37,922
	Deferred	–	–
	Non-deferred	25,918	37,922
3	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	–	–
	(ii) Total amount of reductions during the financial year due to ex-post explicit adjustments.	–	–
	(iii) Total amount of reductions during the financial year due to ex-post implicit adjustments.	–	–
4	Retirals (PF, Gratuity, SA)	2,833	2,634

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

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

Charges for ESOPs, issued by the ultimate parent company to the key risk takers, has not been considered for the disclosure purpose as there is no charge to Profit and Loss Account of the Bank.

16. Disclosure on Corporate Social Responsibility (CSR)

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

17. Auditors' Remuneration [excluding service tax]

(Amount in Rs. '000)

Particulars	2016-17	2015-16
As Auditors:		
- Statutory Audit	4,120	4,000
- Tax Audit	361	350
- Certificates	464	450
- Out of Pocket Expenses	1,150	945
Total	6,095	5,745

18. Comparative figures

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

Signature to Schedules 1 to 18

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

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

Sharad Vasant
Partner
Membership No. 101119

Manoj Adlakha
Chief Executive Officer

Vivek Sehgal
Financial Controller

Place: Mumbai
Date: June 25, 2017

Place: Gurugram
Date: June 16, 2017



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

Basel – Pillar III disclosures March 2017

1. Scope of Application

The Basel Pillar III disclosures contained herein relate to American Express Banking Corp. – India Branch, herein after referred to as “the Bank” for the year ended 31st March 2017. American Express Banking Corp. (AEB) is organized under the New York State Banking Law and incorporated in the United States of America. AEB is a wholly owned subsidiary of American Express Company, and conducts business through a branch office in India. In India, AEB holds a banking license issued by the Reserve Bank of India (RBI) and is subject to the provisions of the Banking Regulation Act. The Bank’s operations are confined to three business areas viz. card operations, distribution of travellers’ cheques and acceptance of institutional deposits.

The disclosures have been compiled in accordance with Reserve Bank of India’s Prudential Guidelines on Implementation of New Capital Adequacy Framework vide their Circular DBR.No.BP.BC. 4/21.06.001/2015-16 dated July 1, 2015 and the amendments thereto issued from time to time.

The Bank does not have any subsidiaries, nor does it hold any significant stake in any companies. Further, the Bank is not required to prepare consolidated financial statements. No quantitative disclosures are required to be made, as the Bank has no subsidiaries. The Bank also does not have any interest in insurance entities.

2. Capital Adequacy

The primary objective of capital management at the Bank is to maintain a consistently strong and flexible capital position and to ensure that the Bank’s capital is of sufficient quality and quantity to meet at a minimum, all regulatory requirements and maintain adequate capital over and above regulatory minimums to act as a safety net for the variety of risks the Bank is exposed to in its ordinary course of business.

The Bank has established a comprehensive internal capital adequacy assessment process (“ICAAP”) which enables the Bank to set internal capital targets and strategies for achieving those internal targets that are consistent with its business plans, risk profile, and operating environment. This framework facilitates the assessment of the overall capital adequacy of the Bank in relation to its risk profile which includes all material risks faced by the Bank which are not captured by the regulatory minimums prescribed by the regulator. The framework is aimed at ensuring that the Bank’s capital is adequate to address current and future risk and achieve strategic objectives. Key components of the Bank’s ICAAP include: Board and Senior Management oversight; sound capital assessment and planning comprehensive assessment of risks, sensitivity and scenario analysis, monitoring and reporting.

The Board of Directors is responsible for ultimate oversight of capital management and as such, oversees the annual review and approval of the Bank’s ICAAP, Internal Capital Targets, Capital Plan and ICAAP Policy.

The Bank has implemented a Board approved Stress Testing Framework which forms an integral part of the Bank’s ICAAP. Stress Testing involves the use of various techniques (such as macroeconomic stress testing and event driven scenario / single factor stress tests) to assess the Bank’s potential vulnerability (profitability and capital impacts) to extreme conditions. Stress tests are conducted on a periodic basis and the stress test results are reported to the India Country Asset Liability Management Committee (ALCO), India Risk Management Committee, Board and other governance committees of the Bank. The Bank periodically assesses and refines its stress tests in an effort to ensure that the stress scenarios capture material risks as well as reflect possible changes in the macro economic conditions. The stress tests are used in conjunction with the Bank’s business plans for the purpose of capital planning in the ICAAP.

Quantitative Disclosure:

(Amount Rs.’000)

	March 31, 2017		March 31, 2016	
	RWA*	Min. Cap. Req.**	RWA*	Min. Cap. Req.**
Credit Risk				
- Portfolio subject to Standardised Approach	46,807,063	4,212,636	38,516,370	3,466,473
Market Risk				
- Interest Rate Risk	721,319	64,919	310,809	27,973
- Foreign Exchange Risk	580,279	52,225	363,365	32,703
Operational Risk				
- Basic Indicator Approach	14,094,510	1,268,505	11,778,074	1,060,027
Total	62,203,171	5,598,285	50,968,618	4,587,176

* RWA = Risk Weighted Assets.

** Min. Cap. Req. = Minimum Capital Requirement at 9% of RWA.

Capital Adequacy Ratio	March 31, 2017	March 31, 2016
Common Equity Tier I Ratio	13.02%	11.98%
Tier I Ratio	13.02%	11.98%
Total Capital Ratio	20.73%	21.31%

3. Credit Risk - General Disclosures

Credit Risk is defined as the risk of loss to the Bank due to non-payment of amounts that are contractually owed to the Bank. The Bank’s Management and the Board of Directors continuously monitor credit risk to ensure that prudent lending criteria are established and complied with to minimize the Bank’s exposure to credit risk. The AEB Credit Policy Committee (CPC) is responsible for assisting the Bank in carrying out its credit risk management functions and reports to the Board. It has oversight responsibilities for the Bank’s credit risk and for ensuring compliance with all pertinent policies and regulatory requirements. The Bank’s lending is only in relation to card issuance business and loans to staff.

It is the policy of the Bank to:

- Extend Credit only on a safe, sound and collectible basis.
- Extend Credit in an economically sound fashion.



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

Basel – Pillar III disclosures March 2017

- Extend Credit only in compliance with applicable law and regulations and the policies of the Bank and in full consideration of applicable regulatory guidance.
- Document credit decisions.
- Adopt and use best-in-class risk management tools and practices.
- Require its vendors, including its affiliates, to act in accordance with the policies of the Bank when conducting business on the Bank's behalf.

The Bank has established policies and procedures to control and manage the credit risk. These policies and procedures, in particular:

- Establish the governance structure through which credit risk will be identified, assessed, controlled, monitored and reported.
- Details the credit products and services that the Bank may offer.
- Specifies certain key metrics to be used in managing credit risk.
- Establishes the conditions under which exceptions to credit policy may occur.

Management can never eliminate the Bank's credit risk. However, consistent application of the above practices will result in the credit risk being controlled to an acceptable level. Therefore, Management and the Board of Directors continuously monitor credit risk to ensure that prudent lending criterion are established and complied with so as to minimize the Bank's exposure to credit risk.

The Bank follows the RBI guidelines for asset classification. Accordingly, card receivables are treated as non-performing, if any amount is overdue for a period of more than 90 days.

The Bank also identifies all card accounts with delinquencies and writes off in the books of accounts, the outstanding card receivables which are 210 days past billing. In addition, accelerated write off is effected where it is evident that the outstanding is unlikely to be recovered.

Provision for Non Performing Assets and Standard Assets are made in compliance with the prudential norms prescribed by Reserve Bank of India. In the case of sub-standard assets, in addition to minimum provision requirement prescribed by RBI, the bank makes additional provision based on best estimate of probable losses.

Quantitative Disclosure:

(a) Total credit exposure by industry and geographic distribution of exposure

(Amount Rs.'000)

	March 31, 2017		
	Fund Based	Non-fund Based	Total
Domestic			
Inter – Bank	957,156	–	957,156
Investments	–	–	–
Advances	–	–	–
Services	13,131,508		13,131,508
Transport Operators	719,948	–	719,948
Computer Software	3,313,216	–	3,313,216
Tourism, Hotels & Restaurants	2,271,398	–	2,271,398
Shipping	916	–	916
Professional Services	1,607,396	–	1,607,396
Trade	1,739,951	–	1,739,951
Wholesale Trade (other than food procurement)	219,378	–	219,378
Retail Trade	1,520,573	–	1,520,573
Non-Banking Financial Companies (NBFCs)	4,049	–	4,049
Other Services	3,474,634	–	3,474,634
Personal Loans	18,550,229		18,550,229
Credit Card	18,550,229	–	18,550,229
Mining & Quarrying (incl. Coal)	16,875		16,875
Food Processing	701,193		701,193
Sugar	933	–	933
Edible Oils & Vanaspati	31,092	–	31,092
Tea	85	–	85
Others	669,083	–	669,083
Beverage & Tobacco	823		823
Textiles	6,181		6,181
Leather & Leather Products	815		815
Wood & Wood Products	2,385		2,385
Paper & Paper Products	1,899		1,899



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

Basel – Pillar III disclosures March 2017

	March 31, 2017		
	Fund Based	Non-fund Based	Total
Petroleum, Coal Products & Nuclear Fuels	53,052	–	53,052
Chemicals & Chemical Products	871,542	–	871,542
Fertiliser	2,092	–	2,092
Drugs & Pharmaceuticals	868,884	–	868,884
Petro Chemicals	3	–	3
Others	562	–	562
Rubber, Plastic & their Products	2,681	–	2,681
Glass & Glassware	103	–	103
Cement & Cement Products	471	–	471
Basic Metal & Metal Product	7,111	–	7,111
Iron & Steel	4,953	–	4,953
Other Metal & Metal Product	2,158	–	2,158
All Engineering	371,964	–	371,964
Vehicles, Vehicle Parts & Transport Equipment	16,991	–	16,991
Gems & Jewellery	1,288	–	1,288
Construction	469,190	–	469,190
Infrastructure	56,402	–	56,402
Power	1,335	–	1,335
Other Infrastructure	55,067	–	55,067
Other Industries	1,652,853	–	1,652,853
Overseas	–	–	–
Total	36,872,712	–	36,872,712

(b) Maturity pattern of total assets:

As at March 31, 2017

(Amount Rs.'000)

	Cash and Balances with RBI	Balances with Banks	Investments	Advances (Net)	Fixed Assets	Other Assets	Total
1 – 14 days	504,182	412,147	11,936,264	13,801,639	–	2,240,444	28,894,676
15 – 30 days	133,000	68,269	543,834	15,773,302	–	177,707	16,696,112
31 days – 2 months	176,519	90,440	720,448	1,575,662	–	11,759	2,574,828
2 months – 3 months	97,120	60,201	479,563	396,568	–	236,210	1,269,662
3 months – 6 months	201,554	103,403	823,720	1,150,513	–	–	2,279,190
6 months – 1 year	88,263	128,106	1,020,497	777,976	–	–	2,014,842
1 year – 3 years	404	–	–	1,964,688	–	120,852	2,085,944
3 years – 5 years	323	165	1,322	199,220	–	–	201,030
Over 5 years	184,332	94,425	752,192	–	323,280	338,088	1,692,315
TOTAL	1,385,697	957,156	16,277,840	35,639,568	323,280	3,125,060	57,708,601

The maturity pattern of assets is based on the methodology used for reporting positions to RBI on asset-liability management.

(c) Amount of NPAs (Gross) - Total

(Amount Rs.'000)

Nonperforming asset category	March 31, 2017	March 31, 2016
Sub standard	414,091	465,319
Doubtful 1	–	–
Doubtful 2	–	–
Doubtful 3	–	–
Loss	61,002	31,007
Total	475,093	496,326



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

Basel – Pillar III disclosures March 2017

(d) Net NPAs

(Amount Rs.'000)

Non performing asset category	March 31, 2017	March 31, 2016
Net NPAs	199,105	247,821
Total	199,105	247,821

(e) NPA Ratios

(Amount Rs.'000)

Particulars	March 31, 2017	March 31, 2016
Gross NPA as a ratio to gross advances	1.32%	1.65%
Net NPAs to net advances	0.56%	0.83%

(f) Movement of NPAs Gross

(Amount Rs.'000)

Particulars	March 31, 2017	March 31, 2016
Opening Balance	496,326	202,268
Additions during the period	2,095,655	1,720,644
Reductions during the period	2,116,888	1,426,586
Closing Balance	475,093	496,326

(g) Movement of Provisions for NPAs

(Amount Rs.'000)

Particulars	March 31, 2017	March 31, 2016
Opening balance	248,505	50,567
Provisions made during the period	1,087,477	915,539
Reductions made during the period due to write-off, upgradation and recoveries	1,059,994	717,601
Any other Adjustments, including transfer between provisions	–	–
Write-back of excess provisions	–	–
Closing balance	275,988	248,505

(h) Details of write offs and recoveries booked directly to the Income Statement

(Amount Rs.'000)

Particulars	March 31, 2017	March 31, 2016
Write offs	1,224,963	953,056
Recoveries	438,139	271,761

(i) Movement of Provisions for Standard Assets

(Amount Rs.'000)

Particulars	March 31, 2017	March 31, 2016
Opening balance	118,585	92,546
Provisions made during the period	36,984	26,039
Write-back of excess provisions	–	–
Closing balance	155,569	118,585

(j) Amount of Non-Performing Investments: NIL

(k) Amount of Provision held for Non-Performing Investments: NIL

(l) Movement of Provision held for depreciation on Investments: NIL

(m) Geographic and industry wise distribution of Gross NPA, Provision for NPA, NPA Write-offs and Provision for Standard Assets

Banks' advances are in the nature of credit card receivables and loan to staff in India.

4. Credit Risk: Disclosures for Portfolios Subject to Standardised Approach.

The Bank lending business is confined to card lending through its card issuance business and loans to staff. In view of this limited lending activity, the Bank does not use any rating assigned by the eligible external credit rating agencies for measuring credit risk. The card receivables and loans to staff come under the Specified Category as per the RBI guidelines and attract the risk weight as prescribed therein. All exposures to scheduled banks have been reckoned at 20% as per the RBI guidelines, as the counterparty banks have capital adequacy ratio of 9% and above.

Quantitative Disclosure:

Amount of bank's outstanding, by risk weight are as follows:

(Amount Rs.'000)

Risk Weight Applied*	March 31, 2017	March 31, 2016
Below 100 % risk weight	2,465,454	1,805,217
100 % risk weight	3,506,150	1,996,294
More than 100 % risk weight	34,487,567	29,107,730
Deducted (in computation of Net Owned Funds)	–	–

* Net of provisions and collaterals



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

Basel – Pillar III disclosures March 2017

5. Credit Risk Mitigation: Disclosures for Standardised Approach

The Bank's advances arise from its card operations and there are normally no collaterals for these lending. However, in few cases, to mitigate credit risk, the Bank uses Bank Guarantees and Institutional deposits from customers as collaterals.

Quantitative Disclosure:

(Amount Rs.'000)

Particulars	March 31, 2017	March 31, 2016
Exposure covered by Bank Guarantees	1,146,077	971,844
Exposure covered primarily by Institutional Deposits	952,896	538,378

6. Securitization: Disclosure for Standardized Approach

The Bank does not have any securitization exposure.

7. Market Risk in Trading Book

Market risk is the risk to earnings resulting from unfavorable movements in market factors such as interest rates or foreign exchange rates.

The Bank does not engage in trading activity but maintains a portfolio of high quality liquid assets in the form of investments which are limited to GOI Treasury Bills to meet the Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR) requirements. These investments are held under the Available for Sale (AFS) category and do not carry any credit risk. Foreign exchange risk in the banking book is limited and is generated on account of foreign currency denominated balance sheet exposures.

The general market risk capital charge towards interest rate risk and foreign exchange risk is provided as per the extant RBI guidelines, using the Standardized Duration Approach. The market risk management architecture is similar to interest rate risk and has been outlined in subsequent sections.

Capital Requirements

(Amount Rs.'000)

	March 31, 2017	March 31, 2016
Interest rate Risk	57,706	27,973
Equity position risk	–	–
Foreign exchange risk	46,422	32,703

8. Operational Risk

Operational Risk is defined as the risk of not achieving business objective due to inadequate or failed processes, people or information systems, or to the external environment, including failures to comply with laws and regulations. It includes legal risk, but does not include strategic and reputation risks.

The Bank has in place an Operational Risk Management Policy framework that defines the key elements of Operational Risk Management. The Operational Risk Management framework defines governance principles, globally accepted risk assessment methodologies and processes for capturing and analyzing Operational Risk events and exposures. Internal and external drivers shape the framework, including regulatory requirements and market pressures. The framework and its supporting programs are designed to be adaptable to address emerging risks and external influences as they develop.

The Bank has adopted the Basic Indicator Approach (BIA) for measuring the capital requirements for operational risk.

9. Interest Rate Risk in the Banking Book (IRRBB)

Interest rate risk in the banking book represents the risk that movement in interest rates will have an adverse effect on the interest rate sensitive assets and liabilities held by the Bank in the banking book. Interest rate risk is primarily generated by funding card member receivables and investments with different tenure of borrowings and deposits. These assets and liabilities generally do not create naturally off-setting positions with respect to re-pricing or maturity characteristics which may lead to changes in the Bank's earnings, net interest income and economic value. The Bank incurs and accepts Interest rate risk exposure as a necessary accompaniment to its business model, in the regular course of offering its products and services. It does not actively seek to create Interest rate risk exposure in excess of that is incurred through its business model.

The Bank's objective is to identify and manage interest rate risk exposures in the context of its overall business model while supporting sustainable earnings growth. This is accomplished by identifying, measuring and reporting such exposures on a monthly basis and managing the same within predefined Board limits. The Bank measures IRRBB from two separate, but complementary perspectives i.e. Earnings at Risk (EaR) and Economic Value of Equity (EVE). EaR measures the level of the Bank's exposure to interest rate risk in terms of sensitivity of its Net Interest Income (NII) to interest rate movements over a time horizon of 1 year. EVE measures the level of the Bank's exposure to interest rate risk in terms of sensitivity of its market value of equity to interest rate movements using the Duration gap approach. EaR is monitored assuming a 100 bps parallel shift in yield curve, while EVE is measured for a 200 bps parallel shift in yield curve. The Bank also undertakes periodic stress testing to keep the management informed of the potential impacts of extremely adverse interest rate movements.

Liquidity Risk

The Bank incurs and accepts liquidity and funding risk through its established business model and through the normal course of offering its products and services. The Bank has established clear objectives for its funding and liquidity management activities and maintains processes to ensure that its liquidity profile continuously remains consistent and compliant with those objectives. The objectives include, but are not limited to:

- The maintenance of a diversified set of on and off balance sheet funding sources that utilizes a prudent amount of short-term funding liabilities.
- The maintenance of a cushion of high quality, unencumbered liquid assets to be held against identified funding requirements under stress (as prescribed by the regulator) for a liquidity risk survival horizon of 30 Days.
- The projection of cash inflows and outflows from a variety of sources under various stress scenarios.
- The capacity to conduct a range of hypothetical analyses of changes to funding requirements under stress scenarios.
- A framework for the ongoing identification, measurement, management and monitoring of liquidity requirements

Liquidity Risk at the Bank is measured using the flow and stock approach. Flow approach involves comprehensive tracking of cash flow mismatches, while stock approach involves measurement of critical ratios in respect of liquidity risk. Additionally, the Bank has a Board approved liquidity



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

Basel – Pillar III disclosures March 2017

stress test framework and maintains a Contingency Funding Plan in the event a material funding or liquidity crisis occurs. The Bank also has a mechanism in place to monitor intraday liquidity risk.

General principles and the overall framework for managing market risk, interest rate risk, liquidity and funding risk are defined in the Bank's Treasury Policy.

Interest Rate Risk, liquidity and funding risk is managed and monitored by the India Country Asset Liability Management Committee (ALCO) of the Bank which is responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity and interest rate risk management strategy of the Bank in line with its risk management objectives. The India Risk Management Committee (India RMC) also oversees and monitors interest rate risk, liquidity and funding risk as part of its enterprise wide risk related responsibilities and reports into the Board of the Bank.

Quantitative Disclosure

Impact on earnings and economic value of capital:

As at March 31, 2017

(Amount Rs.'000)

	Impact of increase in interest rates by 100 bps	Impact of decrease in interest rates by 100 bps
Earnings perspective	(52,895)	52,895
	Impact of increase in interest rates by 200 bps	Impact of decrease in interest rates by 200 bps
Economic value perspective	(228,141)	228,141

As at March 31, 2016

(Amount Rs.'000)

	Impact of increase in interest rates by 100 bps.	Impact of decrease in interest rates by 100 bps
Earnings perspective	(102,234)	102,234
	Impact of increase in interest rates by 200 bps	Impact of decrease in interest rates by 200 bps
Economic value perspective	(134,893)	134,893

10. General Disclosure for Exposures Related to Counterparty Credit Risk :

Not Applicable

11. Composition of Capital

(Amount Rs.'000)

Composition of Capital		Amount as on March 31, 2017	Ref No.	Amount as on March 31, 2016	Ref No.
Common Equity Tier 1 capital: instruments and reserves					
1	Directly issued qualifying common share capital plus related stock surplus (share premium)/Head office funds	11,474,884		9,969,644	
2	Retained earnings	199,384		76,810	
3	Accumulated other comprehensive income (and other reserves)	(3,573,117)		(3,940,838)	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)				
Public sector capital injections grandfathered until January 1, 2018					
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	8,101,152		6,105,616	
Common Equity Tier 1 capital: regulatory adjustments					
7	Prudential valuation adjustments	–		–	
8	Goodwill (net of related tax liability)	–		–	
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	–		–	
10	Deferred tax assets	–		–	
11	Cash-flow hedge reserve	–		–	



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

Basel – Pillar III disclosures March 2017

Composition of Capital		Amount as on March 31, 2017	Ref No.	Amount as on March 31, 2016	Ref No.
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	-		-	
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		-	
	of which: [INSERT TYPE OF ADJUSTMENT]	-		-	
	For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	-		-	
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	-		-	
29	Common Equity Tier 1 capital (CET1)	8,101,152		6,105,616	
Additional Tier 1 capital: instruments					
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)	-		-	



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

Basel – Pillar III disclosures March 2017

Composition of Capital		Amount as on March 31, 2017	Ref No.	Amount as on March 31, 2016	Ref No.
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	-		-	
36	Additional Tier 1 capital before regulatory adjustments	-		-	
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)	-		-	
44a	Additional Tier 1 capital reckoned for capital adequacy	-		-	
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	8,101,152		6,105,616	
Tier 2 capital: instruments and provisions				-	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus – Sub-ordinate debt	4,550,000		4,550,000	
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	244,069		207,085	
51	Tier 2 capital before regulatory adjustments	4,794,069		4,757,085	
Tier 2 capital: regulatory adjustments					
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)	-		-	



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

Basel – Pillar III disclosures March 2017

Composition of Capital		Amount as on March 31, 2017	Ref No.	Amount as on March 31, 2016	Ref No.
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	–		–	
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	–		–	
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	–		–	
57	Total regulatory adjustments to Tier 2 capital	–		–	
58	Tier 2 capital (T2)	4,794,069		4,757,085	
59	Total capital (TC = T1 + T2) (45 + 58c)	12,895,220		10,862,701	
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment				
60	Total risk weighted assets (60a + 60b + 60c)	62,203,171		50,968,618	
60a	of which: total credit risk weighted assets	46,807,063		38,516,370	
60b	of which: total market risk weighted assets	1,301,598		674,174	
60c	of which: total operational risk weighted assets	14,094,510		11,778,074	
Capital ratios					
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	13.02%		11.98%	
62	Tier 1 (as a percentage of risk weighted assets)	13.02%		11.98%	
63	Total capital (as a percentage of risk weighted assets)	20.73%		21.31%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	6.75%		6.125%	
65	of which: capital conservation buffer requirement	1.25%		0.625%	
66	of which: bank specific countercyclical buffer requirement	–		–	
67	of which: G-SIB buffer requirement	–		–	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	6.02%		4.98%	
National minima (if different from Basel III)					
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		5.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		7.00%	
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		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)	–		–	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	–		–	



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

Basel – Pillar III disclosures March 2017

Composition of Capital		Amount as on March 31, 2017	Ref No.	Amount as on March 31, 2016	Ref No.
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)	244,069		207,085	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	585,088		481,455	
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)	–		–	

Notes to Template

(Amount Rs.'000)

Row No. of the template	Particular	As at March 31, 2017	As at March 31, 2016
10	Deferred tax assets associated with accumulated losses	–	–
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	–	–
	Total as indicated in row 10	–	–
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	–	–
	of which: Increase in Common Equity Tier 1 capital	–	–
	of which: Increase in Additional Tier 1 capital	–	–
	of which: Increase in Tier 2 capital	–	–
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	–	–
	(i) Increase in Common Equity Tier 1 capital	–	–
	(ii) Increase in risk weighted assets	–	–
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	–	–
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	–	–
50	Eligible Provisions included in Tier 2 capital	244,069	207,085
	Eligible Revaluation Reserves included in Tier 2 capital	–	–
	Total of row 50	244,069	207,085



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

Basel – Pillar III disclosures March 2017

12. Composition of Capital – Reconciliation requirements: Not Applicable

13. Disclosures on Main Features of Regulatory Capital Instruments and Full Terms and Conditions

Sl. No.	Items	As at March 31, 2017		As at March 31, 2016	
		I	II	I	II
1	Issuer	American Express Banking Corp. - India Branch	American Express Banking Corp. - India Branch	American Express Banking Corp. - India Branch	American Express Banking Corp. - India Branch
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
3	Governing law(s) of the instrument	Applicable Indian statutes and regulatory requirements	Applicable Indian statutes and regulatory requirements	Applicable Indian statutes and regulatory requirements	Applicable Indian statutes and regulatory requirements
	Regulatory treatment				
4	Transitional Basel III rules	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional Basel III rules	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at solo/group/ group & solo	Solo	Solo	Solo	Solo
7	Instrument type	Tier 2 Debt instrument - Head Office Borrowings	Tier 2 Debt instrument - Head Office Borrowings	Tier 2 Debt instrument - Head Office Borrowings	Tier 2 Debt instrument - Head Office Borrowings
8	Amount recognized in regulatory capital (Rs. in million, as of most recent reporting date)	INR 1250 million.	INR 3300 million.	INR 1250 million.	INR 3300 million.
9	Par value of instrument	INR 1250 million.	INR 3300 million.	INR 1250 million.	INR 3300 million.
10	Accounting classification	Liability - Borrowings Outside India - Subordinated Debt.	Liability - Borrowings Outside India - Subordinated Debt.	Liability - Borrowings Outside India - Subordinated Debt.	Liability - Borrowings Outside India - Subordinated Debt.
11	Original date of issuance	1-Nov-2013	27-Nov-2015	1-Nov-13	27-Nov-15
12	Perpetual or dated	Dated	Dated	Dated	Dated
13	Original maturity date	1-Nov-2023	27-Nov-2025	1-Nov-23	27-Nov-25
14	Issuer call subject to prior supervisory approval	Yes (as per current guidelines RBI approval is required)	Yes (as per current guidelines RBI approval is required)	Yes (as per current guidelines RBI approval is required)	Yes (as per current guidelines RBI approval is required)
15	Optional call date, contingent call dates and redemption amount	After completion of 5 years from the Issuance date (i.e. 1-Nov-2018), with a prior notice of 120 days to the Lender. The Bank has decided not to exercise the prepayment option. Tax/Regulatory call event - Not applicable Redemption Price : At par	After completion of 5 years from the Issuance date (i.e. 27-Nov-2020), with a prior notice of 120 days to the Lender. The Bank has decided to exercise the prepayment option only after 01-April-2023. Tax/Regulatory call event - Not applicable Redemption Price : At par	After completion of 5 years from the Issuance date (i.e. 1-Nov-2018), with a prior notice of 120 days to the Lender. The Bank has decided not to exercise the prepayment option. Tax/Regulatory call event - Not applicable Redemption Price : At par	After completion of 5 years from the Issuance date (i.e. 27-Nov-2020), with a prior notice of 120 days to the Lender. The Bank has decided to exercise the prepayment option only after 01-April-2022. Tax/Regulatory call event - Not applicable Redemption Price : At par
16	Subsequent call dates, if applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Interest Free	Interest Free	Interest Free	Interest Free
18	Coupon rate and any related index	Not Applicable	Not Applicable	Not Applicable	Not Applicable
19	Existence of a dividend stopper	Not Applicable	Not Applicable	Not Applicable	Not Applicable
20	Fully discretionary, partially discretionary or mandatory	Not Applicable	Not Applicable	Not Applicable	Not Applicable
21	Existence of step up or other incentive to redeem	Not Applicable	Not Applicable	Not Applicable	Not Applicable
22	Noncumulative or cumulative	Not Applicable	Not Applicable	Not Applicable	Not Applicable



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

Basel – Pillar III disclosures March 2017

Sl. No.	Items	As at March 31, 2017		As at March 31, 2016	
		I	II	I	II
23	Convertible or non-convertible	Not Applicable	Not Applicable	Not Applicable	Not Applicable
24	If convertible, conversion trigger(s)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
25	If convertible, fully or partially	Not Applicable	Not Applicable	Not Applicable	Not Applicable
26	If convertible, conversion rate	Not Applicable	Not Applicable	Not Applicable	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable	Not Applicable	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable	Not Applicable	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable	Not Applicable	Not Applicable
30	Write-down feature	Not Applicable	Not Applicable	Not Applicable	Not Applicable
31	If write-down, write-down trigger(s)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
32	If write-down, full or partial	Not Applicable	Not Applicable	Not Applicable	Not Applicable
33	If write-down, permanent or temporary	Not Applicable	Not Applicable	Not Applicable	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable	Not Applicable	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to the claims of all depositors and general creditors.	Subordinate to the claims of all depositors and general creditors.	Subordinate to the claims of all depositors and general creditors.	Subordinate to the claims of all depositors and general creditors.
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	Not Applicable	Not Applicable	Not Applicable	Not Applicable

14. Disclosures on Remuneration

Qualitative Disclosures

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

Quantitative Disclosures

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

(Amount Rs.'000)

S No.	Particulars	2016-17	2015-16
1	(i) Number of employees having received a variable remuneration award during the financial year.	4	4
	(ii) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	-	-
	(iii) Total amount of deferred remuneration paid out in the financial year.	-	-
2	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.		
	Fixed	42,343	39,691
	Variable	25,918	37,922
	Deferred Non-deferred	- 25,918	- 37,922
3	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	-	-
	(ii) Total amount of reductions during the financial year due to ex-post explicit adjustments.	-	-
	(iii) Total amount of reductions during the financial year due to ex-post implicit adjustments.	-	-
4	Retrials' (PF, Gratuity, SA)	2,833	2,634

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

Compensation for CEO is as approved by the RBI and paid by the Bank to the CEO. Compensation for other risk takers is as approved by the Bank. Charges for ESOPs, issued by the ultimate parent company to the key risk takers, has not been considered for the disclosure purpose as there is no charge to Profit and Loss Account of the Bank.



AMERICAN EXPRESS BANKING CORP.

INDIA BRANCH

(INCORPORATED IN THE UNITED STATES OF AMERICA)

Basel – Pillar III disclosures March 2017

15. Comparison of accounting assets vs. leverage ratio exposure measure

Summary comparison of accounting assets vs. leverage ratio exposure measure			Amount in Rs. '000	
S No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	
1	Total consolidated assets as per published financial statements	61,218,716	46,218,767	
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	–	–	
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)	5,740,800	3,372,272	
7	Other adjustments (Debit Balance in Profit and Loss Account)	(3,573,117)	(3,940,837)	
8	Leverage ratio exposure	63,449,399	45,650,202	

16. Leverage Ratio

(Amount Rs.'000)

S No.	Particulars	Leverage ratio framework	
		As at 31st March, 2017	As at 31st March, 2016
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	61,281,716	46,218,767
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(3,573,115)	(3,940,837)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	57,708,601	42,277,930
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	–	–
5	Add-on amounts for PFE associated with all derivatives transactions	–	–
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)	–	–
Securities financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	–	–
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)	–	–
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	57,408,004	33,722,724
18	(Adjustments for conversion to credit equivalent amounts)	(51,667,204)	(30,350,452)
19	Off-balance sheet items (sum of lines 17 and 18)	5,740,800	3,372,272
Capital and total exposures			
20	Tier 1 capital	8,101,152	6,105,616
21	Total exposures (sum of lines 3, 11, 16 and 19)	63,449,399	45,650,202
Leverage ratio			
22	Basel III leverage ratio	12.77%	13.37%

17. Equities – Disclosure for Banking Book Positions - NIL