

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 period ended June 30, 2021. American Express Banking Corp. (AEBC) is organized under the New York State Banking Law and incorporated in the United States of America. AEBC is a wholly owned subsidiary of American Express Company and conducts business through a branch office in India. In India, AEBC 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 Master Circular DBR.No.BP.BC. 1/21.06.201/2015-16 dated July 1, 2015 on Basel III Capital Regulations 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 and Capital Management 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 Banks business plans for the purpose of capital planning in the ICAAP.

Quantitative Disclosure:

(Amount Rs.'000)

Particulars	As at June 30, 2021	
	RWA*	Min. Cap. Req.**
Credit Risk		
- Portfolio subject to Standardized Approach	37,169,340	4,042,166
Market Risk		
- Interest Rate Risk	2,262,563	246,054
- Foreign Exchange Risk	1,687,500	183,516
Operational Risk		
- Basic Indicator Approach	31,546,122	3,430,641
Total	72,665,525	7,902,377

* RWA = Risk Weighted Assets.

** Min. Cap. Req. = Minimum Capital Requirement (including capital conservation buffer) at 10.875% of RWA.

Capital Adequacy Ratio	As at June 30, 2021
Common Equity Tier I Ratio	22.81%
Tier I Ratio	22.81%
Total Capital Ratio	36.06%

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 AEBC Credit Risk Management Committee (CRMC) 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.
- 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, Standard Assets and Unhedged Foreign Currency Exposure 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. Accounts classified as doubtful/loss are provided at 100% till written off. Restructured assets are classified and provided for in accordance with the guidelines issued by RBI from time to time. The Bank holds provisions as at 30th June 2021 against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Bank are in excess of the RBI prescribed norms.

Quantitative Disclosure:

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

As at Jun 30, 2021

(Amount Rs.'000)

	Fund Based	Non-fund Based	Total
Domestic			
Investments	-	-	-
Advances:	-	-	-
Mining and Quarrying	70,097	-	70,097
Coal	5,000	-	5,000
Others	65,097	-	65,097
Food Processing	448,894	-	448,894
Sugar	4,055	-	4,055
Edible Oils and Vanaspati	22,740	-	22,740
Tea	1,747	-	1,747
Coffee	20,000	-	20,000
Others	400,352	-	400,352
Beverages (excluding Tea & Coffee) and Tobacco	133,699	-	133,699
Tobacco and tobacco products	354	-	354
Others	133,345	-	133,345
Textiles	375,725	-	375,725
Cotton	132,620	-	132,620
Jute	4,635	-	4,635
Man-made	-	-	-
Others	238,470	-	238,470
Leather and Leather products	57,117	-	57,117
Leather and Leather products	57,117	-	57,117
Wood and Wood Products	55,802	-	55,802
Wood and Wood Products	55,802	-	55,802
Paper and Paper Products	60,912	-	60,912
Paper and Paper Products	60,912	-	60,912
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	39,968	-	39,968
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	39,968	-	39,968
Chemicals and Chemical Products (Dyes, Paints, etc.)	1,298,500	-	1,298,500
Fertilizers	73,771	-	73,771
Drugs and Pharmaceuticals	568,633	-	568,633
Petro-chemicals (excluding under Infrastructure)	1,084	-	1,084
Others	655,012	-	655,012
Rubber, Plastic and their Products	206,693	-	206,693
Rubber, Plastic and their Products	206,693	-	206,693

Glass & Glassware	51,036	-	51,036
Glass & Glassware	51,036	-	51,036
Cement and Cement Products	124,483	-	124,483
Cement and Cement Products	124,483	-	124,483
Basic Metal and Metal Products	334,734	-	334,734
Iron and Steel	142,393	-	142,393
Other Metal and Metal Products	192,341	-	192,341
All Engineering	1,780,267	-	1,780,267
Electronics	547,297	-	547,297
Others	1,232,970	-	1,232,970
Vehicles, Vehicle Parts and Transport Equipment's	471,095	-	471,095
Vehicles, Vehicle Parts and Transport Equipment's	471,095	-	471,095
Gems and Jewellery	45,889	-	45,889
Gems and Jewellery	45,889	-	45,889
Construction	249,724	-	249,724
Construction	249,724	-	249,724
Infrastructure	33,093	-	33,093
Energy	31,368	-	31,368
Gas Pipelines	-	-	-
Water supply pipelines	1,725	-	1,725
Other Industries	1,420,007	-	1,420,007
Other Industries	1,420,007	-	1,420,007
Service	9,520,008	-	9,520,008
Transport Operators	128,883	-	128,883
Computer Software	2,654,470	-	2,654,470
Tourism, Hotel and Restaurants	1,537,517	-	1,537,517
Professional Services	1,439,137	-	1,439,137
Commercial Real Estate	125,180	-	125,180
NBFCs	72,804	-	72,804
Bank's	164,186	-	164,186
Other Services	3,397,831	-	3,397,831
Trade	1,524,198	-	1,524,198
Wholesale Trade (other than Food Procurement)	443,563	-	443,563
Retail Trade	1,080,635	-	1,080,635
Personal Loans	196,396,571	-	196,396,571
Credit Card and Staff Loan	196,396,571	-	196,396,571
Total	214,698,512	-	214,698,512

(b) Maturity pattern of total assets:

As at Jun 30, 2021

(Amount Rs.'000)

	Cash and Balances with RBI	Balances with Banks	Investments	Advances (Net)	Fixed Assets	Other Assets	Total
1 – 14 days	293,248	70,095	32,039,105	5,512,374	-	135,853	38,050,675
15 – 30 days	168,627	350	630,996	6,299,855	-	1,193,306	8,293,134
31 days – 2 months	73,661	153	275,578	1,123,194	-	10,302	1,482,888
2 months – 3 months	22,627	47	84,714	995,643	-	86,228	1,189,259
3 months – 6 months	26,375	55	98,661	2,861,267	-	-	2,986,358
6 months – 1 year	314,040	653	1,175,711	1,903,530	-	-	3,393,934
1 year – 3 years	583,511	1,209	2,177,277	4,712,951	-	134,436	7,609,384
3 years – 5 years	611,567	1,271	2,289,223	3,511,229	-	470,222	6,883,512
Over 5 years	12,041	24	45,073	236,234	228,827	391,187	913,386
TOTAL	2,105,697	73,857	38,816,338	27,156,277	228,827	2,421,534	70,802,530

(c) Amount of NPAs (Gross) - Total

(Amount Rs.'000)

Non performing asset category	As at June 30, 2021
Sub standard	991,075
Doubtful	326,392
Loss	-
Total	1,317,467

(d) Net NPAs

(Amount Rs.'000)

Net Non performing asset category	As at June 30, 2021
Sub- Standard	182,353
Doubtful	-
Loss	-
Total	182,353

(e) NPA Ratios

(Amount Rs.'000)

Particulars	As at June 30, 2021
Gross NPA as a ratio to gross advances	4.65%

Net NPAs to net advances	0.67%
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(f) Movement of Gross NPAs

(Amount Rs.'000)

Particulars	For the Quarter ended June 30, 2021
Opening Balance (As at April 1, 2021)	2,533,102
Additions during the period	930,319
Reductions during the period	2,145,954
Closing Balance (As at June 30, 2021)	1,317,467

(g) Movement of Provisions for NPAs #

(Amount Rs.'000)

Particulars	For the Quarter ended June 30, 2021
Opening balance (As at April 1, 2021)	2,125,526
Provisions made during the period	785,557
Reductions made during the period due to write-off, upgradation and recoveries	1,775,969
Any other Adjustments, including transfer between provisions	-
Write-back of excess provisions	-
Closing balance (As at June 30, 2021)	1,135,114

including provision for diminution on NPA restructured advances

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

(Amount Rs.'000)

Particulars	For the Quarter ended June 30, 2021
Write offs	1,264,320
Recoveries	218,933

(i) Movement of Provisions for Standard Assets*

(Amount Rs.'000)

Particulars	For the Quarter ended June 30, 2021
Opening balance (As at April 1, 2021)	781,882
Provisions made during the period	-
Write-back of excess provisions	39,288
Closing balance (As at June 30, 2021)	742,594

* includes provision created for Unhedged Foreign Currency Exposure, Willful Defaulters and other provisions created and recorded as part of standard asset provision, excluding provision for diminution on standard restructured advances amounting INR 45,207 ('000)

(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

As at June 30, 2021

(Amount Rs. '000)

Particulars	Gross NPA	Provision towards NPA	NPA Write offs	Provision for Standard Assets*
Mining and Quarrying	339	338	-	571
Coal	-	-	-	19
Others	339	338	-	552
Food Processing	615	480	-	2,774
Sugar	-	-	-	-
Edible Oils and Vanaspati	-	-	-	33
Tea	-	-	-	3
Coffee	-	-	-	-
Others	615	480	-	2,738
Beverages (excluding Tea & Coffee) and Tobacco	1,293	978	-	673
Tobacco and tobacco products	-	-	-	-
Others	1,293	978	-	673
Textiles	936	882	5	928
Cotton	145	145	-	445
Jute	-	-	-	4
Man-made	-	-	-	-
Others	791	737	5	479
Leather and Leather products	646	508	64	70
Leather and Leather products	646	508	64	70
Wood and Wood Products	144	144	-	163
Wood and Wood Products	144	144	-	163
Paper and Paper Products	-	-	-	73
Paper and Paper Products	-	-	-	73
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	415	316	-	27
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	415	316	-	27
Chemicals and Chemical Products (Dyes, Paints, etc.)	15,229	12,835	113	2,215
Fertilizers	-	-	-	99
Drugs and Pharmaceuticals	10,066	8,311	-	868
Petro-chemicals (excluding under Infrastructure)	-	-	-	4
Others	5,163	4,524	113	1,244
Rubber, Plastic and their Products	94	94	340	303
Rubber, Plastic and their Products	94	94	340	303
Glass & Glassware	192	192	-	64

Glass & Glassware	192	192	-	64
Cement and Cement Products	-	-	-	26
Cement and Cement Products	-	-	-	26
Basic Metal and Metal Products	161	123	6	788
Iron and Steel	153	115	-	437
Other Metal and Metal Products	8	8	6	351
All Engineering	22,984	17,755	250	4,030
Electronics	14,453	11,193	247	2,495
Others	8,531	6,562	3	1,535
Vehicles, Vehicle Parts and Transport Equipment's	7,699	5,783	-	798
Vehicles, Vehicle Parts and Transport Equipment's	7,699	5,783	-	798
Gems and Jewellery	37	28	-	28
Gems and Jewellery	37	28	-	28
Construction	6,378	4,954	1	439
Construction	6,378	4,954	1	439
Infrastructure	-	-	-	52
Energy	-	-	-	46
Gas Pipelines	-	-	-	-
Water supply pipelines	-	-	-	6
Other Industries	14,220	11,686	547	2,430
Other Industries	14,220	11,686	547	2,430
Services	108,515	86,018	92,493	18,066
Transport Operators	253	193	3,181	416
Computer Software	20,459	16,575	4,012	4,485
Tourism, Hotel and Restaurants	7,731	6,507	4,271	4,486
Professional Services	58,600	44,256	73,444	3,142
Commercial Real Estate	-	-	-	205
NBFCs	-	-	-	39
Bank's	-	-	-	4
Other Services	21,472	18,487	7,585	5289
Trade	11,477	10,780	51,765	6,160
Wholesale Trade (other than Food Procurement)	6,791	6,333	53	1,553
Retail Trade	4,686	4,447	51,712	4,607
Personal Loans	1,126,093	981,220	1,071,992	118,880
Personal Loans	1,126,093	981,220	1,071,992	118,880
Additional Provision towards COVID impacts	-	-	-	583,036
Additional Provision towards COVID impacts	-	-	-	583,036
Total	1,317,467	1,135,114	1,217,576	742,594

* includes provision created for Unhedged Foreign Currency Exposure, Willful Defaulters and other provisions created and recorded as part of standard asset provision, excluding provision for diminution on standard restructured advances amounting INR 45,207 ('000)

4. Credit Risk: Disclosures for Portfolios Subject to Standardized 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 under consumer portfolio are covered under the Specified Category attracting risk weight of 125%, card receivables under corporate portfolio are covered under the Claims on Corporates, AFCs and NBFC-IFCs Category attracting risk weight of 150% and loans to staff attract risk weight of 20% as per the RBI guidelines. All interbank balances with 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:

Risk Weight Applied*	(Amount Rs. '000) As at June 30, 2021
Below 100 % risk weight	41,466,152
100 % risk weight	2,362,494
More than 100 % risk weight	26,645,221
Deducted (in computation of Net Owned Funds)	-

* Net of provisions and collaterals

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

As at June 30, 2021

Summary comparison of accounting assets vs. leverage ratio exposure measure		
S No.	Particulars	Amount in Rs. '000
1	Total consolidated assets as per published financial statements	76,870,942
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)	18,805,430
7	Other adjustments (Debit balance in Profit & Loss Account)	(6,068,412)
8	Leverage ratio exposure	89,607,960

Leverage Ratio as at June 30, 2021

(Amount Rs.'000)

S No.	Particulars	Leverage ratio framework
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	76,870,942
2	Asset amounts deducted in determining Basel III Tier 1 capital	(6,068,412)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1, 2 and 2A)	70,802,530
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	188,054,304
18	(Adjustments for conversion to credit equivalent amounts)	(169,248,874)
19	Off-balance sheet items (sum of lines 17 and 18)	18,805,430
Capital and total exposures		
20	Tier 1 capital	16,571,944
21	Total exposures (sum of lines 3, 11, 16 and 19)	89,607,960
Leverage ratio		
22	Basel III leverage ratio	18.49%