

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, 2022. 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 two business areas viz. card operations 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, 2022	
	RWA*	Min. Cap. Req.**
Credit Risk		
- Portfolio subject to Standardized Approach	61,569,917	7,080,540
Market Risk		
- Interest Rate Risk	2,162,513	248,689
- Foreign Exchange Risk	1,687,500	194,063
Operational Risk		
- Basic Indicator Approach	28,779,005	3,309,586
Total	94,198,935	10,832,878

* RWA = Risk Weighted Assets.

** Min. Cap. Req. = Minimum Capital Requirement (including capital conservation buffer) at 11.50% of RWA.

Capital Adequacy Ratio	As at June 30, 2022
Common Equity Tier I Ratio	17.70%
Tier I Ratio	17.70%
Total Capital Ratio	32.90%

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. Corporate clients who are solely or jointly liable, are classified based on their overdue amounts. 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 2022 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 June 30, 2022

(Amount Rs.'000)

Particulars	Fund Based	Non-fund Based	Total
Domestic			
Investments	-	-	-
Advances:	-	-	-
Mining and Quarrying	109,420	-	109,420
Coal	5,000	-	5,000
Others	104,420	-	104,420
Food Processing	478,835	-	478,835
Sugar	3,700	-	3,700
Edible Oils and Vanaspati	34,200	-	34,200
Tea	1,780	-	1,780
Coffee	20,000	-	20,000
Others	419,155	-	419,155
Beverages (excluding Tea & Coffee) and Tobacco	106,200	-	106,200
Tobacco and tobacco products	350	-	350
Others	105,850	-	105,850
Textiles	404,590	-	404,590
Cotton	141,630	-	141,630
Jute	4,079	-	4,079
Man-made	-	-	-
Others	258,881	-	258,881
Leather and Leather products	52,386	-	52,386
Leather and Leather products	52,386	-	52,386
Wood and Wood Products	51,005	-	51,005
Wood and Wood Products	51,005	-	51,005
Paper and Paper Products	43,515	-	43,515
Paper and Paper Products	43,515	-	43,515
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	116,477	-	116,477
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	116,477	-	116,477
Chemicals and Chemical Products (Dyes, Paints, etc.)	1,709,344	-	1,709,344
Fertilizers	59,485	-	59,485
Drugs and Pharmaceuticals	733,154	-	733,154
Petro-chemicals (excluding under Infrastructure)	734	-	734

Others	915,971	-	915,971
Rubber, Plastic and their Products	212,413	-	212,413
Rubber, Plastic and their Products	212,413	-	212,413
Glass, Glassware and other non-metallic mineral products (Except Cement and Cement products)	51,186	-	51,186
Glass, Glassware and other non-metallic mineral products (Except Cement and Cement products)	51,186	-	51,186
Cement and Cement Products	123,776	-	123,776
Cement and Cement Products	123,776	-	123,776
Basic Metal and Metal Products	358,164	-	358,164
Iron and Steel	155,738	-	155,738
Other Metal and Metal Products	202,426	-	202,426
All Engineering	2,449,155	-	2,449,155
Electronics	935,491	-	935,491
Others	1,513,664	-	1,513,664
Vehicles, Vehicle Parts and Transport Equipment's	510,481	-	510,481
Vehicles, Vehicle Parts and Transport Equipment's	510,481	-	510,481
Gems and Jewellery	57,671	-	57,671
Gems and Jewellery	57,671	-	57,671
Construction	152,307	-	152,307
Construction	152,307	-	152,307
Infrastructure (Pertaining to Industries Sector Only)	30,719	-	30,719
Infrastructure (Pertaining to Industries Sector Only)	30,719	-	30,719
Other Industries	1,220,115	-	1,220,115
Other Industries	1,220,115	-	1,220,115
Services	13,685,415	-	13,685,415
Land Transport and Pipelines	64,513	-	64,513
Water Transport	10,720	-	10,720
Air Transport (Aviation)	41,928	-	41,928
Post and courier activities	6,930	-	6,930
Telecommunication	186,562	-	186,562
Tourism, Hotel and Restaurants	1,642,896	-	1,642,896
Scheduled Commercial Banks	1,048,963	-	1,048,963
Housing Finance Companies (HFCs)	4,206	-	4,206
Other NBFCs	70,185	-	70,185
Mutual Fund (MFs)	5,988	-	5,988
Insurance and Pension Funding, Except compulsory Social Security	46,509	-	46,509

DFIs	350	-	350
Other Financial Intermediation activities	630,200	-	630,200
Real Estate Activities (Other than Residential Mortgages)	135,176	-	135,176
Computer and Related Activities	4,336,286	-	4,336,286
Professional Services	2,863,625	-	2,863,625
Other Services	2,590,378	-	2,590,378
Trade	1,904,319	-	1,904,319
Wholesale Trade (other than Food Procurement)	449,055	-	449,055
Retail Trade	1,455,264	-	1,455,264
Personal Loans	201,570,886	-	201,570,886
Credit Card and Staff Loan	201,570,886		201,570,886
Total	225,398,379		225,398,379

(b) Maturity pattern of total assets:

As at June 30, 2022

(Amount Rs.'000)

	Cash and Balances with RBI	Balances with Banks	Investments	Advances (Net)	Fixed Assets	Other Assets	Total
1 – 14 days	495,490	82,722	25,826,523	10,461,737	-	1,071,851	37,938,323
15 – 30 days	216,306	6,408	761,602	11,956,271	-	983,147	13,923,734
31 days – 2 months	115,067	3,413	405,578	1,757,759	-	399,991	2,681,808
2 months – 3 months	69,414	2,057	244,530	1,400,256	-	-	1,716,257
3 months – 6 months	174,370	5,907	702,070	4,009,527	-	-	4,891,874
6 months – 1 year	315,920	9,372	1,113,899	2,359,523	-	-	3,798,714
1 year – 3 years	834,604	24,700	2,935,580	6,044,984	-	137,672	9,977,540
3 years – 5 years	465,584	13,812	1,641,597	886,039	-	925,297	3,932,329
Over 5 years	368,853	10,943	1,300,529	330,508	5,364,280	1,072,341	8,447,454
TOTAL	3,055,608	159,334	34,931,908	39,206,604	5,364,280	4,590,299	87,308,033

(c) Amount of NPAs (Gross) - Total**(Amount Rs.'000)**

Non performing asset category	As at June 30, 2022
Sub standard	1,360,158
Doubtful	1,733,800
Loss	-
Total	3,093,958

(d) Net NPAs**(Amount Rs.'000)**

Net Non performing asset category	As at June 30, 2022
Sub- Standard	295,118
Doubtful	-
Loss	-
Total	295,118

(e) NPA Ratios**(Amount Rs.'000)**

Particulars	As at June 30, 2022
Gross NPA as a ratio to gross advances	7.36%
Net NPAs to net advances	0.75%

(f) Movement of Gross NPAs**(Amount Rs.'000)**

Particulars	For the Quarter ended June 30, 2022
Opening Balance (As at April 1, 2022)	2,273,532
Additions during the period	4,530,285
Reductions during the period	3,709,859
Closing Balance (As at June 30, 2022)	3,093,958

(g) Movement of Provisions for NPAs #**(Amount Rs.'000)**

Particulars	For the Quarter ended June 30, 2022
Opening balance (As at April 1, 2022)	2,068,612
Provisions made during the period	4,065,233
Reductions made during the period due to write-off, upgradation and recoveries	3,335,005
Any other Adjustments, including transfer between provisions	-
Write-back of excess provisions	-
Closing balance (As at June 30, 2022)	2,798,840

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 year ended June 30, 2022
Write offs	241,932
Recoveries	179,269

(i) Movement of Provisions for Standard Assets*

(Amount Rs.'000)

Particulars	For the year ended June 30, 2022
Opening balance (As at April 1, 2022)	491,777
Provisions made during the period	-
Write-back of excess provisions	112,134
Closing balance (As at June 30, 2022)	379,643

* 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 22,847 ('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, 2022

(Amount Rs. '000)

Particulars	Gross NPA	Provision towards NPA	NPA Write offs	Provision for Standard Assets*
Mining and Quarrying	23	23	-	731
Coal	-	-	-	14
Others	23	23	-	717
Food Processing	1,057	851	-	3,681
Sugar	-	-	-	1
Edible Oils and Vanaspati	-	-	-	50
Tea	-	-	-	15
Coffee	-	-	-	48
Others	1,057	851	-	3,567
Beverages (excluding Tea & Coffee) and Tobacco	32,163	32,163	-	495
Tobacco and tobacco products	-	-	-	-
Others	32,163	32,163	-	495
Textiles	1,963	1,926	3	1,484

Cotton	29	29	1	539
Jute	-	-	-	12
Man-made	-	-	-	-
Others	1,934	1,897	2	933
Leather and Leather products	10,450	8,186	2	173
Leather and Leather products	10,450	8,186	2	173
Wood and Wood Products	397	397	-	168
Wood and Wood Products	397	397	-	168
Paper and Paper Products	-	-	-	103
Paper and Paper Products	-	-	-	103
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-	-	584
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-	-	584
Chemicals and Chemical Products (Dyes, Paints, etc.)	102,830	96,670	8	27,240
Fertilizers	145	112	-	307
Drugs and Pharmaceuticals	66,613	61,002	7	3,076
Petro-chemicals (excluding under Infrastructure)	-	-	-	19
Others	36,072	35,556	1	23,838
Rubber, Plastic and their Products	123	123	-	448
Rubber, Plastic and their Products	123	123	-	448
Glass, Glassware and other non-metallic mineral products (Except Cement and Cement products)	125	125	-	100
Glass, Glassware and other non-metallic mineral products (Except Cement and Cement products)	125	125	-	100
Cement and Cement Products	-	-	-	48
Cement and Cement Products	-	-	-	48
Basic Metal and Metal Products	1,164	1,164	22	1,353
Iron and Steel	436	436	-	567
Other Metal and Metal Products	728	728	22	786
All Engineering	196,881	169,874	173	27,601
Electronics	81,854	65,740	157	22,852
Others	115,027	104,134	16	4,749
Vehicles, Vehicle Parts and Transport Equipment's	73,253	72,466	-	1,918
Vehicles, Vehicle Parts and Transport Equipment's	73,253	72,466	-	1,918
Gems and Jewellery	83	83	-	54
Gems and Jewellery	83	83	-	54
Construction	4,311	4,239	541	877
Construction	4,311	4,239	541	877
Infrastructure (Pertaining to Industries Sector Only)	5	5	-	80

Infrastructure (Pertaining to Industries Sector Only)	5	5	-	80
Other Industries	8,553	7,239	2,907	2,992
Other Industries	8,553	7,239	2,907	2,992
Services	1,490,798	1,327,573	5,506	141,329
Land Transport and Pipelines	3,389	3,389	-	272
Water Transport	-	-	-	24
Air Transport (Aviation)	3,043	3,040	-	303
Post and courier activities	2,962	2,962	233	30
Telecommunication	16,813	16,813	-	8,824
Tourism, Hotel and Restaurants	49,057	40,583	-	9,226
Scheduled Commercial Banks	4,875	4,862	-	239
Housing Finance Companies (HFCs)	-	-	-	15
Other NBFCs	-	-	-	33
Mutual Fund (MFs)	-	-	-	27
Insurance and Pension Funding, Except compulsory Social Security	275	275	-	140
DFIs	-	-	-	-
Other Financial Intermediation activities	10,703	8,934	1	4,657
Real Estate Activities (Other than Residential Mortgages)	1,549	1,397	-	420
Computer and Related Activities	588,648	488,020	1,124	19,584
Professional Services	627,093	599,371	579	15,412
Other Services	182,391	157,927	3,569	82,123
Trade	32,741	31,906	147	7,612
Wholesale Trade (other than Food Procurement)	23,318	22,520	147	1,694
Retail Trade	9,423	9,386	-	5,918
Personal Loans	1,137,038	1,001,907	162,658	137,572
Credit Card and Staff Loan	1,137,038	1,001,907	162,658	137,572
Additional Provision towards COVID impacts	-	-	-	23,000
Additional Provision towards COVID impacts	-	-	-	23,000
Total	3,093,958	2,756,920	171,967	379,643

* 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 22,847 ('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, 2022
Below 100 % risk weight	39,295,425
100 % risk weight	9,101,140
More than 100 % risk weight	38,708,555
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, 2022

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	93,271,075
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)	18,488,248
7	Other adjustments (Debit balance in Profit & Loss Account)	(5,963,042)
8	Leverage ratio exposure	105,796,281

Leverage Ratio as at June 30, 2022

(Amount Rs.'000)

S No.	Particulars	Leverage ratio
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	93,271,074
2	Asset amounts deducted in determining Basel III Tier 1 capital	(5,963,041)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1, 2 and 2A)	87,308,033
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	-
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	184,882,484
18	(Adjustments for conversion to credit equivalent amounts)	(166,394,236)
19	Off-balance sheet items (sum of lines 17 and 18)	18,488,248
Capital and total exposures		
20	Tier 1 capital	16,677,315
21	Total exposures (sum of lines 3, 11, 16 and 19)	105,796,281
Leverage ratio		
22	Basel III leverage ratio	15.76%