

## **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 December 31, 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 December 31, 2021	
	RWA*	Min. Cap. Req.**
Credit Risk		
- Portfolio subject to Standardized Approach	53,415,774	6,142,814
Market Risk		
- Interest Rate Risk	1,680,400	193,246
- Foreign Exchange Risk	1,687,500	194,063
Operational Risk		
- Basic Indicator Approach	31,546,122	3,627,804
<b>Total</b>	<b>88,329,796</b>	<b>10,157,927</b>

\* RWA = Risk Weighted Assets.

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

Capital Adequacy Ratio	As at December 31, 2021
Common Equity Tier I Ratio	18.29%
Tier I Ratio	18.29%
Total Capital Ratio	29.42%

**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 31st December 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 December 31, 2021**

**(Amount Rs.'000)**

Particulars	Fund Based	Non-fund Based	Total
<b>Domestic</b>			
Investments	-	-	-
Advances:	-	-	-
<b>Mining and Quarrying</b>	<b>65,194</b>	-	<b>65,194</b>
Coal	5,000	-	5,000
Others	60,194	-	60,194
<b>Food Processing</b>	<b>300,769</b>	-	<b>300,769</b>
Sugar	3,700	-	3,700
Edible Oils and Vanaspati	28,653	-	28,653
Tea	1,796	-	1,796
Coffee	20,000	-	20,000
Others	246,620	-	246,620
<b>Beverages (excluding Tea &amp; Coffee) and Tobacco</b>	<b>71,474</b>	-	<b>71,474</b>
Tobacco and tobacco products	350	-	350
Others	71,124	-	71,124
<b>Textiles</b>	<b>402,284</b>	-	<b>402,284</b>
Cotton	131,544	-	131,544
Jute	4,081	-	4,081
Man-made	-	-	-
Others	266,659	-	266,659
<b>Leather and Leather products</b>	<b>54,786</b>	-	<b>54,786</b>
Leather and Leather products	54,786	-	54,786
<b>Wood and Wood Products</b>	<b>55,167</b>	-	<b>55,167</b>
Wood and Wood Products	55,167	-	55,167
<b>Paper and Paper Products</b>	<b>57,479</b>	-	<b>57,479</b>
Paper and Paper Products	57,479	-	57,479
<b>Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels</b>	<b>42,802</b>	-	<b>42,802</b>
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	42,802	-	42,802
<b>Chemicals and Chemical Products (Dyes, Paints, etc.)</b>	<b>1,180,196</b>	-	<b>1,180,196</b>
Fertilizers	69,555	-	69,555
Drugs and Pharmaceuticals	603,384	-	603,384
Petro-chemicals (excluding under Infrastructure)	1,084	-	1,084
Others	506,173	-	506,173

<b>Rubber, Plastic and their Products</b>	<b>194,142</b>	-	<b>194,142</b>
Rubber, Plastic and their Products	194,142	-	194,142
<b>Glass &amp; Glassware</b>	<b>46,976</b>	-	<b>46,976</b>
Glass & Glassware	46,976	-	46,976
<b>Cement and Cement Products</b>	<b>124,710</b>	-	<b>124,710</b>
Cement and Cement Products	124,710	-	124,710
<b>Basic Metal and Metal Products</b>	<b>335,091</b>	-	<b>335,091</b>
Iron and Steel	141,012	-	141,012
Other Metal and Metal Products	194,079	-	194,079
<b>All Engineering</b>	<b>1,886,508</b>	-	<b>1,886,508</b>
Electronics	604,416	-	604,416
Others	1,282,092	-	1,282,092
<b>Vehicles, Vehicle Parts and Transport Equipment's</b>	<b>446,896</b>	-	<b>446,896</b>
Vehicles, Vehicle Parts and Transport Equipment's	446,896	-	446,896
<b>Gems and Jewellery</b>	<b>46,292</b>	-	<b>46,292</b>
Gems and Jewellery	46,292	-	46,292
<b>Construction</b>	<b>135,587</b>	-	<b>135,587</b>
Construction	135,587	-	135,587
<b>Infrastructure</b>	<b>29,838</b>	-	<b>29,838</b>
Energy	28,113	-	28,113
Gas Pipelines	0	-	0
Water supply pipelines	1,725	-	1,725
<b>Other Industries</b>	<b>1,226,346</b>	-	<b>1,226,346</b>
Other Industries	1,226,346	-	1,226,346
<b>Service</b>	<b>10,475,228</b>	-	<b>10,475,228</b>
Transport Operators	115,182	-	115,182
Computer Software	3,007,136	-	3,007,136
Tourism, Hotel and Restaurants	1,454,265	-	1,454,265
Professional Services	1,581,763	-	1,581,763
Commercial Real Estate	90,825	-	90,825
NBFCs	71,460	-	71,460
Bank's	227,633	-	227,633
Other Services	3,926,964	-	3,926,964
<b>Trade</b>	<b>1,765,639</b>	-	<b>1,765,639</b>
Wholesale Trade (other than Food Procurement)	419,062	-	419,062
Retail Trade	1,346,577	-	1,346,577
<b>Personal Loans</b>	<b>202,283,701</b>	-	<b>202,283,701</b>
Credit Card and Staff Loan	202,283,701	-	202,283,701
<b>Total</b>	<b>221,227,105</b>	-	<b>221,227,105</b>

**(b) Maturity pattern of total assets:**

**As at December 31, 2021**

**(Amount Rs.'000)**

	Cash and Balances with RBI	Balances with Banks	Investments	Advances (Net)	Fixed Assets	Other Assets	Total
1 – 14 days	414,144	73,168	23,670,333	9,036,388	-	876,293	34,070,326
15 – 30 days	163,323	5,213	606,567	10,327,300	-	2,010,698	13,113,101
31 days – 2 months	98,298	3,139	365,266	1,651,090	-	116,857	2,234,650
2 months – 3 months	153,818	4,914	571,701	1,504,904	-	-	2,235,337
3 months – 6 months	123,716	3,948	459,341	3,387,850	-	-	3,974,855
6 months – 1 year	292,372	9,850	1,146,065	2,166,277	-	-	3,614,564
1 year – 3 years	500,058	15,916	1,851,829	5,931,580	-	133,536	8,432,919
3 years – 5 years	612,059	19,551	2,274,723	169,186	-	471,682	3,547,201
Over 5 years	17,909	571	66,560	62,332	5,204,984	1,361,520	6,713,876
<b>TOTAL</b>	<b>2,375,697</b>	<b>136,270</b>	<b>31,012,385</b>	<b>34,236,907</b>	<b>5,204,984</b>	<b>4,970,586</b>	<b>77,936,829</b>

**(c) Amount of NPAs (Gross) - Total**

**(Amount Rs.'000)**

Non performing asset category	As at December 31, 2021
Sub standard	994,668
Doubtful	717,773
Loss	18,675
<b>Total</b>	<b>1,731,116</b>

**(d) Net NPAs**

**(Amount Rs.'000)**

Net Non performing asset category	As at December 31, 2021
Sub- Standard	169,186
Doubtful	-
Loss	-
<b>Total</b>	<b>169,186</b>

**(e) NPA Ratios**

(Amount Rs.'000)

Particulars	As at December 31, 2021
Gross NPA as a ratio to gross advances	4.83%
Net NPAs to net advances	0.49%

**(f) Movement of Gross NPAs**

(Amount Rs.'000)

Particulars	For the Nine-months ended December 31, 2021
Opening Balance (As at April 1, 2021)	2,533,102
Additions during the period	4,502,827
Reductions during the period	5,304,813
Closing Balance (As at December 31, 2021)	1,731,116

**(g) Movement of Provisions for NPAs #**

(Amount Rs.'000)

Particulars	For the Nine-months ended December 31, 2021
Opening balance (As at April 1, 2021)	2,125,526
Provisions made during the period	3,892,899
Reductions made during the period due to write-off, upgradation and recoveries	4,456,496
Any other Adjustments, including transfer between provisions	-
Write-back of excess provisions	-
Closing balance (As at December 31, 2021)	1,561,929

# 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 Nine-months ended December 31, 2021
Write offs	2,003,518
Recoveries	630,849

**(i) Movement of Provisions for Standard Assets\***

(Amount Rs.'000)

Particulars	For the Nine-months ended December 31, 2021
Opening balance (As at April 1, 2021)	781,882
Provisions made during the period	3,415
Write-back of excess provisions	-
Closing balance (As at December 31, 2021)	785,298

\* 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 36,384 ('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 December 31, 2021

(Amount Rs. '000)

Particulars	Gross NPA	Provision towards NPA	NPA Write offs	Provision for Standard Assets*
<b>Mining and Quarrying</b>	<b>271</b>	<b>203</b>	-	<b>371</b>
Coal	-	-	-	12
Others	271	203	-	359
<b>Food Processing</b>	<b>275</b>	<b>275</b>	<b>5</b>	<b>1,102</b>
Sugar	75	75	-	4
Edible Oils and Vanaspati	-	-	-	71
Tea	-	-	-	4
Coffee	-	-	-	22
Others	200	200	5	1,001
<b>Beverages (excluding Tea &amp; Coffee) and Tobacco</b>	<b>9,337</b>	<b>9,337</b>	<b>12</b>	<b>223</b>
Tobacco and tobacco products	-	-	-	-
Others	9,337	9,337	12	223
<b>Textiles</b>	<b>2,215</b>	<b>1,857</b>	<b>118</b>	<b>1,446</b>
Cotton	1,049	819	-	801
Jute	2	2	-	23
Man-made	-	-	-	-
Others	1,164	1,036	118	622
<b>Leather and Leather products</b>	<b>2,456</b>	<b>1,847</b>	<b>172</b>	<b>123</b>
Leather and Leather products	2,456	1,847	172	123
<b>Wood and Wood Products</b>	<b>135</b>	<b>135</b>	-	<b>143</b>
Wood and Wood Products	135	135	-	143
<b>Paper and Paper Products</b>	<b>2</b>	<b>2</b>	-	<b>103</b>
Paper and Paper Products	2	2	-	103
<b>Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels</b>	<b>840</b>	<b>630</b>	-	<b>80</b>
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	840	630	-	80
<b>Chemicals and Chemical Products (Dyes, Paints, etc.)</b>	<b>43,989</b>	<b>39,349</b>	<b>262</b>	<b>3,795</b>
Fertilizers	-	-	-	252
Drugs and Pharmaceuticals	26,661	22,176	65	2,112
Petro-chemicals (excluding under	-	-	-	4

Infrastructure)				
Others	17,328	17,173	197	1,427
<b>Rubber, Plastic and their Products</b>	<b>57</b>	<b>43</b>	<b>340</b>	<b>420</b>
Rubber, Plastic and their Products	57	43	340	420
<b>Glass &amp; Glassware</b>	-	-	-	<b>78</b>
Glass & Glassware	-	-	-	78
<b>Cement and Cement Products</b>	-	-	-	<b>45</b>
Cement and Cement Products	-	-	-	45
<b>Basic Metal and Metal Products</b>	<b>715</b>	<b>690</b>	<b>12</b>	<b>1,020</b>
Iron and Steel	425	425	-	468
Other Metal and Metal Products	290	265	12	552
<b>All Engineering</b>	<b>118,495</b>	<b>100,752</b>	<b>990</b>	<b>13,798</b>
Electronics	84,904	67,583	545	11,245
Others	33,591	33,169	445	2,553
<b>Vehicles, Vehicle Parts and Transport Equipment's</b>	<b>36,596</b>	<b>27,772</b>	<b>391</b>	<b>631</b>
Vehicles, Vehicle Parts and Transport Equipment's	36,596	27,772	391	631
<b>Gems and Jewellery</b>	<b>173</b>	<b>173</b>	<b>79</b>	<b>34</b>
Gems and Jewellery	173	173	79	34
<b>Construction</b>	<b>1,044</b>	<b>920</b>	<b>3</b>	<b>390</b>
Construction	1,044	920	3	390
<b>Infrastructure</b>	-	-	<b>1</b>	<b>51</b>
Energy	-	-	-	44
Gas Pipelines	-	-	-	-
Water supply pipelines	-	-	-	7
<b>Other Industries</b>	<b>7,625</b>	<b>6,910</b>	<b>6,201</b>	<b>2,169</b>
Other Industries	7,625	6,910	6,201	2,169
<b>Services</b>	<b>470,759</b>	<b>436,125</b>	<b>96,455</b>	<b>31,034</b>
Transport Operators	1,589	1,571	3,181	584
Computer Software	64,880	61,210	6,035	9,250
Tourism, Hotel and Restaurants	15,926	14,445	4,432	5,640
Professional Services	239,066	216,459	73,993	5,907
Commercial Real Estate	665	620	4	507
NBFCs	374	374	-	158
Bank's	1,120	1,102	1	13
Other Services	147,139	140,344	8,809	8,975
<b>Trade</b>	<b>14,764</b>	<b>13,414</b>	<b>54,356</b>	<b>5,868</b>
Wholesale Trade (other than Food Procurement)	7,422	6,182	2,644	865
Retail Trade	7,342	7,232	51,712	5,003
<b>Retail Loans</b>	<b>1,021,368</b>	<b>921,495</b>	<b>1,778,957</b>	<b>139,338</b>
Credit Card Receivables	1,021,368	921,495	1,778,957	139,338
<b>Additional Provision towards COVID impacts</b>	-	-	-	<b>583,036</b>

Additional Provision towards COVID impacts	-	-	-	583,036
<b>Total</b>	<b>1,731,116</b>	<b>1,561,929</b>	<b>1,938,354</b>	<b>785,298</b>

\* 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 36,384 ('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:

(Amount Rs.'000)

Risk Weight Applied*	As at December 31, 2021
Below 100 % risk weight	34,669,901
100 % risk weight	9,199,235
More than 100 % risk weight	33,855,740
Deducted (in computation of Net Owned Funds)	-

\* Net of provisions and collaterals

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

As at December 31, 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	84,424,679
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)	18,596,435
7	Other adjustments (Debit balance in Profit & Loss Account)	(6,487,850)
8	<b>Leverage ratio exposure</b>	<b>96,533,264</b>

**Leverage Ratio as at December 31, 2021**

(Amount Rs.'000)

S No.	Particulars	Leverage ratio framework
<b>On-balance sheet exposures</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	84,424,679
2	Asset amounts deducted in determining Basel III Tier 1 capital	(6,487,850)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1, 2 and 2A)	<b>77,936,829</b>
<b>Derivative exposures</b>		
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)	-
<b>Securities financing transaction exposures</b>		
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)	-
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	185,964,353
18	(Adjustments for conversion to credit equivalent amounts)	(167,367,918)
19	Off-balance sheet items (sum of lines 17 and 18)	18,596,435
<b>Capital and total exposures</b>		

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20	Tier 1 capital	16,152,506
21	Total exposures (sum of lines 3, 11, 16 and 19)	<b>96,533,264</b>
<b>Leverage ratio</b>		
22	<b>Basel III leverage ratio</b>	<b>16.73%</b>