

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, 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 December 31, 2022	
	RWA*	Min. Cap. Req.**
Credit Risk		
- Portfolio subject to Standardized Approach	58,226,183	6,696,011
Market Risk		
- Interest Rate Risk	2,521,175	289,935
- Foreign Exchange Risk	1,687,500	194,063
Operational Risk		
- Basic Indicator Approach	28,779,005	3,309,586
Total	91,213,863	10,489,595

* 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, 2022
Common Equity Tier I Ratio	18.54%
Tier I Ratio	18.54%
Total Capital Ratio	32.41%

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 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, 2022

(Amount Rs.'000)

Particulars	Fund Based	Non-fund Based	Total
Domestic			
Investments	-	-	-
Advances:	-	-	-
Mining and Quarrying	77,331	-	77,331
Coal	5,000	-	5,000
Others	72,331	-	72,331
Food Processing	376,201	-	376,201
Sugar	3,700	-	3,700
Edible Oils and Vanaspati	33,374	-	33,374
Tea	1,764	-	1,764
Coffee	20,000	-	20,000
Others	317,363	-	317,363
Beverages (excluding Tea & Coffee) and Tobacco	136,277	-	136,277
Tobacco and tobacco products	350	-	350
Others	135,927	-	135,927
Textiles	439,506	-	439,506
Cotton	140,497	-	140,497
Jute	4,079	-	4,079
Man-made	0.00	-	0
Others	294,930	-	294,930
Leather and Leather products	57,536	-	57,536
Leather and Leather products	57,536	-	57,536
Wood and Wood Products	49,870	-	49,870
Wood and Wood Products	49,870	-	49,870
Paper and Paper Products	45,944	-	45,944
Paper and Paper Products	45,944	-	45,944
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	135,887	-	135,887
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	135,887	-	135,887
Chemicals and Chemical Products (Dyes, Paints, etc.)	1,727,721	-	1,727,721
Fertilizers	60,194	-	60,194
Drugs and Pharmaceuticals	795,630	-	795,630
Petro-chemicals (excluding under Infrastructure)	734	-	734
Others	871,163	-	871,163
Rubber, Plastic and their Products	214,848	-	214,848
Rubber, Plastic and their Products	214,848	-	214,848
Glass, Glassware and other non-metallic mineral products (Except Cement and Cement products)	51,579	-	51,579

Glass, Glassware and other non-metallic mineral products (Except Cement and Cement products)	51,579	-	51,579
Cement and Cement Products	123,776	-	123,776
Cement and Cement Products	123,776	-	123,776
Basic Metal and Metal Products	358,968	-	358,968
Iron and Steel	156,898	-	156,898
Other Metal and Metal Products	202,070	-	202,070
All Engineering	2,416,357	-	2,416,357
Electronics	1,111,709	-	1,111,709
Others	1,304,648	-	1,304,648
Vehicles, Vehicle Parts and Transport Equipment's	548,251	-	548,251
Vehicles, Vehicle Parts and Transport Equipment's	548,251	-	548,251
Gems and Jewellery	50,062	-	50,062
Gems and Jewellery	50,062	-	50,062
Construction	203,279	-	203,279
Construction	203,279	-	203,279
Infrastructure (Pertaining to Industries Sector Only)	32,803	-	32,803
Infrastructure (Pertaining to Industries Sector Only)	32,803	-	32,803
Other Industries	1,279,740	-	1,279,740
Other Industries	1,279,740	-	1,279,740
Services	15,548,826	-	15,548,826
Land Transport and Pipelines	66,403	-	66,403
Water Transport	10,720	-	10,720
Air Transport (Aviation)	40,113	-	40,113
Post and courier activities	4,930	-	4,930
Telecommunication	266,352	-	266,352
Tourism, Hotel and Restaurants	1,821,058	-	1,821,058
Scheduled Commercial Banks	763,337	-	763,337
Housing Finance Companies (HFCs)	4,410	-	4,410
Other NBFCs	69,503	-	69,503
Mutual Fund (MFs)	14,750	-	14,750
Insurance and Pension Funding, Except compulsory Social Security	48,956	-	48,956
DFIs	350	-	350
Other Financial Intermediation activities (please specify)	814,197	-	814,197
Real Estate Activities (Other than Residential Mortgages)	135,710	-	135,710
Computer and Related Activities	5,167,170	-	5,167,170
Professional Services	3,655,389	-	3,655,389
Other Services	2,665,478	-	2,665,478
Trade	2,009,131	-	2,009,131
Wholesale Trade (other than Food Procurement)	490,408	-	490,408
Retail Trade	1,518,723	-	1,518,723
Personal Loans	201,498,498	-	201,498,498
Credit Card and Staff Loan	201,498,498	-	201,498,498
Total	227,382,391	-	227,382,391

(b) Maturity pattern of total assets:

As at December 31, 2022

(Amount Rs.'000)

	Cash and Balances with RBI	Balances with Banks	Investments	Advances (Net)	Fixed Assets	Other Assets	Total
1 - 14 days	582,972	66,636	32,579,535	12,207,620	-	1,615,229	47,051,992
15 - 30 days	195,909	28	693,993	13,951,565	-	711,157	15,552,652
31 days - 2 months	140,806	20	499,783	1,947,898	-	210,803	2,799,310
2 months - 3 months	129,274	24	597,805	945,631	-	-	1,672,734
3 months - 6 months	157,560	22	559,570	1,726,235	-	-	2,443,387
6 months - 1 year	256,455	36	911,329	2,272,920	-	-	3,440,740
1 year - 3 years	1,345,346	189	4,772,219	3,904,436	-	137,768	10,159,958
3 years - 5 years	349,348	49	1,241,160	435,716	-	925,903	2,952,176
Over 5 years	27,938	5	99,254	105,704	4,984,017	1,115,788	6,332,706
TOTAL	3,185,608	67,009	41,954,648	37,497,725	4,984,017	4,716,648	92,405,655

(c) Amount of NPAs (Gross) - Total

(Amount Rs.'000)

Non performing asset category	As at December 31, 2022
Sub standard	1,344,020
Doubtful	1,387,258
Loss	-
Total	2,731,278

(d) Net NPAs

(Amount Rs.'000)

Net Non performing asset category	As at December 31, 2022
Sub- Standard	435,716
Doubtful	-

Loss	-
Total	435,716

(e) NPA Ratios

(Amount Rs.'000)

Particulars	As at December 31, 2022
Gross NPA as a ratio to gross advances	6.86%
Net NPAs to net advances	1.16%

(f) Movement of Gross NPAs

(Amount Rs.'000)

Particulars	For the Nine-month ended December 31, 2022
Opening Balance (As at April 1, 2022)	2,273,532
Additions during the period	14,282,331
Reductions during the period	13,824,585
Closing Balance (As at December 31, 2022)	2,731,278

(g) Movement of Provisions for NPAs #

(Amount Rs.'000)

Particulars	For the Nine-month ended December 31, 2022
Opening balance (As at April 1, 2022)	2,068,612
Provisions made during the period	12,056,389
Reductions made during the period due to write-off, upgradation and recoveries	11,829,439
Any other Adjustments, including transfer between provisions	-
Write-back of excess provisions	-
Closing balance (As at December 31, 2022)	2,295,562

#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-month ended December 31, 2022
Write offs	668,657
Recoveries	503,343

(i) Movement of Provisions for Standard Assets*

(Amount Rs.'000)

Particulars	For the Nine-month ended December 31, 2022
Opening balance (As at April 1, 2022)	491,777
Provisions made during the period	-
Write-back of excess provisions	234,355
Closing balance (As at December 31, 2022)	257,422

* 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 19,272 ('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, 2022

(Amount Rs. '000)

Particulars	Gross NPA	Provision towards NPA	NPA Write offs	Provision for Standard Assets*
Mining and Quarrying	2,086	1,251	-	422
Coal	-	-	-	-
Others	2,086	1,251	-	422
Food Processing	272	229	-	834
Sugar	-	-	-	2
Edible Oils and Vanaspati	-	-	-	34
Tea	-	-	-	11
Coffee	-	-	-	154
Others	163	164	-	633
Beverages (excluding Tea & Coffee) and Tobacco	30,356	30,355	-	426
Tobacco and tobacco products	-	-	-	-
Others	30,356	30,355	-	426
Textiles	3,970	3,772	527	1,502
Cotton	-	-	-	361
Jute	-	-	-	8
Man-made	-	-	-	-
Others	3,970	3,772	518	1,133
Leather and Leather products	8,515	5,403	2	144
Leather and Leather products	8,515	5,403	2	144
Wood and Wood Products	415	277	-	174
Wood and Wood Products	415	277	-	174
Paper and Paper Products	-	-	-	74
Paper and Paper Products	-	-	-	74
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-	-	1,164
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-	-	1,164

Chemicals and Chemical Products (Dyes, Paints, etc.)	66,484	55,992	330	5,551
Fertilizers	97	58	-	207
Drugs and Pharmaceuticals	28,046	18,579	320	2,395
Petro-chemicals (excluding under Infrastructure)	-	-	-	19
Others	38,341	37,355	10	2,930
Rubber, Plastic, and their Products	28	28	-	468
Rubber, Plastic and their Products	28	28	-	468
Glass, Glassware, and other non-metallic mineral products (Except Cement and Cement products)	128	77	-	114
Glass, Glassware and other non-metallic mineral products (Except Cement and Cement products)	128	77	-	114
Cement and Cement Products	-	-	-	89
Cement and Cement Products	-	-	-	89
Basic Metal and Metal Products	2,880	2,269	22	1,162
Iron and Steel	2,369	1,758	-	533
Other Metal and Metal Products	511	511	22	629
All Engineering	156,258	115,178	1,894	36,493
Electronics	88,965	60,826	883	33,341
Others	67,293	54,352	1,011	3,152
Vehicles, Vehicle Parts and Transport Equipment's	2,931	2,345	376	1,389
Vehicles, Vehicle Parts and Transport Equipment's	2,931	2,345	376	1,389
Gems and Jewellery	182	182	-	46
Gems and Jewellery	182	182	-	46
Construction	1,183	864	541	760
Construction	1,183	864	541	760
Infrastructure (Pertaining to Industries Sector Only)	-	-	-	72
Infrastructure (Pertaining to Industries Sector Only)	-	-	-	72
Other Industries	121,507	107,391	3,608	2,744
Other Industries	121,507	107,391	3,608	2,744
Services	1,376,523	1,168,551	9,322	62,609
Land Transport and Pipelines	1,784	1,784	-	236
Water Transport	-	-	-	25
Air Transport (Aviation)	393	392	-	215
Post and courier activities	-	-	233	6
Telecommunication	10,597	10,575	47	955

Tourism, Hotel and Restaurants	35,493	27,546	187	9,168
Scheduled Commercial Banks	162	162	-	230
Housing Finance Companies (HFCs)	-	-	-	4
Other NBFCs	-	-	-	43
Mutual Fund (MFs)	-	-	-	33
Insurance and Pension Funding, Except compulsory Social Security	3,391	2,075	-	139
DFIs	-	-	-	-
Other Financial Intermediation activities	61,665	37,209	-	2,550
Real Estate Activities (Other than Residential Mortgages)	770	465	-	428
Computer and Related Activities	495,031	407,385	2,008	27,894
Professional Services	548,987	476,762	2,307	13,645
Other Services	218,004	203,950	4,527	7,037
Trade	55,160	44,544	970	8,573
Wholesale Trade (other than Food Procurement)	24,478	24,154	969	1,710
Retail Trade	30,682	20,390	1	6,863
Personal Loans	902,400	714,630	567,375	132,612
Credit Card and Staff Loan	902,400	714,630	567,375	132,612
Total	2,731,278	2,253,338	584,967	257,422

* 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 19,272 ('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 December 31, 2022
Below 100 % risk weight	46,133,175
100 % risk weight	9,210,478

More than 100 % risk weight	36,827,474
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, 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	98,132,561
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)	18,918,295
7	Other adjustments (Debit balance in Profit & Loss Account)	(5,726,906)
8	Leverage ratio exposure	111,323,950

Leverage Ratio as at December 31, 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)	98,132,561
2	Asset amounts deducted in determining Basel III Tier 1 capital	(5,726,906)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1, 2 and 2A)	92,405,655
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	189,182,946
18	(Adjustments for conversion to credit equivalent amounts)	-170,264,651
19	Off-balance sheet items (sum of lines 17 and 18)	18,918,295
Capital and total exposures		
20	Tier 1 capital	16,913,450
21	Total exposures (sum of lines 3, 11, 16 and 19)	111,323,950
Leverage ratio		
22	Basel III leverage ratio	15.19%