

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, 2020. 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, 2020	
	RWA*	Min. Cap. Req.**
Credit Risk		
- Portfolio subject to Standardized Approach	48,012,633	5,221,374
Market Risk		
- Interest Rate Risk	1,599,138	173,906
- Foreign Exchange Risk	1,687,500	183,516
Operational Risk		
- Basic Indicator Approach	32,734,489	3,559,876
Total	84,033,760	9,138,672

* RWA = Risk Weighted Assets.

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

Capital Adequacy Ratio	As at December 31, 2020
Common Equity Tier I Ratio	17.38%
Tier I Ratio	17.38%
Total Capital Ratio	36.38%

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 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.
- 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 2020 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

(Amount Rs.'000)

As at Dec 31, 2020			
	Fund Based	Non- fund Based	Total
Domestic			
Investments	-	-	-
Advances:	-	-	-
Mining and Quarrying	178,095	-	178,095
Coal	5,000	-	5,000
Others	173,095	-	173,095
Food Processing	440,204	-	440,204
Sugar	4,050	-	4,050
Edible Oils and Vanaspati	15,087	-	15,087
Tea	2,397	-	2,397
Coffee	20,000	-	20,000
Others	398,670	-	398,670
Beverages (excluding Tea & Coffee) and Tobacco	120,641	-	120,641
Tobacco and tobacco products	1,773	-	1,773
Others	118,868	-	118,868
Textiles	397,965	-	397,965
Cotton	148,924	-	148,924
Jute	4,635	-	4,635
Man-made	3,300	-	3,300
Others	241,106	-	241,106
Leather and Leather products	64,525	-	64,525
Leather and Leather products	64,525	-	64,525
Wood and Wood Products	54,643	-	54,643
Wood and Wood Products	54,643	-	54,643
Paper and Paper Products	53,280	-	53,280
Paper and Paper Products	53,280	-	53,280
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	49,007	-	49,007
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	49,007	-	49,007
Chemicals and Chemical Products (Dyes, Paints, etc.)	1,541,943	-	1,541,943

Fertilizers	87,816	-	87,816
Drugs and Pharmaceuticals	780,515	-	780,515
Petro-chemicals (excluding under Infrastructure)	1,507	-	1,507
Others	672,105	-	672,105
Rubber, Plastic and their Products	206,754	-	206,754
Rubber, Plastic and their Products	206,754	-	206,754
Glass & Glassware	52,126	-	52,126
Glass & Glassware	52,126	-	52,126
Cement and Cement Products	122,454	-	122,454
Cement and Cement Products	122,454	-	122,454
Basic Metal and Metal Products	285,917	-	285,917
Iron and Steel	141,954	-	141,954
Other Metal and Metal Products	143,963	-	143,963
All Engineering	1,914,240	-	1,914,240
Electronics	604,838	-	604,838
Others	1,309,402	-	1,309,402
Vehicles, Vehicle Parts and Transport Equipment's	434,088	-	434,088
Vehicles, Vehicle Parts and Transport Equipment's	434,088	-	434,088
Gems and Jewellery	48,582	-	48,582
Gems and Jewellery	48,582	-	48,582
Construction	437,647	-	437,647
Construction	437,647	-	437,647
Infrastructure	35,567	-	35,567
Energy	34,342	-	34,342
Gas Pipelines	0	-	0
Water supply pipelines	1,225	-	1,225
Other Industries	1,292,863	-	1,292,863
Other Industries	1,292,863	-	1,292,863
Service	11,363,246	-	11,363,246
Transport Operators	130,514	-	130,514
Computer Software	2,712,222	-	2,712,222
Tourism, Hotel and Restaurants	1,739,085	-	1,739,085
Professional Services	2,048,819	-	2,048,819
Commercial Real Estate	22,858	-	22,858
NBFCs	24,808	-	24,808
Bank's	933,298	-	933,298
Other Services	3,751,642	-	3,751,642
Trade	2,610,391	-	2,610,391
Wholesale Trade (other than Food	443,520	-	443,520

Procurement)			
Retail Trade	2,166,871	-	2,166,871
Personal Loans	204,744,399	-	204,744,399
Credit Card and Staff Loan	204,744,399	-	204,744,399
Total	226,448,577	-	226,448,577

(b) Maturity pattern of total assets:

As at December 31, 2020

(Amount Rs.'000)

	Cash and Balances with RBI	Balances with Banks	Investments	Advances (Net)	Fixed Assets	Other Assets	Total
1 – 14 days	335,211	796,308	24,523,325	8,891,888	0	136,272	34,683,004
15 – 30 days	181,352	9,939	896,821	10,162,158	0	1,120,199	12,370,469
31 days – 2 months	132,351	7,253	654,503	1,580,797	0	174	2,375,078
2 months – 3 months	85,641	4,693	423,510	1,620,069	0	156,035	2,289,948
3 months – 6 months	20,029	1,098	99,049	3,721,537	0	0	3,841,713
6 months – 1 year	113,845	6,239	562,987	2,413,165	0	0	3,096,236
1 year – 3 years	420,563	23,048	2,079,767	6,602,940	0	134,119	9,260,437
3 years – 5 years	557,673	30,562	2,757,803	99,736	0	460,414	3,906,188
Over 5 years	9,032	495	44,661	6,256	257,270	371,920	689,634
TOTAL	1,855,697	879,635	32,042,426	35,098,546	257,270	2,379,133	72,512,707

(c) Amount of NPAs (Gross) - Total

Nonperforming asset category	As at December 31, 2020
Sub standard	151,286
Doubtful	119,182
Loss	-
Total	270,468

(d) Net NPAs

(Amount Rs.'000)

Net Non performing asset category	As at December 31, 2020
Sub- Standard	99,690
Doubtful	-
Loss	-
Total	99,690

(e) NPA Ratios

(Amount Rs.'000)

Particulars	As at December 31, 2020
Gross NPA as a ratio to gross advances	0.76%
Net NPAs to net advances	0.28%

(f) Movement of Gross NPAs

(Amount Rs.'000)

Particulars	For the nine months ended December 31, 2020
Opening Balance (As at April 1, 2020)	801,169
Additions during the period	1,213,079
Reductions during the period	1,743,780
Closing Balance (As at December 30, 2020)	270,468

(g) Movement of Provisions for NPAs #

(Amount Rs.'000)

Particulars	For the nine months ended December 31, 2020
Opening balance (As at April 1, 2020)	432,433
Provisions made during the period	654,481
Reductions made during the period due to write-off, upgradation and recoveries	929,910
Any other Adjustments, including transfer between provisions	-
Write-back of excess provisions	-
Closing balance (As at December 30, 2020)	157,004

excluding provision for diminution on NPA restructured advances amounting INR 13,774 ('000)

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

(Amount Rs.'000)

Particulars	For the nine months ended December 31, 2020
Write offs	1,280,955
Recoveries	509,332

(i) Movement of Provisions for Standard Assets*

(Amount Rs.'000)

Particulars	For the nine months ended December 31, 2020
Opening balance (As at April 1, 2020)	826,112
Provisions made during the period	120,007
Write-back of excess provisions	-
Closing balance (As at December 30, 2020)	946,119

* includes provision created for Unhedged Foreign Currency Exposure, Willful Defaulters, moratorium and other provisions created and recorded as part of standard asset provision excluding provision for diminution on standard restructured advances amounting INR 87,664 ('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, 2020

(Amount Rs. '000)

Particulars	Gross NPA	Provision towards NPA	NPA Write offs	Provision for Standard Assets*
Mining and Quarrying	-	-	314	323
Coal	-	-	-	36
Others	-	-	314	287
Food Processing	-	-	6,838	2,657
Sugar	-	-	-	3
Edible Oils and Vanaspati	-	-	-	21
Tea	-	-	6,820	7
Coffee	-	-	-	-
Others	-	-	18	2,626
Beverages (excluding Tea & Coffee) and Tobacco	-	-	67	450
Tobacco and tobacco products	-	-	-	-
Others	-	-	67	450
Textiles	45	45	661	1,203
Cotton	45	45	-	513
Jute	-	-	335	11
Man-made	-	-	-	-
Others	-	-	326	679
Leather and Leather products	-	-	26	104
Leather and Leather products	-	-	26	104
Wood and Wood Products	-	-	-	77
Wood and Wood Products	-	-	-	77
Paper and Paper Products	-	-	282	117
Paper and Paper Products	-	-	282	117
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-	5	117
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-	5	117
Chemicals and Chemical Products (Dyes, Paints, etc.)	900	738	1,173	2,944

Fertilizers	-	-	-	314
Drugs and Pharmaceuticals	660	498	1,005	1,234
Petro-chemicals (excluding under Infrastructure)	-	-	-	27
Others	240	240	168	1,369
Rubber, Plastic and their Products	-	-	490	359
Rubber, Plastic and their Products	-	-	490	359
Glass & Glassware	466	117	7,680	129
Glass & Glassware	466	117	7,680	129
Cement and Cement Products	-	-	2	44
Cement and Cement Products	-	-	2	44
Basic Metal and Metal Products	-	-	-	939
Iron and Steel	-	-	-	581
Other Metal and Metal Products	-	-	-	358
All Engineering	327	235	11,444	13,753
Electronics	235	211	4,949	11,230
Others	92	24	6,495	2,523
Vehicles, Vehicle Parts and Transport Equipments	17	17	199	866
Vehicles, Vehicle Parts and Transport Equipments	17	17	199	866
Gems and Jewellery	-	-	13	29
Gems and Jewellery	-	-	13	29
Construction	4,878	1,220	15,814	1,365
Construction	4,878	1,220	15,814	1,365
Infrastructure	-	-	3,169	77
Electricity Generation	-	-	1,079	73
Gas Pipelines	-	-	-	-
Water supply pipelines	-	-	2,090	4
Other Industries	144	102	28,809	2,398
Other Industries	144	102	28,809	2,398
Services	14,356	11,441	45,349	35,080
Transport Operators	-	-	161	889
Computer Software	1,424	903	16,385	6,270
Tourism, Hotel and Restaurants	2,415	2,294	12,433	7,593
Professional Services	2,900	2,299	6,919	4,271
Commercial Real Estate	-	-	659	45
NBFCs	-	-	-	18
Banks	1	1	83	104
Other Services	7,616	5,944	8,709	15,890
Trade	553	553	4,034	134,661
Wholesale Trade (other than Food Procurement)	447	447	996	2,382
Retail Trade	106	106	3,038	132,279
Personal Loans	248,782	142,536	971,386	165,391
Personal Loans	248,782	142,536	971,386	165,391

Additional Provision towards COVID impacts				583,036
Additional Provision towards COVID impacts				583,036
Total	270,468	157,004	1,097,755	946,119

* includes provision created for Unhedged Foreign Currency Exposure, Willful Defaulters, moratorium and other provisions created and recorded as part of standard asset provision excluding provision for diminution on standard restructured advances amounting INR 87,664 ('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, 2020
Below 100 % risk weight	35,313,207
100 % risk weight	2,200,690
More than 100 % risk weight	34,520,286
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, 2020

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	76,000,921
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)	19,204,138
7	Other adjustments (Debit balance in Profit & Loss Account)	(3,488,214)
8	Leverage ratio exposure	91,716,845

Leverage Ratio as at December 31, 2020**(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)	76,000,921
2	Asset amounts deducted in determining Basel III Tier 1 capital	(3,488,214)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1, 2 and 2A)	72,512,707
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	192,041,377
18	(Adjustments for conversion to credit equivalent amounts)	-172,837,239
19	Off-balance sheet items (sum of lines 17 and 18)	19,204,138
Capital and total exposures		

20	Tier 1 capital	14,602,142
21	Total exposures (sum of lines 3, 11, 16 and 19)	91,716,845
Leverage ratio		
22	Basel III leverage ratio	15.92%