

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, 2023. 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, 2023	
	RWA *	Min. Cap. Req.**
Credit Risk		
- Portfolio subject to Standardized Approach	64,424,921	7,408,866
Market Risk		
- Interest Rate Risk	1,606,238	184,717
- Foreign Exchange Risk	1,687,500	194,063
Operational Risk		
- Basic Indicator Approach	27,039,293	3,109,519
Total	94,757,952	10,897,165

* 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, 2023
Common Equity Tier I Ratio	18.60%
Tier I Ratio	18.60%
Total Capital Ratio	28.87%

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 June 30, 2023

(Amount Rs.'000)

Particulars	Fund Based	Non-fund Based	Total
Domestic			
Investments	-	-	-
Advances:	-	-	-
Mining and Quarrying	95,016	-	95,016
Coal	5,000	-	5,000
Others	90,016	-	90,016
Food Processing	623,353	-	623,353
Sugar	3,258	-	3,258
Edible Oils and Vanaspati	283,966	-	283,966
Tea	1,909	-	1,909
Coffee	20,000	-	20,000
Others	314,220	-	314,220
Beverages (excluding Tea & Coffee) and Tobacco	198,863	-	198,863
Tobacco and tobacco products	-	-	-
Others	198,863	-	198,863
Textiles	601,383	-	601,383
Cotton	172,668	-	172,668
Jute	4,079	-	4,079
Man-made	-	-	-
Others	424,636	-	424,636
Leather and Leather products	60,948	-	60,948
Leather and Leather products	60,948	-	60,948
Wood and Wood Products	56,672	-	56,672
Wood and Wood Products	56,672	-	56,672
Paper and Paper Products	79,473	-	79,473
Paper and Paper Products	79,473	-	79,473
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	120,497	-	120,497
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	120,497	-	120,497
Chemicals and Chemical Products (Dyes, Paints, etc.)	1,737,543	-	1,737,543
Fertilizers	61,733	-	61,733
Drugs and Pharmaceuticals	833,243	-	833,243

Petro-chemicals (excluding under Infrastructure)	3,360	-	3,360
Others	839,207	-	839,207
Rubber, Plastic and their Products	541,398	-	541,398
Rubber, Plastic and their Products	541,398	-	541,398
Glass, Glassware and other non-metallic mineral products (Except Cement and Cement products)	42,053	-	42,053
Glass, Glassware and other non-metallic mineral products (Except Cement and Cement products)	42,053	-	42,053
Cement and Cement Products	124,570	-	124,570
Cement and Cement Products	124,570	-	124,570
Basic Metal and Metal Products	421,786	-	421,786
Iron and Steel	155,761	-	155,761
Other Metal and Metal Products	266,025	-	266,025
All Engineering	2,589,770	-	2,589,770
Electronics	1,363,849	-	1,363,849
Others	1,225,921	-	1,225,921
Vehicles, Vehicle Parts and Transport Equipment's	655,603	-	655,603
Vehicles, Vehicle Parts and Transport Equipment's	655,603	-	655,603
Gems and Jewellery	53,526	-	53,526
Gems and Jewellery	53,526	-	53,526
Construction	194,547	-	194,547
Construction	194,547	-	194,547
Infrastructure (Pertaining to Industries Sector Only)	40,405	-	40,405
Infrastructure (Pertaining to Industries Sector Only)	40,405	-	40,405
Other Industries	1,568,226	-	1,568,226
Other Industries	1,568,226	-	1,568,226
Services	18,213,447	-	18,213,447
Land Transport and Pipelines	354,310	-	354,310
Water Transport	12,355	-	12,355
Air Transport (Aviation)	40,029	-	40,029
Post and courier activities	5,280	-	5,280
Telecommunication	337,857	-	337,857
Tourism, Hotel and Restaurants	2,086,781	-	2,086,781
Scheduled Commercial Banks	3,051,087	-	3,051,087
Housing Finance Companies (HFCs)	4,677	-	4,677
Other NBFCs	15,658	-	15,658
Mutual Fund (MFs)	9,658	-	9,658
Insurance and Pension Funding, Except compulsory	99,297	-	99,297

Social Security			
DFIs	350	-	350
Other Financial Intermediation activities (please specify)	884,074	-	884,074
Real Estate Activities (Other than Residential Mortgages)	100,242	-	100,242
Computer and Related Activities	4,885,299	-	4,885,299
Professional Services	3,778,383	-	3,778,383
Other Services	2,548,110		2,548,110
Trade	3,039,408		3,039,408
Wholesale Trade (other than Food Procurement)	590,566		590,566
Retail Trade	2,448,842		2,448,842
Personal Loans	216,450,699		216,450,699
Credit Card and Staff Loan	216,450,699		216,450,699
Total	247,509,186		247,509,186

(b) Maturity pattern of total assets:

As at June 30, 2023

(Amount Rs.'000)

	Cash and Balances with RBI	Balances with Banks	Investments	Advances (Net)	Fixed Assets	Other Assets	Total
1 - 14 days	448,093	1,585,624	26,929,926	14,008,141	-	1,651,602	44,623,386
15 - 30 days	318,183	6,222	1,125,094	16,009,304	-	839,269	18,298,072
31 days - 2 months	64,665	1,264	228,656	2,017,177	-	297,292	2,609,054
2 months - 3 months	14,857	291	52,534	1,039,796	-	-	1,107,478
3 months - 6 months	134,991	2,640	477,327	1,815,644	-	-	2,430,602
6 months - 1 year	444,935	8,701	1,573,291	2,320,777	-	-	4,347,704
1 year - 3 years	1,347,199	26,345	4,763,694	3,898,101	-	168,018	10,203,357
3 years - 5 years	349,161	6,828	1,234,635	420,426	-	939,806	2,950,856
Over 5 years	27,937	546	98,785	94,349	4,590,820	845,367	5,657,804
TOTAL	3,150,021	1,638,461	36,483,942	41,623,715	4,590,820	4,741,354	92,228,313

(c) Amount of NPAs (Gross) - Total

(Amount Rs.'000)

Non performing asset category	As at June 30, 2023
Sub standard	1,366,004
Doubtful	1,543,919
Loss	-
Total	2,909,923

(d) Net NPAs

(Amount Rs.'000)

Net Non performing asset category	As at June 30, 2023
Sub- Standard	420,426
Doubtful	-
Loss	-
Total	420,426

(e) NPA Ratios

(Amount Rs.'000)

Particulars	As at June 30, 2023
Gross NPA as a ratio to gross advances	6.60%
Net NPAs to net advances	1.01%

(f) Movement of Gross NPAs

(Amount Rs.'000)

Particulars	For the Quarter ended June 30, 2023
Opening Balance (As at April 1, 2023)	2,881,172
Additions during the period	4,991,249
Reductions during the period	4,962,498
Closing Balance (As at June 30, 2023)	2,909,923

(g) Movement of Provisions for NPAs

(Amount Rs.'000)

Particulars	For the Quarter ended June 30, 2023
Opening balance (As at April 1, 2023)	2,467,158
Provisions made during the period	4,071,448
Reductions made during the period due to write-off, upgradation and recoveries	4,049,109
Any other Adjustments, including transfer between provisions	-
Write-back of excess provisions	-
Closing balance (As at June 30, 2023)	2,489,497

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, 2023
Write offs	206,469
Recoveries	157,314

(i) Movement of Provisions for Standard Assets*

(Amount Rs.'000)

Particulars	For the Quarter ended June 30, 2023
Opening balance (As at April 1, 2023)	311,515
Provisions made during the period	83,126
Write-back of excess provisions	-
Closing balance (As at June 30, 2023)	394,641

* 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 8,951 ('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, 2023

(Amount Rs. '000)

Particulars	Gross NPA	Provision towards NPA	NPA Write offs**	Provision for Standard Assets*
Mining and Quarrying	6,199	4,492	-	557
Coal	-	-	-	-
Others	6,199	4,492	-	557
Food Processing	-	-	-	1,468
Sugar	-	-	-	6
Edible Oils and Vanaspati	-	-	-	663
Tea	-	-	-	7
Coffee	-	-	-	119
Others	-	-	-	673
Beverages (excluding Tea & Coffee) and Tobacco	17,388	17,387	-	1,277
Tobacco and tobacco products	-	-	-	-
Others	17,388	17,387	-	1,277

Textiles	2,847	1,963	-	1,745
Cotton	-	-	-	427
Jute	-	-	-	7
Man-made	-	-	-	18
Others	2,847	1,963	-	1,293
Leather and Leather products	348	344	3	242
Leather and Leather products	348	344	3	242
Wood and Wood Products	107	107	-	315
Wood and Wood Products	107	107	-	315
Paper and Paper Products	-	-	712	181
Paper and Paper Products	-	-	712	181
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	208	208	-	888
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	208	208	-	888
Chemicals and Chemical Products (Dyes, Paints, etc.)	46,304	43,332	1,746	7,850
Fertilizers	-	-	-	367
Drugs and Pharmaceuticals	12,444	12,232	1,741	2,995
Petro-chemicals (excluding under Infrastructure)	-	-	-	6
Others	33,860	31,100	5	4,482
Rubber, Plastic and their Products	354	212	-	1,231
Rubber, Plastic and their Products	354	212	-	1,231
Glass, Glassware, and other non-metallic mineral products (Except Cement and Cement products)	-	-	-	158
Glass, Glassware, and other non-metallic mineral products (Except Cement and Cement products)	-	-	-	158
Cement and Cement Products	-	-	-	96
Cement and Cement Products	-	-	-	96
Basic Metal and Metal Products	142	142	-	1,342
Iron and Steel	59	59	-	609
Other Metal and Metal Products	83	83	-	733
All Engineering	384,553	295,407	2,397	64,207
Electronics	236,204	159,445	541	56,261
Others	148,349	135,962	1,856	7,946
Vehicles, Vehicle Parts and Transport Equipment's	1,949	1,950	-	2,903
Vehicles, Vehicle Parts and Transport Equipment's	1,949	1,950	-	2,903
Gems and Jewellery	121	121	-	106
Gems and Jewellery	121	121	-	106
Construction	240	240	-	657
Construction	240	240	-	657
Infrastructure (Pertaining to Industries Sector Only)	-	-	-	117
Infrastructure (Pertaining to Industries Sector Only)	-	-	-	117
Other Industries	16,708	14,023	306	2,342
Other Industries	16,708	14,023	306	2,342

Services	1,518,244	1,387,750	6,665	158,962
Land Transport and Pipelines	332	332	-	440
Water Transport	-	-	-	48
Air Transport (Aviation)	1,315	1,315	-	205
Post and courier activities	-	-	-	39
Telecommunication	13,725	13,725	523	1,561
Tourism, Hotel and Restaurants	28,232	20,482	3	9,200
Scheduled Commercial Banks	5,133	3,128	-	245
Housing Finance Companies (HFCs)	-	-	-	2
Other NBFCs	-	-	-	70
Mutual Fund (MFs)	-	-	-	44
Insurance and Pension Funding, Except compulsory Social Security	4,351	2,662	301	347
DFIs	-	-	-	2
Other Financial Intermediation activities	1,687	1,687	-	3,319
Real Estate Activities (Other than Residential Mortgages)	83	83	-	460
Computer and Related Activities	664,190	619,766	4,758	94,396
Professional Services	710,589	643,853	301	38,793
Other Services	88,607	80,717	779	9,791
Trade	27,711	26,679	288	14,053
Wholesale Trade (other than Food Procurement)	24,788	24,263	11	1,744
Retail Trade	2,923	2,416	277	12,309
Personal Loans	886,500	652,594	180,119	133,944
Credit Card and Staff Loan	886,500	652,594	180,119	133,944
Total	2,909,923	2,446,951	192,236	394,641

* 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 8,951 ('000)

** excluding provision for diminution on NPA restructured advances amounting INR 42,546 ('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, 2023
Below 100 % risk weight	42,207,570
100 % risk weight	8,812,795
More than 100 % risk weight	40,984,669
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, 2023

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	97,419,619
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)	20,339,960
7	Other adjustments (Debit balance in Profit & Loss Account)	(5,195,965)
8	Leverage ratio exposure	112,563,614

Leverage Ratio as at June 30, 2023

(Amount Rs.'000)

S No.	Particulars	Leverage ratio
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	97,419,619
2	Asset amounts deducted in determining Basel III Tier 1 capital	(5,195,965)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1, 2 and 2A)	9,223,654
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	203,399,604
18	(Adjustments for conversion to credit equivalent amounts)	(183,059,644)
19	Off-balance sheet items (sum of lines 17 and 18)	20,339,960
Capital and total exposures		
20	Tier 1 capital	17,621,372
21	Total exposures (sum of lines 3, 11, 16 and 19)	112,563,614
Leverage ratio		
22	Basel III leverage ratio	15.65%