

## **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 quarter ended 30<sup>th</sup> September 2016. 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 Prudential Guidelines on Implementation of New Capital Adequacy Framework vide their Circular DBR.No.BP.BC. 4/21.06.001/2015-16 dated July 1, 2015 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 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 Bank's business plans for the purpose of capital planning in the ICAAP.

### Quantitative Disclosure:

(Amount Rs.'000)		
September 30, 2016		
	RWA*	Min. Cap. Req.**
Credit Risk		
- Portfolio subject to Standardised Approach	42,911,404	3,862,026
Market Risk		
- Interest Rate Risk	413,598	37,224
- Foreign Exchange Risk	533,552	48,020
Operational Risk		
- Basic Indicator Approach	14,094,510	1,268,506
<b>Total</b>	<b>57,953,064</b>	<b>5,215,776</b>

\* RWA = Risk Weighted Assets.

\*\* Min. Cap. Req. = Minimum Capital Requirement at 9% of RWA.

Capital Adequacy Ratio	September 30, 2016
Common Equity Tier I Ratio	10.54%
Tier I Ratio	10.54%
Total Capital Ratio	18.77%

### 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 180 days past due. In addition, accelerated write off is effected where it is evident that the outstanding is unlikely to be recovered.

Provision for Non Performing Assets and Standard Assets 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.

**Quantitative Disclosure:****(a) Total credit exposure by industry and geographic distribution of exposure**

	September 30, 2016			(Amount Rs.'000)
	Fund Based	Non- fund Based	Total	
<b>Domestic</b>				
Inter - Bank	417,947	-	417,947	
Investments	-	-	-	
Advances -				
- Card Receivables	33,492,737	-	33,492,737	
- Others	124	-	124	
<b>Overseas</b>	-	-	-	
<b>Total</b>	<b>33,910,807</b>	-	<b>33,910,807</b>	

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

As at September 30, 2016

(Amount Rs.'000)

	Cash and Balances with RBI	Balances with Banks	Investments	Advances (Net)	Fixed Assets	Other Assets	Total
1 - 14 days	386,378	417,747	8,651,784	13,137,094	-	943,628	23,536,631
15 - 30 days	86,596	-	411,332	15,013,822	-	301,183	15,812,933
31 days - 2 months	175,733	-	1,026,060	1,264,485	-	82,414	2,548,692
2 months - 3 months	78,164	-	371,583	334,521	-	258,813	1,043,081
3 months - 6 months	192,458	-	914,176	972,122	-	-	2,078,756
6 months - 1 year	80,452	-	382,148	657,057	-	-	1,119,657
1 year - 3 years	244	200	210	1,643,794	-	320,844	1,965,292
3 years - 5 years	321	-	1,486	245,301	-	-	247,108
Over 5 years	190,351	-	904,161	-	257,057	-	1,351,569
<b>TOTAL</b>	<b>1,190,697</b>	<b>417,947</b>	<b>12,662,940</b>	<b>33,268,196</b>	<b>257,057</b>	<b>1,906,882</b>	<b>49,703,719</b>

The maturity pattern of assets is based on the methodology used for reporting positions to RBI on asset-liability management.

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

(Amount Rs.'000)

Nonperforming asset category	September 30, 2016
Sub standard	469,842
Doubtful 1	-
Doubtful 2	-
Doubtful 3	-
Loss	-
<b>Total</b>	<b>469,842</b>

## (d) Net NPAs

(Amount Rs.'000)

Nonperforming asset category	September 30, 2016
Net NPAs (Sub standard)	245,177
<b>Total</b>	<b>245,177</b>

## (e) NPA Ratios

(Amount Rs.'000)

Particulars	September 30, 2016
Gross NPA as a ratio to gross advances	1.40%
Net NPAs to net advances	0.74%

## (f) Movement of NPAs Gross

(Amount Rs.'000)

Particulars	September 30, 2016
Opening Balance	496,326
Additions during the period	988,861
Reductions during the period	1,015,345
Closing Balance	469,842

## (g) Movement of Provisions for NPAs

(Amount Rs.'000)

Particulars	September 30, 2016
Opening balance	248,505
Provisions made during the period	467,245
Write-off	491,085
Any other Adjustments, including transfer between provisions	-
Write-back of excess provisions	-
Closing balance	224,665

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

Particulars	(Amount Rs.'000)
	September 30, 2016
Write offs	653,030
Recoveries	209,125

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

Particulars	(Amount Rs.'000)
	September 30, 2016
Opening balance	118,585
Provisions made during the period	13,507
Write-back of excess provisions	-
Closing balance	132,092

**(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**

Banks' advances are only to retail industry as these are only in the nature of credit card receivables and loan to staff in India.

#### **4. Credit Risk: Disclosures for Portfolios Subject to Standardised 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 and loans to staff come under the Specified Category as per the RBI guidelines and attract the risk weight as prescribed therein. All exposures to 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)
<b>Risk Weight Applied*</b>	<b>September 30, 2016</b>
Below 100 % risk weight	1,665,053
100 % risk weight	2,311,831
More than 100 % risk weight	32,412,767
Deducted (in computation of Net Owned Funds)	-

\* Net of provisions and collaterals

**5. Credit Risk Mitigation: Disclosures for Standardised Approach**

The Bank's advances arise from its card operations and there are normally no collaterals for these lending. However, in few cases, to mitigate credit risk, the Bank uses Bank Guarantees and Institutional deposits from customers as collaterals.

**Quantitative Disclosure:**

Particulars	(Amount Rs.'000)
	<b>September 30, 2016</b>
Exposure covered by Bank Guarantees	1,116,866
Exposure covered primarily by Institutional Deposits	610,127

**6. Securitization : Disclosure for Standardized Approach**

The Bank does not have any securitization exposure.

**7. Market Risk in Trading Book**

Market risk is the risk to earnings resulting from unfavorable movements in market factors such as interest rates or foreign exchange rates.

The Bank does not engage in trading activity but maintains a portfolio of high quality liquid assets in the form of investments which are limited to GOI Treasury Bills to meet the Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR) requirements. These investments are held under the Available for Sale (AFS) category and do not carry any credit risk. Foreign exchange risk in the banking book is limited and is generated on account of foreign currency denominated balance sheet exposures.

The general market risk capital charge towards interest rate risk and foreign exchange risk is provided as per the extant RBI guidelines, using the Standardized Duration Approach. The market risk management architecture is similar to interest rate risk and has been outlined in subsequent sections.

## Capital Requirements

	(Amount Rs.'000)
	September 30, 2016
Interest rate Risk	33,088
Equity position risk	-
Foreign exchange risk	42,684

## 8. Operational Risk

Operational Risk is defined as the risk of not achieving business objective due to inadequate or failed processes, people or information systems, or to the external environment, including failures to comply with laws and regulations. It includes legal risk, but does not include strategic and reputation risks.

The Bank has in place an Operational Risk Management Policy framework that defines the key elements of Operational Risk Management. The Operational Risk Management framework defines governance principles, globally accepted risk assessment methodologies and processes for capturing and analyzing Operational Risk events and exposures. Internal and external drivers shape the framework, including regulatory requirements and market pressures. The framework and its supporting programs are designed to be adaptable to address emerging risks and external influences as they develop.

The Bank has adopted the Basic Indicator Approach (BIA) for measuring the capital requirements for operational risk.

## 9. Interest Rate Risk in the Banking Book (IRRBB)

Interest rate risk in the banking book represents the risk that movement in interest rates will have an adverse effect on the interest rate sensitive assets and liabilities held by the Bank in the banking book. Interest rate risk is primarily generated by funding card member receivables and investments with different tenure of borrowings and deposits. These assets and liabilities generally do not create naturally off-setting positions with respect to re-pricing or maturity characteristics which may lead to changes in the Bank's earnings, net interest income and economic value. The Bank incurs and accepts Interest rate risk exposure as a necessary accompaniment to its business model, in the regular course of offering its products and services. It does not actively seek to create Interest rate risk exposure in excess of that is incurred through its business model.

The Bank's objective is to identify and manage interest rate risk exposures in the context of its overall business model while supporting sustainable earnings growth. This is accomplished by identifying, measuring and reporting such exposures on a monthly basis and managing the same within predefined Board limits. The Bank measures IRRBB from two separate, but complimentary perspectives i.e. Earnings at Risk (EaR) and Economic Value of Equity (EVE). EaR measures the level of the Bank's exposure to interest rate risk in terms of sensitivity of its Net Interest Income (NII) to interest rate movements over a time horizon of 1 year. EVE measures the level of the Bank's exposure to interest rate risk in terms of sensitivity of its market

value of equity to interest rate movements using the Duration gap approach. EaR is monitored assuming a 100 bps parallel shift in yield curve, while EVE is measured for a 200 bps parallel shift in yield curve. The Bank also undertakes periodic stress testing to keep the management informed of the potential impacts of extremely adverse interest rate movements.

## **Liquidity Risk**

The Bank incurs and accepts liquidity and funding risk through its established business model and through the normal course of offering its products and services. The Bank has established clear objectives for its funding and liquidity management activities and maintains processes to ensure that its liquidity profile continuously remains consistent and compliant with those objectives. The objectives include, but are not limited to:

- The maintenance of a diversified set of on and off balance sheet funding sources that utilizes a prudent amount of short-term funding liabilities.
- The maintenance of a cushion of high quality, unencumbered liquid assets to be held against identified funding requirements under stress (as prescribed by the regulator) for a liquidity risk survival horizon of 30 Days.
- The projection of cash inflows and outflows from a variety of sources under various stress scenarios.
- The capacity to conduct a range of hypothetical analyses of changes to funding requirements under stress scenarios.
- A framework for the ongoing identification, measurement, management and monitoring of liquidity requirements

Liquidity Risk at the Bank is measured using the flow and stock approach. Flow approach involves comprehensive tracking of cash flow mismatches, while stock approach involves measurement of critical ratios in respect of liquidity risk. Additionally, the Bank has a Board approved liquidity stress test framework and maintains a Contingency Funding Plan in the event a material funding or liquidity crisis occurs. The Bank also has a mechanism in place to monitor intraday liquidity risk.

General principles and the overall framework for managing market risk, interest rate risk, liquidity and funding risk are defined in the Bank's Treasury Policy.

Interest Rate Risk, liquidity and funding risk is managed and monitored by the India Country Asset Liability Management Committee (ALCO) of the Bank which is responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity and interest rate risk management strategy of the Bank in line with its risk management objectives. The India Risk Management Committee (India RMC) also oversees and monitors interest rate risk, liquidity and funding risk as part of its enterprise wide risk related responsibilities and reports into the Board of the Bank.

## Quantitative Disclosure

Impact on earnings and economic value of capital:

As at September 30, 2016

(Amount Rs.'000)

	Impact of increase in interest rates by 100 bps	Impact of decrease in interest rates by 100 bps
Earnings perspective	(27,025)	27,025
	Impact of increase in interest rates by 200 bps	Impact of decrease in interest rates by 200 bps
Economic value perspective	(166,717)	166,717

### 10. General Disclosure for Exposures Related to Counterparty Credit Risk :

Not Applicable

### 11. Composition of Capital

(Amount Rs.'000)

		As at September 30, 2016	
Composition of Capital		Amounts Subject to Pre- Basel III Treatment	Ref No.
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)/Head office funds	9,969,644	
2	Retained earnings	76,810	
3	Accumulated other comprehensive income (and other reserves)	(3,940,837)	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
	<b>Public sector capital injections grandfathered until January 1, 2018</b>		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	6,105,617	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	-	
10	Deferred tax assets	-	

		As at September 30, 2016		
Composition of Capital			Amounts Subject to Pre- Basel III Treatment	Ref No.
11	Cash-flow hedge reserve	-		
12	Shortfall of provisions to expected losses	-		
13	Securitisation gain on sale	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined-benefit pension fund net assets	-		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-		
17	Reciprocal cross-holdings in common equity	-		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-		
20	Mortgage servicing rights (amount above 10% threshold)	-		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-		
22	Amount exceeding the 15% threshold	-		
23	of which: significant investments in the common stock of financial entities	-		
24	of which: mortgage servicing rights	-		
25	of which: deferred tax assets arising from temporary differences	-		
26	National specific regulatory adjustments (26a+26b+26c+26d)	-		
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	-		
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	-		
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-		
26d	of which: Unamortised pension funds expenditures	-		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
	For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	-		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		

		As at September 30, 2016		
Composition of Capital			Amounts Subject to Pre- Basel III Treatment	Ref No.
28	<b>Total regulatory adjustments to Common equity Tier 1</b>	-		
29	<b>Common Equity Tier 1 capital (CET1)</b>	6,105,617		
<b>Additional Tier 1 capital: instruments</b>				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-		
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	of which: instruments	-		
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	-		
<b>Additional Tier 1 capital: regulatory adjustments</b>				
37	Investments in own Additional Tier 1 instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
41	National specific regulatory adjustments (41a+41b)	-		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		
43	Total regulatory adjustments to Additional Tier 1 capital	-		
44	Additional Tier 1 capital (AT1)	-		
44a	Additional Tier 1 capital reckoned for capital adequacy	-		
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	6,105,617		

		As at September 30, 2016		
Composition of Capital		Amounts Subject to Pre- Basel III Treatment		Ref No.
<b>Tier 2 capital: instruments and provisions</b>				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus – Sub-ordinate debt	4,550,000		
47	Directly issued capital instruments subject to phase out from Tier 2	-		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		
49	of which: instruments issued by subsidiaries subject to phase out	-		
50	Provisions	220,592		
51	Tier 2 capital before regulatory adjustments	4,770,592		
<b>Tier 2 capital: regulatory adjustments</b>				
52	Investments in own Tier 2 instruments	-		
53	Reciprocal cross-holdings in Tier 2 instruments	-		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
56	National specific regulatory adjustments (56a+56b)	-		
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	-		
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-		
57	<b>Total regulatory adjustments to Tier 2 capital</b>	-		
58	<b>Tier 2 capital (T2)</b>	4,770,592		
59	<b>Total capital (TC = T1 + T2) (45 + 58c)</b>	10,876,209		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment			
60	Total risk weighted assets (60a + 60b + 60c)	57,953,064		
60a	of which: total credit risk weighted assets	42,911,404		
60b	of which: total market risk weighted assets	947,150		
60c	of which: total operational risk weighted assets	14,094,510		
<b>Capital ratios</b>				

		As at September 30, 2016		
Composition of Capital		Amounts Subject to Pre-Basel III Treatment	Ref No.	
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	10.54%		
62	Tier 1 (as a percentage of risk weighted assets)	10.54%		
63	Total capital (as a percentage of risk weighted assets)	18.77%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	6.125%		
65	of which: capital conservation buffer requirement	0.625%		
66	of which: bank specific countercyclical buffer requirement	-		
67	of which: G-SIB buffer requirement	-		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	4.98%		
<b>National minima (if different from Basel III)</b>				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
<b>Amounts below the thresholds for deduction (before risk weighting)</b>				
72	Non-significant investments in the capital of other financial entities	-		
73	Significant investments in the common stock of financial entities	-		
74	Mortgage servicing rights (net of related tax liability)	-		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-		
<b>Applicable caps on the inclusion of provisions in Tier 2</b>				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	220,592		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	536,393		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-		
<b>Capital instruments subject to phase-out arrangements (only applicable between September 30, 2017 and September 30, 2022)</b>				
80	Current cap on CET1 instruments subject to phase out arrangements	-		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		

		As at September 30, 2016	
Composition of Capital		Amounts Subject to Pre- Basel III Treatment	Ref No.
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

## Notes to Template

(Amount Rs.'000)

Row No. of the template	Particular	As at September 30, 2016
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-
	Total as indicated in row 10	-
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	-
	of which: Increase in Common Equity Tier 1 capital	-
	of which: Increase in Additional Tier 1 capital	-
	of which: Increase in Tier 2 capital	-

Row No. of the template	Particular	As at September 30, 2016
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
	(i) Increase in Common Equity Tier 1 capital	-
	(ii) Increase in risk weighted assets	-
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	-
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	-
50	Eligible Provisions included in Tier 2 capital	220,592
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	220,592

## 12. Composition of Capital – Reconciliation requirements: Not Applicable

## 13. Disclosures on Main Features of Regulatory Capital Instruments and Full Terms and Conditions

Sl. No.	Items	As at September 30, 2016	
		I	II
1	Issuer	American Express Banking Corp. - India Branch	American Express Banking Corp. - India Branch
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not Applicable	Not Applicable
3	Governing law(s) of the instrument	Applicable Indian statutes and regulatory requirements	Applicable Indian statutes and regulatory requirements
	<i>Regulatory treatment</i>		
4	Transitional Basel III rules	Tier 2	Tier 2
5	Post-transitional Basel III rules	Tier 2	Tier 2
6	Eligible at solo/group/group & solo	Solo	Solo
7	Instrument type	Tier 2 Debt instrument - Head Office Borrowings	Tier 2 Debt instrument - Head Office Borrowings
8	Amount recognized in regulatory capital (Rs. in million, as of most recent reporting date)	INR 1250 million.	INR 3300 million.

Sl. No.	Items	As at September 30, 2016	
		I	II
9	Par value of instrument	INR 1250 million.	INR 3300 million.
10	Accounting classification	Liability - Borrowings Outside India - Subordinated Debt.	Liability - Borrowings Outside India - Subordinated Debt.
11	Original date of issuance	1-Nov-2013	27-Nov-2015
12	Perpetual or dated	Dated	Dated
13	Original maturity date	1-Nov-2023	27-Nov-2025
14	Issuer call subject to prior supervisory approval	Yes (as per current guidelines RBI approval is required)	Yes (as per current guidelines RBI approval is required)
15	Optional call date, contingent call dates and redemption amount	<p>After completion of 5 years from the Issuance date (i.e 1-Nov-2018), with a prior notice of 120 days to the Lender.</p> <p>The Bank has decided not to exercise the prepayment option.</p> <p>Tax/Regulatory call event - Not applicable</p> <p>Redemption Price : At par</p>	<p>After completion of 5 years from the Issuance date (i.e. 27-Nov-2020), with a prior notice of 120 days to the Lender.</p> <p>The Bank has decided to exercise the prepayment option only after 01-April-2022.</p> <p>Tax/Regulatory call event - Not applicable</p> <p>Redemption Price : At par</p>

Sl. No.	Items	As at September 30, 2016	
		I	II
16	Subsequent call dates, if applicable	Not Applicable	Not Applicable
	<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Interest Free	Interest Free
18	Coupon rate and any related index	Not Applicable	Not Applicable
19	Existence of a dividend stopper	Not Applicable	Not Applicable
20	Fully discretionary, partially discretionary or mandatory	Not Applicable	Not Applicable
21	Existence of step up or other incentive to redeem	Not Applicable	Not Applicable
22	Noncumulative or cumulative	Not Applicable	Not Applicable
23	Convertible or non-convertible	Not Applicable	Not Applicable
24	If convertible, conversion trigger(s)	Not Applicable	Not Applicable
25	If convertible, fully or partially	Not Applicable	Not Applicable
26	If convertible, conversion rate	Not Applicable	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable
30	Write-down feature	Not Applicable	Not Applicable
31	If write-down, write-down trigger(s)	Not Applicable	Not Applicable
32	If write-down, full or partial	Not Applicable	Not Applicable
33	If write-down, permanent or temporary	Not Applicable	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable

Sl. No.	Items	As at September 30, 2016	
		I	II
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to the claims of all depositors and general creditors.	Subordinate to the claims of all depositors and general creditors.
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	Not Applicable	Not Applicable

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

As at 30<sup>th</sup> September, 2016

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	53,644,556
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)	4,134,585
7	Other adjustments (Debit Balance in Profit and Loss Account)	(3,940,837)
8	<b>Leverage ratio exposure</b>	<b>53,838,304</b>

## 15. Leverage Ratio as at September 30, 2016

(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)	53,644,556
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(3,940,837)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	49,703,719
<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	41,345,849
18	(Adjustments for conversion to credit equivalent amounts)	(37,211,264)
19	Off-balance sheet items (sum of lines 17 and 18)	4,134,585
<b>Capital and total exposures</b>		
20	Tier 1 capital	6,105,617
21	Total exposures (sum of lines 3, 11, 16 and 19)	53,838,304
<b>Leverage ratio</b>		
22	<b>Basel III leverage ratio</b>	<b>11.34%</b>

## 16. Equities – Disclosure for Banking Book Positions - NIL