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 30th June 2015. American Express Banking Corporation (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 DBOD.No.BP.BC.6/21.06.201/2014-15 dated July 1, 2014 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 meet current and future risk and achieve strategic objectives. Key components of the Bank's ICAAP include: Board and Senior Management oversight and sound capital assessment and planning;

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.

As prescribed in the prudential guidelines issued by the Reserve Bank of India, for computing capital requirement, the Bank has adopted:

(a) Standardized Approach (SA) for credit risk,
(b) Standardized Duration Approach (SDA) for market risk, and
(c) Basic Indicator Approach (BIA) for operational risk.

Quantitative Disclosure:

As at June 30, 2015 **(Amount Rs.'000)**

	RWA*	**Min. Cap. Req.**
Credit Risk		
- Portfolio subject to Standardised Approach	34,485,903	3,103,731
Market Risk		
- Interest Rate Risk	267,287	24,056
- Foreign Exchange Risk	938,802	84,492
Operational Risk		
- Basic Indicator Approach	11,778,074	1,060,027
Total	**47,470,066**	**4,272,306**

* *RWA = Risk Weighted Assets.*
* *Min. Cap. Req. = Minimum Capital Requirement at 9% of RWA.*

Capital Adequacy Ratio	**June 30, 2015**
Common Equity Tier I Ratio	13.39%
Tier I Ratio	16.43%
Total Capital Ratio	16.43%

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 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 mange 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 criteria 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.

Quantitative Disclosure:

(a) Total Credit Exposure by Industry and Geographic distribution of Exposure

As at June 30, 2015 **(Amount Rs.'000)**

	Fund Based	**Non- fund Based**	**Total**
Domestic			
Inter - Bank	2,369,531		2,369,531
Investments	-	-	-
Advances -			
- Card Receivables	26,509,784	-	26,509,784
- Others	144	-	144
Overseas	-	-	-
Total	**28,879,459**	**-**	**28,879,459**

(b) Maturity pattern of total assets:

As at June 30, 2015 **(Amount Rs.'000)**

	Cash and Balances with RBI	Balances with Banks	Investments	Advances	Fixed Assets	Other Assets	Total
1 – 14 days	338,995	2,369,331	1,675,822	10,445,501	-	389,930	15,219,579
15 – 28 days	35,447	-	1,155,818	10,445,501	-	264,324	11,901,090
29 days – 3 months	225,670	-	1,441,741	3,054,847	-	230,670	4,952,928
3 months – 6 months	220,809	-	1,622,993	850,037	-	-	2,693,839
6 months – 1 year	9,978	-	53,585	487,814	-	-	551,377
1 year – 3 years	50,036	200	268,670	953,477	-	345,228	1,617,611
3 years – 5 years	289	-	1,554	204,599	-	-	206,442
Over 5 years	69,473	-	373,095	-	336,231	-	778,799
TOTAL	**950,697**	**2,369,531**	**6,593,278**	**26,441,776**	**336,231**	**1,230,152**	**37,921,665**

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:

As at June 30, 2015 **(Amount Rs.'000)**

Nonperforming asset category	
Sub standard	272,607
Doubtful 1	-
Doubtful 2	-
Doubtful 3	-
Loss	-
Total	**272,607**

(d) Net NPAs

As at June 30, 2015 **(Amount Rs.'000)**

Nonperforming asset category	
Net NPAs (Sub standard)	204,455
Total	**204,455**

(e) NPA Ratios:

As at June 30, 2015 **(Amount Rs.'000)**

Gross NPA as a ratio to gross advances	1.03%
Net NPAs to net advances	0.77%

(f) Movement of NPAs Gross

As at June 30, 2015 **(Amount Rs.'000)**

Particulars	**Movement of NPAs (Gross)**
Opening Balance (1-April-2015)	202,268
Additions during the period	297,264
Reductions during the period	226,925
Closing Balance	**272,607**

(g) Movement of Provisions for NPAs

As at June 30, 2015 **(Amount Rs.'000)**

Particulars	**Movement of provisions for NPAs**
Opening balance (01-April-2015)	50,567
Provisions made during the period	74,316
Write-off	56,731
Write-back of excess provisions	-
Closing balance	**68,152**

(h) Amount of Non-Performing Investments: NIL

(i) Amount of Provision held for Non-Performing Investments: NIL

(j) Movement of Provision held for depreciation on Investments: NIL

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 a bank's outstanding by risk weight are as follows:

As at June 30, 2015 **(Amount Rs.'000)**

Risk Weight Applied	Book Value of Asset*
Below 100 % risk weight	3,326,700
100 % risk weight	1,755,512
More than 100 % risk weight	25,805,151
Deducted (in computation of Net Owned Funds)	-

* Net of provisions and collaterals

5. Leverage Ratio

As at June 30, 2015 **(Amount Rs.'000)**

Leverage ratio common disclosure template	
Total Exposure	
A. On-balance sheet exposures	
1. On-balance sheet items (excluding derivatives and SFTs, but including collateral)	37,921,665
2. (Asset amounts deducted in determining Basel III Tier 1 capital)	-
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	37,921,665
B. Derivative exposures	
1. Total derivative exposures	-
C. Securities financing transaction exposures	
1. Total securities financing transaction exposures	-
D. Other off-balance sheet exposures	
1. Off-balance sheet items	2,742,316
Total exposures (A) + (B) + (C) + (D)	**40,663,981**
Capital	
Tier 1 capital	**6,356,888**
Leverage ratio	**15.63%**