



(A Govt. of India Undertaking)

**BASEL II (PILLAR III) DISCLOSURES**  
(30.09.2009)

**Quantitative Disclosures as at the end of September 2009**

**DF-1**

**I. Scope of Application:**

Andhra Bank has only one subsidiary i.e. Andhra Bank Financial Services Ltd. (ABFSL). In fact, ABFSL is not carrying any significant financial activity. The total Share Capital (100%) of Rs. 5.00 crore is contributed by Andhra Bank only.

As ABSFL has outstanding accumulated losses, bank has already provided Rs. 5.00 crore (Total investment of Rs. 5.00 cr) towards its investments in the subsidiary.

The Bank has the following associates where in the bank holds 35% share capital

- **Chaitanya Godavari Grameena Bank-CGGB, Guntur, AP, India**
- **Rushikulya Grameena Bank-RGB, Berhampur, Bhubaneswar, India**

The above two associates are making profits and there is no capital deficiency.

**DF-II**

**II. Capital structure**

Bank's Tier I Capital comprises of equity shares, reserves and Innovative Perpetual Bonds.

During the current year, bank has raised sub-ordinate debt (Upper Tier II Capital) of Rs. 520 crore and issue details are furnished hereunder.

| Particulars                 | Coupon | Issue Size | Issue date | Due date   |
|-----------------------------|--------|------------|------------|------------|
| Upper tier II Capital bonds | 8.72%  | 520.00 cr  | 08.06.2009 | 08.06.2024 |

|    |   | Rs. in Crore  |
|----|---|---------------|
| I  | <b>CAPITAL FUNDS</b>                                  |               |
| A1 | <b>Tier I Capital Elements</b>                        |               |
|    | <b>a. Paid Up Capital</b>                             | 485.00        |
|    | Less:   |               |
|    | 1. Equity Investments in subsidiaries/ Joint Ventures | 7.15          |
|    | 2. Intangible assets and losses                       | 63.34         |
|    | <b>TOTAL (a)</b>                                      | <b>414.51</b> |
|    | <b>b. Reserves &amp; surplus</b>                      |               |
|    | 1. Statutory reserves                                 | 1111.08       |
|    | 2. Share premium                                      | 680.00        |
|    | 3. Capital Reserves                                   | 245.80        |

|           |   |                |
|-----------|---|----------------|
|           | 4. Innovative Perpetual Debt  | 200.00         |
|           | 5. Current Year's Profit (for six months)                               | 530.19         |
|           | 6. Revenue & Other reserves   | 1125.12        |
|           | 7. Other disclosed reserves (deferred tax asset)                        | -119.31        |
|           | <b>TOTAL (b)</b>  | <b>3772.88</b> |
|           | <b>Total (a+b)</b>  | <b>4187.39</b> |
|           | Less: Capital Charge on Securitisation transactions                     | 0.65           |
|           | <b>Total Tier-I Capital</b>   | <b>4186.74</b> |
| <b>A2</b> | <b>Tier II Capital Elements</b>   |                |
|           | Undisclosed reserves and cumulative perpetual preference shares         | 5.00           |
|           | General provisions and loss reserves                                    | 33.09          |
|           | Subordinated debts  | 1460.00        |
|           | Contingent provision on standard asset                                  | 219.55         |
|           | Upper Tier-II Bonds (Raised Rs. 520.00 crore during June 2009)          | 720.00         |
|           | Other Deductions  | -7.15          |
|           | <b>Total A2</b>   | <b>2430.49</b> |
|           | Less: Capital Charge on Securitisation transactions                     | 0.65           |
|           | <b>Total - Tier II Capital</b>  | <b>2429.84</b> |
|           |   |                |
| <b>A3</b> | <b>Total of Tier I &amp; tier II Capital (Total Regulatory Capital)</b> | <b>6616.58</b> |

DF-III

### III. Capital Adequacy

#### Quantitative disclosures:

(Rs. in Crore)

| Items   | Amount                 |
|---|------------------------|
| (a) Capital requirements for credit risk <ul style="list-style-type: none"> <li>▪ Portfolios subject to standardized approach</li> <li>▪ Securitisation exposures</li> </ul>  | 3800.08<br>NIL         |
| (b) Capital requirements for market risk <ul style="list-style-type: none"> <li>- Standardized duration approach <ul style="list-style-type: none"> <li>▪ Interest rate risk</li> <li>▪ Foreign exchange risk (including gold)</li> <li>▪ Equity position risk</li> </ul> </li> </ul> | 77.71<br>1.04<br>60.58 |
| (c) Capital requirements for operational risk <ul style="list-style-type: none"> <li>- Basic indicator approach</li> </ul>  | 305.36                 |
| (d) Total and Tier 1 CRAR for the Bank <ul style="list-style-type: none"> <li>▪ Total CRAR (%)</li> <li>▪ Tier 1 CRAR (%)</li> </ul>  | 14.03<br>8.88          |
| (e) Total and Tier 1 CRAR for the Consolidated Group <ul style="list-style-type: none"> <li>▪ Total CRAR (%)</li> <li>▪ Tier 1 CRAR (%)</li> </ul>  | 14.03<br>8.88          |
| (f) Total and Tier I CRAR for the Significant Subsidiary which is not under consolidated group <ul style="list-style-type: none"> <li>▪ Total CRAR (%)</li> <li>▪ Tier 1 CRAR (%)</li> </ul>  | NA                     |

**DF-IV****IV. Credit Risk (General Disclosures)**

a. The Total Gross Bank Credit Risk Exposures are:

(Rs. in crore)

| Category        | Amount   |
|-----------------|----------|
| Fund Based      | 48181.73 |
| Non- Fund Based | 7938.77  |

b. Bank has no overseas branches. Hence the Geographic exposures are not given.

c. Industry type distribution of exposure:

a. Fund Based Exposure

Rs. In crores

| S.No | Industry   | Exposure Ceilings As a % Of Total advances Of Previous Quarter | Ceiling Amount On Fund Exposure Of Previous Quarter | Actual Fund Based Exposure As On 30.09.09 | Exposure As % Of Total Advances Of Previous Quarter |
|------|--|--|---|---|---|
| 1    | Textiles   | 9.00   | 4042.02   | 2161.67                                   | 4.81  |
| 2    | Petroleum Products   | 10.00  | 4491.14   | 1408.75                                   | 3.14  |
| 3    | Power  | 20.00  | 8982.28   | 5695.58                                   | 12.68   |
| 4    | Engineering(Heavy & Light)   | 5.00   | 2245.57   | 1262.27                                   | 2.81  |
| 5    | NBFC   | 12.00  | 5389.37   | 3205.53                                   | 7.14  |
| 6    | Diamonds Gems & Jewellery  | 5.00   | 2245.57   | 800.99                                    | 1.78  |
| 7    | Rice Mill  | 6.00   | 2694.68   | 1278.16                                   | 2.85  |
| 8    | Sugar  | 5.00   | 2245.57   | 1000.41                                   | 2.23  |
| 9    | Drugs & Pharmaceuticals  | 5.00   | 2245.57   | 698.14                                    | 1.55  |
| 10   | Tobacco  | 2.00   | 898.23  | 372.28                                    | 0.83  |
| 11   | Cement & Cement Products   | 2.00   | 898.23  | 624.53                                    | 1.39  |
| 12   | Distilleries   | 1.00   | 449.11  | 36.43                                     | 0.08  |
| 13   | Iron & Steel   | 8.50   | 3817.47   | 2690.60                                   | 5.99  |
| 14   | Construction & Contractors   | 8.00   | 3592.91   | 3217.12                                   | 7.16  |
| 15   | Software   | 1.50   | 673.67  | 33.54                                     | 0.07  |
| 16   | Hospitals  | 1.00   | 449.11  | 316.16                                    | 0.70  |
| 17   | Hotels   | 1.00   | 449.11  | 251.15                                    | 0.56  |
| 18   | Educational Institutions   | 2.00   | 898.23  | 358.00                                    | 0.80  |
| 19   | Commercial Real Estates (real Estate Builders/ Hotels)   | 6.00   | 2694.68   | 1298.73                                   | 2.89  |
| 20   | Housing Loans (Including Residential Mortgages & Indirect Finance To Housing Intermediaries)<br>a. Residential Mortgages- 2671.10 cr<br>b. HFC- <u>997.72 cr</u><br>3668.82 cr | 15.00  | 6736.71   | 3668.82                                   | 8.16  |

Note- Total advances as on 30.06.2009 is Rs. 44911.38 cr.

b. Non- Fund Based exposure

| S.No | Industry                   | Exposure Ceilings As % Of Non Fund Exposure Of Previous Quarter | Ceiling Amount On Non-Fund Exposure Of Previous Quarter | Actual Non Fund Based Exposure As On 30.09.09 | Exposure As % Of Total Non-fund based Of Previous Quarter |
|------|----------------------------|---|---|---|---|
| 1    | Textiles                   | 8.00  | 740.64  | 117.3   | 1.27  |
| 2    | Petroleum Products         | 1.00  | 92.58   | 28.06   | 0.30  |
| 3    | Power                      | 9.00  | 833.23  | 384.64  | 4.15  |
| 4    | Engineering(Heavy & Light) | 10.00   | 925.81  | 583.03  | 6.29  |
| 5    | Diamonds Gems & Jewellery  | 1.00  | 92.58   | 30.32   | 0.33  |
| 6    | Rice Mill                  | 2.00  | 185.16  | 28.74   | 0.31  |
| 7    | Sugar                      | 4.00  | 370.32  | 215.36  | 2.33  |
| 8    | Drugs & Pharmaceuticals    | 6.00  | 555.48  | 306.62  | 3.31  |
| 9    | Tobacco                    | 0.50  | 46.29   | 31.50   | 0.34  |
| 10   | Cement & Cement Products   | 0.50  | 46.29   | 10.03   | 0.10  |
| 11   | Distilleries               | 0.50  | 46.29   | 0   | 0.00  |
| 12   | Iron & Steel               | 12.00   | 1110.97   | 803.92  | 8.68  |
| 13   | Construction & Contractors | 50.00   | 4629.03   | 3738.3  | 40.38   |
| 14   | Software                   | 1.00  | 92.58   | 10.96   | 0.12  |
| 15   | Hospitals                  | 1.50  | 138.88  | 63.29   | 0.68  |
| 16   | Hotels                     | 0.50  | 46.29   | 9.80  | 0.11  |
| 17   | Educational Institutions   | 2.00  | 185.16  | 36.78   | 0.40  |
| 18   | Commercial Real Estates    | 2.00  | 185.16  | 163.66  | 1.77  |

Note- Total Non-Funded Exposure as on 30.06.2009 is Rs. 9258.06 cr

d. Residual Maturity breakdown of assets:

(Rs. in Crore)

| Maturity Pattern              | Gross Advances | Investments | Foreign Currency assets |
|-------------------------------|----------------|-------------|-------------------------|
| 0 to 1 day                    | 389.46         | 92.18       | 79.91                   |
| 2 to 7 days                   | 828.42         | 89.10       | 72.17                   |
| 8 to 14 days                  | 547.24         | 0.00        | 56.22                   |
| 15 to 28 days                 | 777.88         | 29.02       | 95.79                   |
| 29 days to 3 months           | 5445.94        | 555.05      | 417.61                  |
| Over 3 months & upto 6 months | 2283.32        | 968.95      | 158.48                  |
| Over 6 months & upto 1 year   | 5220.03        | 633.13      | 131.44                  |
| Over 1 year & upto 3 years    | 20693.57       | 1047.06     | 17.31                   |
| Over 3 year & upto 5 years    | 5436.89        | 2070.39     | 0.00                    |
| Over 5 years                  | 6558.98        | 13168.48    | 19.29                   |
| Total                         | 48181.73       | 18653.36    | 1048.22                 |

e. Amount of Gross NPAs & Provisions held for NPAs as on 30.09.2009:

(Rs. in cr)

| Category   | Specific Provision |           |                        | Specific & Floating Provision |                               |                        |
|------------|--------------------|-----------|------------------------|-------------------------------|-------------------------------|------------------------|
|            | NPA                | Provision | Provision Coverage (%) | NPA                           | Specific & Floating Provision | Provision Coverage (%) |
| Sub-std    | 160.56             | 60.72     | 37.82                  | 160.56                        | 83.79                         | 52.19                  |
| Doubtful   | 229.37             | 214.38    | 93.46                  | 229.37                        | 229.37                        | 100.00                 |
| Doubtful-1 | 77.53              | 71.78     | 92.58                  | 77.53                         | 77.53                         | 100.00                 |
| Doubtful-2 | 145.39             | 136.15    | 93.64                  | 145.39                        | 145.39                        | 100.00                 |
| Doubtful-3 | 6.45               | 6.45      | 100.00                 | 6.45                          | 6.45                          | 100.00                 |
| Loss       | 8.43               | 8.43      | 100.00                 | 8.43                          | 8.43                          | 100.00                 |
| Total      | 398.36             | 283.53    | 71.17                  | 398.36                        | 321.59                        | 80.73%                 |

Provision Coverage (including Special Provision on a/c of surplus on sale of financial assets to SC/RC) is 83.66%.

f. Net NPA – Rs. 75.20 cr

g. (Rs. in cr)

|                              |       |
|------------------------------|-------|
| Gross NPAs to gross advances | 0.83% |
| Net NPAs to net advances     | 0.16% |

h.

|                                 |        |
|---------------------------------|--------|
| <b>Movement of NPAs (Gross)</b> |        |
| -Opening Balance                | 368.14 |
| -Additions during the year      | 103.50 |
| -Reductions during the year     | 73.28  |
| -Closing Balance                | 398.36 |
| <b>Movement of Net NPAs</b>     |        |
| -Opening Balance                | 79.22  |
| -Additions during the year      | 0.00   |
| -Reductions during the year     | 4.02   |
| -Closing Balance                | 75.20  |

i.

|  |        |
|--|--------|
| <b>Movement of Specific Provisions</b>             |        |
| -Opening Balance                                   | 238.49 |
| -Additions during the year                         | 80.85  |
| -Reductions during the year                        | 35.81  |
| -Closing Balance                                   | 283.53 |
| <b>Movement of Floating Provisions for NPAs</b>    |        |
| -Opening Balance                                   | 49.85  |
| -Additions during the year                         | 0.00   |
| -Reductions during the year                        | 11.79  |
| -Closing Balance                                   | 38.06  |
| <b>Amount of Non- Performing Investments</b>       |        |
| Amount of provision for non-performing investments | 0.53   |

| <b>Movement of provisions for depreciation on investments</b> |       |
|---|-------|
| -Opening Balance  | 14.71 |
| -Provisions made during the period                            | --    |
| -Write Off  | --    |
| -Write Back of excess provision                               | 5.83  |
| -Closing Balance  | 8.88  |

**DF-V**

**V. Disclosures for portfolios subject to the standardized approach:**

Amount of bank's outstandings (rated & unrated) in major risk buckets - under standardized approach, after factoring risk mitigants (i.e., collaterals):

(Rs. in Crore)

| <b>Particulars</b>         | <b>Amount</b>     |                       |
|----------------------------|-------------------|-----------------------|
|                            | <b>FUND BASED</b> | <b>NON-FUND BASED</b> |
| Below 100% risk weight     | 23616.55          | 1321.55               |
| 100% risk weight           | 18576.25          | 6138.62               |
| More than 100% risk weight | 3345.76           | 60.80                 |
| Deducted (Risk Mitigants)  | 2643.17           | 417.80                |
| <b>TOTAL</b>               | <b>48181.73</b>   | <b>7938.77</b>        |

**DF-VI**

**VI. Credit risk mitigation – standardized approach:**

(Rs. in Crore)

| <b>Particulars</b>   | <b>Amount</b> |
|--|---------------|
| Total exposure covered by eligible financial collateral after application of haircuts. | 3060.97       |

**DF-VII**

**VII. Securitisation – Standardized Approach:**

- a. **The total outstanding exposures securitised by the bank and subject to the securitisation framework by exposure type.**

Bank has securitised 1437 individual Housing Loans during the year 2003-04 amounting to Rs. 50.36 crore. The outstanding balance of the pool as on 30.09.2009 is Rs.13.07 crores.

- b. **For exposures securitised by the bank and subject to the securitization Framework: amount of impaired/past due assets securitised; and losses recognised by the bank during the current period, broken down by exposure type.**

No impaired/past due assets were securitized.

No losses were recognized

- c. **Aggregate amount of securitisation exposures retained or purchased, broken down by exposure type.**

Rs.7.41 crore of Securitised Housing Loans subscribed by the Bank as PTC-B, subordinate to PTC-A.

- d. **Aggregate amount of securitisation exposures retained or purchased broken down into a meaningful number of risk weight bands. Exposures that have been deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from Total Capital, and other exposures deducted from total capital should be disclosed separately by type of underlying exposure type.**

The outstanding investment of Rs.3.72 crore in PTC B as on 30.09.2009 considered as the First Loss Credit Enhancement and Rs.0.68 crore Cash collateral considered as Second Loss Credit Enhancement is reduced at 50% from Tier I and 50% from Tier II Capital.

- e. **Summary of securitisation activity presenting a comparative position for two years, as a part of the Notes on Accounts to the balance sheet: Total number and book value of loan assets securitised during 2004 – type of underlying assets;**

Outstanding Housing Loan assets as on 30.09.2009 – 695 A/cs- Rs. 13.07 crore

- **Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation;**

Rs.50.36 crore – No gain/loss on sale

- **form and quantum (outstanding value) of services provided by way of credit enhancement, liquidity support, post-securitisation asset servicing, etc**

- Subscription to subordinate tranche (PTC-B) to the extent of 14.7% of the pool principal aggregating to Rs.7.41 crore.
- Subordination of excess interest spread in the pool.
- Cash collateral equivalent to Rs.0.68 cr.

**DF-VIII**

**VIII. Market risk in trading book- standardized duration approach:**

(Rs. in Crore)

| SI No | Particulars           | Amount of capital requirement |
|-------|-----------------------|-------------------------------|
| (a)   | Interest rate risk    | 77.71                         |
| (b)   | Equity position risk  | 60.58                         |
| (c)   | Foreign exchange risk | 1.04                          |

**DF-X**

**IX. Interest rate risk in the banking book (IRRBB):**

impact on earnings and economic value of equity for notional interest rate shocks, as on 25.09.2009 (last reporting Friday).

**EARNINGS AT RISK (Rs. in crore)**

| Change in interest rate | Impact on NII |
|-------------------------|---------------|
| 0.25%                   | 19.89         |
| 0.50%                   | 39.78         |
| 0.75%                   | 59.67         |
| 1.00%                   | 79.55         |

**ECONOMIC VALUE OF EQUITY**

|  |                  |
|--|------------------|
| For a 200 bps rate shock the drop in equity value (including reserves) | Rs.903.82 crores |
|--|------------------|

