आन्ध्रा बैंक **ANDHRA BANK**

(भारत सरकार का उपक्रम A Govt. of India Undertaking)

Disclosures under Basel III Capital Regulations (Pillar III) as on 31.03.2015

Table DF-1: Scope of Application

Name of the head of the banking group to which the framework applies: Andhra Bank

(The Capital to Risk Weighted Assets Ratio (CRAR) reported in DF 2 pertains to Solo & Consolidated position of the Bank. The Composition of Capital furnished in DF 11 & DF12 pertains to the Consolidated position of the Bank. All other disclosures in this report pertain to Andhra Bank (Solo))

(i) Qualitative Disclosures:

Name of the entity/ country of incorporation	Whether the entity is included under accounting scope of consolidation (yes/no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes/no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
Subsidiary:						
Andhra Bank Financial Services Limited/India	Yes	AS21-Line by line aggregation of each item of asset/liability/ income/expenses	Yes	AS21- Line by line aggregation of each item of asset/ liability/income/ expenses	NA	NA
Associate:						
Chaitanya Godavari Grameena Bank/India	Yes	AS23- Equity Method	Yes	AS23- Equity Method	NA	NA
Joint Ventures:						
India First Life Insurance Company Limited/India	Yes	AS27- Proportionate consolidation	No	NA	Regulatory guidelines applied to an Insurance entity.	The entity is engaged in Insurance activity. Hence, excluded from the regulatory scope of consolidation in terms of Circular no. DBOD.No.BP.BC.72/21.04.018 /2001-02 dated February 25, 2003.
ASREC (India) Limited/India	Yes		Yes	AS27- Proportionate consolidation	NA	NA
India International Bank (Malaysia) BHD / Malaysia	Yes		Yes		NA	NA

a.List of group entities considered for consolidation:

(i) Andhra Bank Financial Services Limited/India, Subsidiary

(ii) Chaitanya Godavari Grameena Bank/India, Associate

(iii) ASREC (India) Limited/India, Joint Venture

(iv) India Internation bank (Malaysia) BHD / Malaysia, Joint Venture

b. List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation.

Name of the entity/ country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of Bank's holding in the total equity	Regulatory treatment of Bank's investments in the capital instruments of the entity	Total Balance Sheet assets (as stated in the accounting balance sheet of the legal entity)
NIL					

(ii) Quantitative Disclosures:

c.List of group entities considered for consolidation: **(Rs. in Million)**

Name of the entity / country of incorporation	Principle activity of the entity	Total balance Sheet equity (as stated in the accounting balance sheet of the legal entity)	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Andhra Bank Financial Services Limited/India	Leasing, Hire Purchase, Merchant Banking and other financial services for which it was established. However, no activity is undertaken now.	(41.60)	320.06
Chaitanya Godavari Grameena Bank/India	Banking	1,867.13	34778.60
ASREC (India) Limited/India	Securitisation and Reconstruction of Financial Assets	1,303.85	1928.53
India International bank (Malaysia) BHD / Malaysia	Banking	5,615.66	8294.42

d.The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted:

(Rs. in Million)

Name of the subsidiaries/ country of incorporation	Principle activity of the entity	Total Balance Sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Capital deficiencies
Nil				

e.The aggregate amounts (e.g. current book value of the Bank's total interests in insurance entities, which are risk weighted: **(Rs. in Million)**

Name of the insurance entities / country of incorporation	Principle activity of the entity	Total Balance Sheet equity (as stated in the accounting balance sheet of the legal entity)	% of Bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
India First Life Insurance Company Limited/India	Insurance Business	3,574.62	30%	The Method of risk weighting is being followed as applicable.

f.Any restrictions or impediments on transfer of funds or regulatory capital within the banking group: Nil

Table DF-2: Capital Adequacy

Qualitative disclosures

(a) **A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities**

Bank is geared up to adopt global best practices while implementing risk management stipulations that are in conformity with the Basel II and Basel III framework. Comprehensive risk management architecture is in place to address various issues concerning Basel II and Basel III. For periodic assessment of Capital needs of the Bank, an Internal Capital Adequacy Assessment (ICAAP) Committee/ Capital Planning Committee comprising the top executives has been constituted, to monitor and assess the Capital requirement of the Bank over the medium horizon of 4-5 years, keeping in view the anticipated growth in the business and corresponding Risk Weighted Assets in Credit Risk, Market Risk and Operational Risk.

The Committee meets regularly and decides on the capital related issues, with due focus on different options available for capital augmentation and realignment of Capital structure duly undertaking the scenario analysis for capital optimization.

Quantitative disclosures

(Rs. in cr)

Items	Amount as on 31.03.2015
(b) Capital requirements for credit risk:	
• Portfolios subject to standardised approach	10009.93
• Securitisation exposures	NIL
(c) Capital requirements for market risk:	
• Standardised duration approach;	
- Interest rate risk	373.66
- Foreign exchange risk (including gold)	1.35
- Equity risk	80.73
(d) Capital requirements for operational risk:	
• Basic Indicator Approach	722.85
• The Standardised Approach (if applicable)	NIL
(e) Capital Adequacy Ratios (solo)	
• Common Equity Tier I	7.49%
• Tier I CRAR (%)	7.99%
• Total CRAR (%)	10.63%
Capital Adequacy Ratios for the consolidated position	
• Common Equity Tier I	7.55%
• Tier I CRAR (%)	8.05%
• Total CRAR (%)	10.70%
Total and Tier I CRAR for the Significant Subsidiary which is not under consolidated Group	NA

Table DF-3: Credit Risk : General Disclosures for All Banks

Qualitative Disclosures:

a) **General qualitative disclosures with respect to credit risk**

Definition of past due and impaired (for accounting purposes):

An Asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank. a " Non Performing Asset" (NPA) is a loan or an advance where:

i. interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a Term Loan,

ii. the account remains '**out of order'** as indicated below, in respect of an Overdraft/Cash Credit (OD/CC), *

iii. the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,

iv. the installment of principal or interest thereon remains overdue for two crop seasons for short duration crops,

v. the installment of principal or interest thereon remains overdue for one crop season for long duration crops,

vi. the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on Securitisation dated February 1, 2006.

vii. in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

In case of interest payments, banks should, classify an account as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

***Out of Order' status -** An account is treated as **'out of order'** if –

i. the outstanding balance remains continuously in excess of the sanctioned limit/drawing power;

ii. the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet; or

iii. credits are not enough to cover atleast the interest debited during the same period.

Accounts with temporary deficiencies - The classification of an asset as NPA is based on the record of recovery. Bank does not classify an advance account as NPA merely due to the existence of some deficiencies which are temporary in nature such as non-availability of adequate drawing power based on the latest available stock statement, balance outstanding exceeding the limit temporarily, non-submission of stock statements and non-renewal of the limits on the due date, etc. In the matter of classification of accounts with such deficiencies the following guidelines are adopted:

- Bank ensures that drawings in the working capital accounts are covered by the adequacy of current assets, since current assets are first appropriated in times of distress. Drawing power is arrived at based on the stock statement not older than 3 months. In case Drawings allowed against Stock statements and/or Book debts statements of more than three months old are treated as irregular drawings and accounts where such irregular drawings are allowed for a continuous period of 90 days are to be treated as NPA**.**
- A working capital borrowal account will become NPA if drawings are permitted against stock statement of older than 3 months in the account for a continuous period of 90 days even though the unit may be working or the borrower's financial position is satisfactory.
- An account where the regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA.

Agricultural advances:

A loan granted for short duration crops is treated as NPA, if the installment of principal or interest thereon remains overdue for two crop seasons. A loan granted for long duration crops is treated as NPA, if the installment of principal or interest thereon remains overdue for one crop season. For the purpose of these guidelines, “long duration” crops are crops with crop season longer than one year and crops, which are not “long duration” crops, are treated as “short duration” crops. The crop season for each crop, which means the period up to harvesting of the crops raised, would be as determined by the State Level Bankers’ Committee in each State. Depending upon the duration of crops raised by an agriculturist, the above NPA norms are also made applicable to agricultural term loans availed of by him.

Discussion of the Bank’s Credit Risk Management Policy

Strategies and Processes:

Credit Risk is defined as "**the possibility of losses associated with diminution in the credit quality of borrowers or counter parties".** There is always a possibility for the borrower to default from his commitments for various reasons, resulting in crystallization of Credit Risk to the Bank. These losses could stem from outright default due to inability or unwillingness of a customer or counter party to meet commitments in relation to lending, trading, settlement and other financial transactions. Alternatively, losses result from reduction in portfolio value arising from actual or perceived deterioration in credit quality. Credit risk is, therefore, a combined outcome of Default Risk & Exposure Risk and arises from the Bank's dealings with or lending to a corporate, individual, bank, financial institution or a sovereign.

Credit risk may take the following forms:

- in the case of direct lending: principal/and or interest amount may not be repaid;
- in the case of guarantees or letters of credit: funds may not be forthcoming from the constituents upon crystallization of the liability;
- in the case of treasury operations: the payment or series of payments due from the counter parties under the respective contracts may not be forthcoming or ceases;

- in the case of securities trading businesses: funds/ securities settlement may not be effected;
- in the case of cross-border exposure: the availability and free transfer of foreign currency funds may either cease or restrictions may be imposed by the sovereign.

The effective management of credit risk is a critical component of comprehensive risk management and is essential for the long - term success of any banking institution. Credit Risk Management encompasses identification, measurement through credit rating/scoring, quantification through estimate of expected loan losses, pricing on a scientific basis and controlling through effective Loan Review Mechanism & Portfolio Management.

The Bank has in place a Credit Risk Management Policy which is reviewed from time to time. Over the years, the policy and procedures in this regard have been refined as a result of evolving concepts and actual experience. The policy and procedures have been aligned to the approach laid down in Basel-II/Basel-III guidelines

The Credit Risk Management Policy is designed with the following Objectives.

1. Enhance the risk management capabilities to ensure orderly and healthy credit growth.
2. Maintain the Asset Quality.
3. Maintain credit risk exposure within acceptable parameters/prudential exposures.
4. Manage the asset portfolio in a manner that ensures bank has adequate capital to hedge risks.
5. Build database necessary for migration to the Internal Ratings Based (IRB) approach, using the Credit Risk Rating Model implemented in the Bank.
6. Mitigate and reduce the risk by streamlining the Systems and Controls.

Structure and organization of the Credit Risk Management function

Credit Risk Management structure of the Bank is as under-

- Board of Directors
- Risk Management Committee of the Board
- Credit Risk Management Committee (CRMC)
- General Manager-Integrated Risk Management Department (Chief Risk Executive)-Head Office
- Credit Risk Management Cell, Integrated Risk Management Department, Head Office

Scope and nature of credit risk reporting and measurement systems:

The measurement of Credit Risk includes setting up exposure limits to achieve a well diversified portfolio across dimensions such as companies, group companies, industries, collateral type and geography. For better risk management and avoidance of concentration of Credit Risks, internal guidelines on prudential exposure norms in respect of individual companies, group companies, Banks, individual borrowers, non-corporate entities, sensitive sectors such as capital market, real estate, sensitive commodities, etc., are in place.

Policies for hedging and mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

The bank also has a well defined Loan Policy in place. The bank has formulated policies & procedures on standards for presentation of credit proposals, financial covenants, rating standards and benchmarks, delegation of credit approving powers, prudential limits on large credit exposures, asset concentrations, standards for loan collateral, portfolio management, loan review mechanism, risk concentrations, risk monitoring and evaluation, pricing of loans, provisioning, regulatory/legal compliance etc.

Quantitative Disclosures:

b) The total Gross Credit Risk Exposures are :

(Rs. in Cr)

Category	Amount as on 31.03.2015
Fund Based	129576.14
Non Fund Based	17580.89

c) Bank has no Overseas Branches. Hence, Geographical exposures are not given.

d) Industry Type Distribution of exposures:

INDUSTRY WISE INTERNAL (FUNDED) EXPOSURE CEILINGS AND EXPOSURE AS ON 31.03.2015

TOTAL ADVANCES AS ON 31.12.2014 (PREVIOUS QUARTER) Rs.118762.96 Cr.

(Rs in cr)
(Rs in cr)

Sl.No.	Industry	Ceilings as % of total advances of previous quarter	Ceiling amount on total advances of previous quarter	Actual Fund based exposure as on 31.03.2015	Exposure as % of total advances of previous quarter i.e. 31.12.2014
1	TEXTILES	9.00	10688.67	5681.36	4.78
2	PETROLEUM PRODUCTS	10.00	11876.30	1753.17	1.48
3	POWER	22.00	26127.85	14062.37	11.84
	a)Renewable Energy	2.00	2375.26	898.61	0.76
4	ENGINEERING (HEAVY&LIGHT)	5.00	5938.15	2770.38	2.33
5	NBFC	10.00	11876.30	10730.00	9.03
	a) NBFC of which against GOLD collaterals	3.00	3562.89	1301.91	1.10
6	DIAMONDS GEMS & JEWELLERY	5.00	5938.15	1989.50	1.68
7	RICE MILLS	6.00	7125.78	3270.64	2.75
8	SUGAR	5.00	5938.15	1590.94	1.34
9	DRUGS & PHARMACEUTICALS	5.00	5938.15	1922.89	1.62
10	TOBACCO	2.00	2375.26	776.00	0.65
11	CEMENT & CEMENT PRODUCTS	5.00	5938.15	1020.68	0.86
12	DISTILLERIES	1.00	1187.63	224.34	0.19
13	IRON & STEEL	10.00	11876.30	6886.14	5.80

14	CONSTRUCTION & CONTRACTORS	10.00	11876.30	4229.00	3.56
15	SOFTWARE	1.50	1781.44	194.76	0.16
16	HOSPITALS	3.00	3562.89	697.86	0.59
17	HOTELS	3.00	3562.89	1092.23	0.92
18	EDUCATIONAL INSTITUTIONS	2.00	2375.26	664.42	0.56
19	COMMERCIAL REAL ESTATES	7.00	8313.41	3634.38	3.06
20	HOUSING LOANS	15.00	17814.44	13480.11	11.35

INDUSTRY WISE INTERNAL (NON-FUNDED) EXPOSURE CEILINGS AND EXPOSURE AS ON 31.03.2015

TOTAL NON-FUNDED Limits AS ON 31.12.2014 (PREVIOUS QUARTER) Rs.26648.80 Cr.

(Rs. in Cr.)

Sl. No	Industry	Ceilings as % of Non Fund Limits of previous quarter	Ceiling amount on Non Fund Limits of previous quarter	Actual Non Fund based exposure as on 31.03.2015	Exposure as % of Non Fund Limits of Previous Quarter i.e. 31.12.2014
1	TEXTILES	4.00	1065.95	907.76	3.41
2	PETROLEUM PRODUCTS	1.00	266.49	23.26	0.09
3	POWER	10.50	2798.12	2189.75	8.22
4	ENGINEERING (HEAVY&LIGHT)	12.00	3197.86	1526.50	5.73
5	NBFC	5.00	1332.44	377.00	1.41
6	DIAMONDS GEMS & JEWELLERY	3.00	799.46	28.31	0.11
7	RICE MILLS	2.00	532.98	98.76	0.37
8	SUGAR	4.00	1065.95	293.14	1.10
9	DRUGS & PHARMACEUTICALS	6.00	1598.93	912.26	3.42
10	TOBACCO	0.50	133.24	22.75	0.09
11	CEMENT & CEMENT PRODUCTS	2.00	532.98	174.72	0.66
12	DISTILLERIES	0.50	133.24	61.81	0.23
13	IRON & STEEL	14.00	3730.83	2320.59	8.71
14	CONSTRUCTION & CONTRACTORS	50.00	13324.40	6062.11	22.75
15	SOFTWARE	1.00	266.49	48.85	0.18
16	HOSPITALS	1.50	399.73	194.85	0.73
17	HOTELS	1.50	399.73	20.80	0.08
18	EDUCATIONAL INSTITUTIONS	2.00	532.98	45.30	0.17
19	COMMERCIAL REAL ESTATES	2.00	532.98	118.27	0.44

e) Residual contractual Maturity breakdown of assets:

(Rs. in Cr.)

Maturity Pattern	Advances (Net)	Investments	Foreign Currency Assets
0 to 1 day	419.30	21.86	364.72
2 to 7 days	1455.21	632.27	67.24
8 to 14 days	1672.28	2.00	98.21
15 to 28 days	1901.00	158.88	147.18
29 days to 3 months	12151.85	3144.78	628.37
Over 3 months & upto 6 months	7263.36	1652.99	860.53
Over 6 months & upto 1 year	13597.12	315.98	0.00
Over 1 year & upto 3 years	52052.84	5468.28	0.00
Over 3 year & upto 5 years	14194.11	5702.20	0.00
Over 5 years	21247.66	29619.41	0.00
Total	**125954.73**	**46718.65**	**2166.26**

f) Amount of NPAs (Gross):

(Rs. in Cr)

CATEGORY	AMOUNT As on 31.03.2015
Sub-Std	2004.34
Doubtful-1	1377.23
Doubtful-2	3308.95
Doubtful-3	142.98
Loss	43.04
Total	**6876.54**

g) Net NPAs:

(Rs. in Cr)

	31.03.2015
Net NPAs	3688.63

h) NPA Ratios:

	31.03.2015
Gross NPA to Gross Advances (%)	5.31
Net NPA to Net Advances (%)	2.93

i) Movement of NPAs (Gross):

(Rs. in Cr.)

Movement of NPAs (Gross)	31.03.2015
(a) Opening Balance	5857.60
(b) Additions during the year	3424.25
(c) Reductions during the year	2405.31
(d) Closing Balance	6876.54

j) Movement of Provision for NPAs:

(Rs. in Cr.)

	31.03.2015
Movement of Specific Provisions for NPAs	
(a) Opening Balance	2515.13
(b) Provisions made during the year	1745.98
(c) Write-off	1073.20
(d) Write-back of excess provisions	0.00
(e) Closing Balance	3187.91

k) Amount of Non-Performing Investments : Rs. 156.76 cr

l) Amount of provisions held for Non-performing Investments : Rs.125.90 cr

m) Movement of provisions for depreciation on Investments:

(Rs. in Cr.)

	31.03.2015
(a) Opening Balance	282.66
(b) Provisions made during the period	76.30
(c) Write –off	0.00
(d)Write back of excess provisions	139.74
(e) Closing Balance	219.22

Table DF-4: Credit Risk – Disclosures for portfolios subject to the Standardized Approach:

Qualitative Disclosures:

(a) For portfolios under the standardized approach:
Names of the credit rating agencies approved by Reserve Bank of India and used by the Bank:

- Credit Rating Information Services India Limited (CRISIL)
- Credit Analysis and Research Limited (CARE)
- India Ratings and Research Private Limited
- ICRA Limited
- SMERA Ratings Limited
- Brick Work Ratings India Private Limited

Types of exposure for which each agency is used:

- For exposures with a contractual maturity of less than or equal to one year (except cash credit, overdraft) Short term rating given by approved Rating Agencies is used.
- For domestic cash credit, overdraft and for term loan exposures of over 1 year, Long Term Rating is used.
- The Bank uses only publicly available solicited ratings that are valid and reviewed by the recognized ECAIs.
- The Bank does not simultaneously use the rating of one ECAI for one exposure and that of another ECAI for another exposure to the same borrower, unless the respective exposures are rated by only one of the chosen ECAIs. Further, the bank does not use rating assigned to a particular entity within a corporate group to risk weight other entities within the same group.
- Where exposures/ borrowers have multiple ratings from the chosen ECAIs, the bank has adopted the following procedure for risk weight calculations:
  i. If there are two ratings accorded by chosen ECAIs, which map into different risk weights, the higher risk weight is applied.
  ii. If there are three or more ratings accorded by the chosen ECAIs which map into different risk weights, the ratings corresponding to the lowest 2 ratings are referred to and higher of those two risk weights is applied.

A description of the process used to transfer public issue ratings onto comparable assets in the banking book:
No such process is applied.

Quantitative Disclosures:

(b) For exposure amounts after risk mitigation subject to the standardized approach, amount of bank's outstandings (rated & unrated) in the following major risk buckets as well as those that are deducted:

(Rs. in Cr.)

	31.03.2015	
	Fund Based	**Non Fund Based**
Below 100% risk weight	51188.76	3640.04
100% risk weight	43884.31	9703.32
More than 100% risk weight	22213.22	2667.10
Deducted (Mitigants)	12289.85	1570.43
Total	**129576.14**	**17580.89**

Table DF-5: Credit Risk Mitigation: Disclosures for Standardized Approaches

Qualitative Disclosures

The general qualitative disclosure requirement with respect to credit risk mitigation including:

(a) Policies and processes for, and an indication of the extent to which the bank makes use of, on and off-balance sheet netting

The Bank makes use of on-balance sheet and off-balance sheet netting only in cases where deposits/cash is held against the particular loan asset.

Policies and processes for collateral valuation and management:

A Board approved Policy on valuation of properties is in place.

As per RBI guidelines, the Bank adopts the Comprehensive Approach, which allows full offset of collateral (after appropriate haircuts) against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral.

Description of the main types of collateral taken by the Bank:

The main types of collateral commonly used by the Bank as risk mitigants comprise -

1. Cash / Bank's deposits
2. Gold
3. Securities issued by Central and State Government
4. NSCs and KVPs
5. LIC policies with a declared surrender value

6. Debt securities (as defined in the New Capital Adequacy Framework)
7. Units of Mutual Funds.
8. Plant & Machinery, Land & Building (In case of NPAs only)

The Credit Risk Mitigants are applied in accordance with the RBI guidelines.

Main types of Guarantor counterparty and their creditworthiness:
Wherever required, the Bank obtains Personal or Corporate guarantee, as an additional comfort for mitigation of credit risk, which can be translated into a direct claim on the guarantor, and is unconditional and irrevocable. The Creditworthiness of the guarantor is normally not linked to or affected by the borrower's financial position. The Bank also accepts guarantee given by State / Central Government as a security comfort. Such Guarantees remain continually effective until the facility covered is fully repaid or settled.

Information about risk concentrations (market or credit) within the mitigation taken:
Bank has a well dispersed portfolio of assets which are secured by various types of securities, such as:

- Eligible financial collaterals listed above
- Guarantees by sovereigns and well-rated corporates
- Fixed and current assets of the counterparty

Quantitative Disclosures:

(Rs. in Cr.)

Particulars	Amount
a. Total exposure covered by eligible financial collateral after application of haircuts. Of which :	
i) Gold :	**7510.50**
ii) Bank Deposits :	**6309.80**
iii) Insurance Policies :	**36.52**
iv) NSCs / KVPs etc. :	**3.46**
b. Total exposure covered by guarantees	**6245.34**
Total exposure covered by credit derivatives	**NIL**

<u>Table DF-6: Securitisation Exposures: Disclosure for Standardised Approach - NIL</u>

Table DF-7: Market Risk in Trading Book

(a) Qualitative Disclosures:

Strategies and processes:

The Bank has in place a well-defined Board approved 'Market Risk Management Policy' and organizational structure for Market risk management functions. The objectives of the policy are-

- to capture all the market related risks inherent in on and off-balance sheet items, monitor and manage them in the best interests of the bank.
- to ensure that the bank's NII is protected from the volatilities in the market related factors
- to improve the sophistication levels of the risk management systems pertaining to Market Risk; and
- to prepare the bank for adoption of the advanced methods of capital computation to ensure optimum utilization of the capital sources.

Structure and organization of the Market Risk Management function:

Market Risk Management structure of the Bank is as under-

- Board of Directors
- Risk Management Committee of the Board
- Asset Liability Management Committee (ALCO)
- General Manager-Integrated Risk Management Department (Chief Risk Executive)-Head Office
- Market Risk Management Cell, Integrated Risk Management Department, Head Office-
    - Integrated Mid Office
    - Asset Liability Management Cell

Scope and nature of risk reporting and measurement systems:

- Bank has put in place various exposure limits for market risk management such as Overnight limit, Intraday limit, Aggregate Gap limit, Stop Loss limit, VaR limit, Broker Turnover limit, Capital Market Exposure limit, Product-wise Exposure limit, Issuer-wise Exposure limit etc.
- A risk reporting system is in place for monitoring the risk limits across different levels of the bank from trading desk to the Board level.
- The rates used for marking to market for risk management or accounting purposes are independently verified.
- The reports are used to monitor performance and risk, manage business activities in accordance with bank’s strategy.
- The reporting system ensures timelines, reasonable accuracy with automation. The reports are flexible and enhance decision-making process.
- The Dealing room activities are centralized
- The reporting formats & the frequency is periodically reviewed so as to ensure that they suffice the risk monitoring, measuring and mitigation requirements of the Bank.

Policies for hedging and mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:
Bank has a Board approved Integrated (Investments & Forex) Policy which covers Market Risk Management, Country Risk Management and Counterparty Bank Risk Management. Bank has in place Hedging Policy for management of unhedged foreign currency exposures of the counterparties of the Bank. The Integrated Risk Management Policy, which is also approved by the Board covers the Liquidity Management, Asset Liability Management and monitoring of adherence to various regulatory and internal risk limits. The policies provide the framework for risk assessment, identification, measurement & mitigation, risk limits & triggers, risk monitoring and reporting.

As part of Liquidity risk management Bank has various guidelines in place to ensure that the liquidity position is comfortable during times of stress. A Contingency Funding Plan is also put in place.

Portfolios covered by the Standardised approach

1. Securities held under Held for Trading (HFT) and Available for Sale (AFS) categories.

(b) Quantitative Disclosures:

(Rs. in Cr.)

Capital requirements for market risk under - Standardized duration approach	
▪ Interest rate risk	373.66
▪ Equity position risk	80.73
▪ Foreign exchange risk (including gold)	1.35

Table DF-8: Operational Risk

(a) Qualitative Disclosures:

Strategies and processes:

The Operational Risk Management process of the Bank is driven by a strong organizational culture and sound operating procedures, involving corporate values, attitudes, competencies, internal control culture, effective internal reporting and contingency planning. Policies are put in place for effective management of Operational Risk in the Bank.

The main objectives of the policy are –

- To have common understanding of Operational Risk and facilitate its management.
- Put in place a suitable Organizational Structure.
- Identification of the Operational Risks faced by the bank in each of the products / activities / processes.
- Developing sound Operational Risk Management systems consistent with the guidelines issued by Reserve Bank of India for management / mitigation of operational risks faced by the bank.
- Suggesting measures for strengthening of internal control systems & procedures based on the deficiencies observed.
- To facilitate the bank moving over to Advanced Methodology for calculation of capital

Structure and organization of Operational Risk management function:

The Operational Risk Management Structure in the Bank is as under:

- Board of Directors
- Risk Management Committee of the Board
- Operational Risk Management Committee (ORMC)
- General Manager of Integrated Risk Management Department, Head Office (Chief Risk Executive)
- Operational Risk Management Cell (IRMD),Head Office

Scope and nature of risk reporting and measurement systems:

Operational Risk Management is an important component of sound risk management. The Risk reporting consists of operational risk loss incidents / events occurred in branches / offices relating to people, process, technology and external events. The data collected from different sources are used for preparation of MIS on loss event types.

Policies for hedging and mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

Bank has put in place an Operational Risk Management Policy covering the terms of operational risk, risk management structure, identification, assessment, measurement and monitoring of operational risk.

Operational risk capital assessment:

The Bank has adopted Basic Indicator Approach (BIA) for calculating capital charge for Operational Risk, as stipulated by the Reserve Bank of India.

Table DF-9: Interest Rate Risk in the Banking Book (IRRBB)

(a) Qualitative Disclosures:

With the deregulation of interest rates, liberalization of exchange rate system, development of secondary markets for bonds and deepening and widening of financial system, Banks are exposed to interest rates risk, liquidity risk, exchange rate risk etc.; Asset Liability Management outlines a comprehensive and dynamic framework for measuring, monitoring and managing various risks. Primary objective of ALM is to maximize the Net Interest Income within the overall risk bearing capacity of the Bank.

Various stress tests are conducted by varying the liquidity and interest rate structure to estimate the resilience and/or the impact. It evaluates the Earnings at Risk by means of parallel shift in the interest rates across assets and liabilities as also basis risk.

The stress tests are carried out by assuming stress conditions wherein embedded options are exercised like prepayment of loans and premature closure of deposits much above the revelations of the behavioral studies to test the stress levels.

Traditional Gap Analysis method suggested by RBI is followed for calculation of IRR from Earnings perspective.

Modified Duration Gap method is followed, as per RBI guidelines, to assess the effect of interest rate changes on the Market Value of Equity in percentage terms.

The ALCO decides on the fixation of interest rates on both assets and liabilities after considering the macro economic outlook – both global and domestic, as also the micro aspects like cost-benefit, spin offs, financial inclusion and a host of other factors.

Strategies and process:
The strategy adopted for mitigating the risk is conducting stress tests before hand by simulating various scenarios so as to be in preparedness for the plausible event and if possible in mitigating it. The process for mitigating the risk is initiated by altering the mix of asset and liability composition, bringing the duration gap closer to zero, change in interest rates etc.

Structure and organization of the relevant risk management functions:
The ALM cell reports to the General Manager- Integrated Risk Management Department and the ALM reports on various subjects/ topics along with the structural liquidity, the interest rate sensitivity and short term dynamic liquidity statements are presented to the ALCO on a fortnightly basis, and to the Risk Management Committee of the Board on a monthly basis. The ALCO is chaired by the Chairman & Managing Director of the Bank and has the Executive Directors and GMs of functional Departments as its members.

Scope and nature of risk reporting and measurement systems:
The liquidity and interest rate sensitivity statements reveal the liquidity position and the Interest rate risk of the Bank. With the approval by the Board, tolerance level is stipulated, within which the Bank is to operate. Any breach in the limits is reported to the ALCO which in turn directs remedial measures to be initiated.

Policies for hedging and mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:
Mitigating measures are initiated in the ALCO on how to contain the liquidity risk and interest rate risk. The fortnightly statements presented to the ALCO reveal the liquidity and interest rate structure based on residual maturity. The gap position under various time buckets denotes the liquidity risk and interest rate risk. The ALCO on studying the gap position in detail evolves the strategies to reduce the mismatches in order to minimize the liquidity and interest rate risks.

The nature of Interest rate risk in banking book and key assumptions including assumptions regarding loan prepayments and behaviour of non-maturity deposits and Frequency of IRRBB measurement

IRRBB is calculated every month as on the last day of each month. IRRBB is calculated from Economic value perspective (Modified duration gap method) & Earnings perspective (Traditional gap analysis method).

Following are the Methodology followed & Assumptions made for calculating IRRBB - Economic value perspective.

- All rate sensitive assets and liabilities are distributed into 10 time buckets, based on the residual maturity/repricing date.
- Assets, liabilities and off balance sheet items are grouped under the broad heads viz., Deposits, Borrowings, Other liabilities, Provisions, Balance with other banks, Investments (HTM), Advances & Non p[performing assets.
- Bucket-wise cash flows for each item/category of asset/liability/off balance sheet item are arrived at.
- The mid-point of each time bucket is taken as proxy duration for the maturity of all assets and liabilities in the respective time bucket
- Modified duration of each category of asset/liability/off balance sheet item is calculated using the maturity date, coupon, yield and interest frequency.
- Weighted average modified duration of all the assets (DA) and all the liabilities (DL) is calculated including the off balance sheet items.

Assumptions :

Entire overdue deposits are placed in 1-28 days time bucket.
Entire Current account deposits and saving account deposits are bucketed as per behavioral studies.
Demand and Term Loans are distributed into various buckets based on the behavioral pattern of prepayments as per bank's behavioral studies instead of the original maturity. Domestic Retail Term Deposits are distributed as per behavioral studies.

Following is the Methodology followed / Assumptions made for calculating IRRBB - Earnings perspective.

- Rate Sensitive Assets (RSA) and Rate sensitive Liabilities (RSL) upto one year are considered for calculation of IRR from earnings perspective.
- Bank is preparing interest rate sensitivity statement on Monthly basis, duly taking into consideration the various behavioral studies as envisaged in RBI guidelines as part of ALM process.
- Rate sensitive assets and Rate sensitive liabilities upto one year are taken to arrive at the gap.
- Rate sensitive liabilities are reduced from Rate sensitive Assets to arrive at the rate sensitive gap.
- The rate sensitive gap is multiplied by assumed interest rate changes to arrive at the interest rate shock.
- A uniform shift (parallel) in yield curve across all the maturity buckets is assumed.

(b) <u>Quantitative Disclosures:</u>

<u>EARNINGS AT RISK</u>

(Rs. in cr.)

Change in interest rate	Re-pricing up to 1 year
0.25%	33.74
0.50%	67.47
0.75%	101.21
1.00%	134.95

<u>ECONOMIC VALUE OF EQUITY</u>

For a 200 bps rate shock the drop in equity value (including reserves)	Rs. 417.38 Crore

<u>Table DF-10: General Disclosure for Exposures Related to Counterparty Credit Risk</u>

(a) Qualitative Disclosures:

Counterparty Credit Risk (CCR) Limits for the banking counterparties are assessed based on an internal model that considers the parameters viz. net worth of the counterparties, asset quality, liquidity, credit rating net worth of the Bank and business requirements.
CCR limits are set on the amount and tenor while fixing the limits to respective counterparties.
Capital for CCR exposure is assessed based on Standardized Approach.

(b) Quantitative Disclosures:

The Bank does not have any credit derivatives exposure at present

Table DF 11 : Composition of Capital **(Rs. in Million)**

	DF-11 : COMPOSITION OF CAPITAL		Amounts subject to Pre-Basel III Treatment	Ref No
	Common Equity Tier 1 capital: Instruments and Reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	26,580.00		a+b
2	Retained earnings	917.29		c-d
3	Accumulated other comprehensive income (and other reserves)	66,659.61		e+f+g+h
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies1)	-		
	Public sector capital injections grandfathered until 1 January 2018	-		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-		
6	**Common Equity Tier 1 capital before regulatory adjustments**	**94,156.90**	**-**	
	Common Equity Tier 1 capital: Regulatory Adjustments			
7	Prudential valuation adjustments	-		
8	Goodwill (net of related tax liability)	17.40	11.60	60% of v
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	215.76	143.84	60% of u
10	Deferred tax assets	-		
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)	144.49	96.33	Part of t
17	Reciprocal cross-holdings in common equity	60.00	40.00	Part of q
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)	NA		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	NA		
22	Amount exceeding the 15% threshold	NA		
23	of which: significant investments in the common stock of financial entities	NA		
24	of which: mortgage servicing rights	NA		
25	of which: deferred tax assets arising from temporary differences	NA		
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]	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		
28	**Total regulatory adjustments to Common equity Tier 1**	**437.65**		
29	**Common Equity Tier 1 Capital (CET1)**	**93,719.25**		
Additional Tier 1 capital: Instruments				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	5,000.00		
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)	5,000.00		part of k
33	Directly issued capital instruments subject to phase out from Additional Tier 1	1,400.00		part of k
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 issued by subsidiaries subject to phase out	-		
36	**Additional Tier 1 capital before regulatory adjustments**	**6,400.00**		
	Additional Tier 1 capital: Regulatory Adjustments			
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)	155.44		
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	-		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	155.44		
	of which: [e.g. DTAs]	-		
	of which: [e.g. existing adjustments which are deducted from Tier 1 at 50%]	-		
	of which: - Goodwill and Intangible assets	155.44		40% of (u+v)
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**	**155.44**		
44	**Additional Tier 1 capital (AT1)**	**6,244.56**		
44a	**Additional Tier 1 capital reckoned for capital adequacy**	**6,244.56**		
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)**	**99,963.81**		

Tier 2 capital: Instruments and Provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-		
47	Directly issued capital instruments subject to phase out from Tier 2	18,620.00		l
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	14,338.50		m+n+((i+j)*45%)
51	**Tier 2 capital before regulatory adjustments**	**32,958.50**		
Tier 2 capital: Regulatory Adjustments				
52	Investments in own Tier 2 instruments	-		
53	Reciprocal cross-holdings in Tier 2 instruments	122.37	81.58	Part of r
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	-		
	of which: [e.g. existing adjustments which are deducted from Tier 2 at 50%]	-		
57	**Total regulatory adjustments to Tier 2 capital**	**122.37**		
58	**Tier 2 capital (T2)**	**32,836.13**		
58a	**Tier 2 capital reckoned for capital adequacy**	**32,836.13**		
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	**-**		
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	**32,836.13**		
59	**Total capital (TC = T1 + T2) (45 + 58c)**	**132,799.94**		
60	**Total risk weighted assets (60a + 60b + 60c)**	**1241354.98**		
60a	**of which: total credit risk weighted assets**	**1109675.01**		

60b	**of which: total market risk weighted assets**	**51363.27**		
60c	**of which: total operational risk weighted assets**	**80316.70**		
	Capital Ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	**7.55%**		
62	Tier 1 (as a percentage of risk weighted assets)	**8.05%**		
63	Total capital (as a percentage of risk weighted assets)	**10.70%**		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	**5.50%**		
65	of which: capital conservation buffer requirement	**0**		
66	of which: bank specific countercyclical buffer requirement	**0**		
67	of which: G-SIB buffer requirement	**0**		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	**2.05%**		
	National minima (if different from Basel III)			
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%		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities	2,826.91		Part of q & r
73	Significant investments in the common stock of financial entities	1,425.00		Part of s
74	Mortgage servicing rights (net of related tax liability)	NA		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	NIL		
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	**11,126.42**		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	**13,870.94**		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	**NA**		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	**NA**		

Notes to the Template

Row No. of the template	Particulars	(Rs. in Million)
	Deferred tax assets associated with accumulated losses	0
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	0
10	Total as indicated in row 10	0
	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	0
	of which: Increase in Common Equity Tier 1 capital	0
	of which: Increase in Additional Tier 1 capital	0
19	of which: Increase in Tier 2 capital	0
	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	0
	(i) Increase in Common Equity Tier 1 capital	0
26b	(ii) Increase in risk weighted assets	0
	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)	0
44a	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	0
	Eligible Provisions included in Tier 2 capital	11,126.42
	Eligible Revaluation Reserves included in Tier 2 capital	3,212.08
50	Total of row 50	14,338.50
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	-

Table DF – 12: Composition of Capital – Reconciliation Requirements

(Rs in Million)

DF-12- Composition of Capital- Reconciliation Requirements		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
Step-1		**As on 31-03-2015**	**As on 31-03-2015**
A	**Capital & Liabilities**		
i	Paid-up Capital	6,028.47	6,028.47
	Reserves & Surplus	94,913.76	95,266.37
	Minority Interest	-	-
	Total Capital	**100,942.23**	**101,294.84**
ii	**Deposits**	**1,550,514.08**	**1,550,514.08**
	of which: Deposits from banks	383.85	383.85
	of which: Customer deposits	1,344,402.00	1,344,402.00
	of which: Other deposits (Certificate of Deposit)	205,728.23	205,728.23
iii	**Borrowings**	**153,193.18**	**153,193.18**
	of which: From RBI	66,500.00	66,500.00
	of which: From banks	1,719.38	1,719.38
	of which: From other institutions & agencies	22,398.80	22,398.80
	of which: Others (pl specify)- Outside India Line of Credit	29,375.00	29,375.00
	of which: Capital instruments	33,200.00	33,200.00
iv	**Other liabilities & provisions**	**72,081.03**	**48,305.14**
	Total	**1,876,730.52**	**1,853,307.24**
B	**Assets**		
i	**Cash and balances with Reserve Bank of India**	**75,178.70**	**75,177.44**
	Balance with banks and money at call and short notice	**4,572.79**	**3,276.67**
ii	**Investments:**	**485,647.85**	**464,358.56**
	of which: Government securities	433,145.84	425,138.61
	of which: Other approved securities	2,001.92	-

	of which: Shares	8,248.84	3,157.70
	of which: Debentures & Bonds	21,017.93	19,664.51
	of which: Subsidiaries / Joint Ventures / Associates	653.49	2,078.49
	of which: Others (Commercial Papers, Mutual Funds etc.)	20,579.83	14,319.25
iii	**Loans and advances**	**1,259,780.95**	**1,259,757.39**
	of which: Loans and advances to banks	-	-
	of which: Loans and advances to customers	1,259,780.95	1,259,757.39
iv	**Fixed assets**	**12,746.68**	**12,707.80**
v	**Other assets**	**38,774.55**	**38,000.38**
	of which: Goodwill and intangible assets	-	-
	of which: Deferred tax assets	-	-
vi	**Goodwill on consolidation**	**29.00**	**29.00**
vii	**Debit balance in Profit & Loss account**	**-**	**-**
	Total Assets	**1,876,730.52**	**1,853,307.24**

(Rs in Million)

DF-12- Composition of Capital- Reconciliation Requirements		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No.
Step-2		**As on 31-03-2015**	**As on 31-03-2015**	
A	**Capital & Liabilities**			
i	**Paid-up Capital**	**6,028.47**	**6,028.47**	
	of which: Amount eligible for CET1	6,028.47	6,028.47	a
	of which: Amount eligible for AT1	-	-	
	Reserves & Surplus	**94,913.76**	**95,266.37**	
	of which:			
	Share premium	20,941.53	20,551.53	b
	Balance in Profit/Loss A/c	174.68	917.29	c
	of which:			
	(a) Current period profits not reckoned for capital adequacy purpose	-	-	d
	Statutory Reserves	26,294.01	26,294.01	e
	General Reserve	24,321.43	24,321.43	f
	Capital Reserve	4,444.17	4,444.17	g
	Special Reserve u/s 36(1)(viii) of IT Act	11,600.00	11,600.00	h
	Revaluation Reserve	7,128.75	7,128.75	i
	Foreign Currency Translation Reserve	9.19	9.19	j
	Minority Interest	-	-	
	Of which considered under capital funds	-	-	
	Total Capital	100,942.23	101,294.84	
ii	**Deposits**	**1,550,514.08**	**1,550,514.08**	
	of which: Deposits from banks	383.85	383.85	
	of which: Customer deposits	1,344,402.00	1,344,402.00	
	of which: Other deposits (pl. specify)- Certificate of Deposit	205,728.23	205,728.23	
iii	**Borrowings**	**153,193.18**	**153,193.18**	
	of which: From RBI	66,500.00	66,500.00	
	of which: From banks	1,719.38	1,719.38	
	of which: From other institutions & agencies	22,398.80	22,398.80	

	of which: Others (pl specify)- Outside India Line of Credit	29,375.00	29,375.00	
	of which: Capital instruments	33,200.00	33,200.00	
	of which:			
	(a) Eligible AT1 capital	6,400.00	6,400.00	k
	(b) Eligible T2 capital issued by Bank	18,620.00	18,620.00	l
	(c) Eligible T2 capital issued by subsidiaries	-	-	
iv	**Other liabilities & provisions**	**72,081.03**	**48,305.14**	
	of which:			
	Provision against standard assets	10,875.00	10,875.00	m
	Provision for ARCIL	251.42	251.42	n
	DTLs related to goodwill	-	-	
	DTLs related to intangible assets	-	-	
	Total	**1,876,730.52**	**1,853,307.24**	
B	**Assets**			
i	**Cash and balances with Reserve Bank of India**	**75,178.70**	**75,177.44**	
	Balance with banks and money at call and short notice	**4,572.79**	**3,276.67**	
ii	**Investments**	**485,647.85**	**464,358.56**	
	of which: Government securities	433,145.84	425,138.61	o
	of which: Other approved securities	2,001.92	-	p
	of which: Shares	8,248.84	3,157.70	q
	of which: Debentures & Bonds	21,017.93	19,664.51	r
	of which: Subsidiaries / Joint Ventures / Associates	653.49	2,078.49	s
	of which: Others (Commercial Papers, Mutual Funds etc.)	20,579.83	14,319.25	t
iii	**Loans and advances**	**1,259,780.95**	**1,259,757.39**	
	of which: Loans and advances to banks	-	-	
	of which: Loans and advances to customers	1,259,780.95	1,259,757.39	
iv	**Fixed assets**	**12,746.68**	**12,707.80**	
	of which:			
	Intangibles other than mortgage - servicing rights (net of related tax liability)	363.20	359.60	u
v	**Other assets**	**38,774.55**	**38,000.38**	

	of which: Un amortized pension and gratuity	-	-	
	of which: Goodwill and intangible assets Out of which:	-	-	
	Goodwill	-	-	
	Other intangibles (excluding MSRs)	-	-	
	Deferred tax assets	-	-	
vi	**Goodwill on consolidation**	**29.00**	**29.00**	v
vii	**Debit balance in Profit & Loss account**	**-**	**-**	
	Total Assets	**1,876,730.52**	**1,853,307.24**	

STEP 3

Extract of Basel III common disclosure template (with added column)			
Common Equity Tier 1 capital: instruments and reserves			
		Component of regulatory capital reported by bank	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2**
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	26,580.00	a+b
2	Retained earnings	917.29	c-d
3	Accumulated other comprehensive income (and other reserves)	66,659.61	e+f+g+h
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	Common Equity Tier 1 capital before regulatory adjustments	94,156.90	
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	17.40	60% of v

Table DF-13: Main features of Regulatory Capital Instruments

	Disclosure template for main features of regulatory capital instruments as on 31.03.2015									
			VI Issue	VII Issue	VIII Issue	IPD I Issue	Upper I Issue	Upper II Issue	Upper III Issue	Perpetual
	Particulars	**Equity shares**	Lower Tier II	Lower Tier II	Lower Tier II	Tier I	Tier II	Tier II	Tier II	Additional Tier I
1	Issuer	Andhra Bank	Andhra Bank	Andhra Bank	Andhra Bank	Andhra Bank	Andhra Bank	Andhra Bank	Andhra Bank	Andhra Bank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE434A01013	INE434A09073	INE434A09081	INE434A09131	INE434A09099	INE434A09107	INE434A09115	INE434A09123	INE434A09149
3	Governing law(s) of the instrument	Applicable Indian statutes and regulatory requirements								
	Regulatory treatment									
4	Transitional Basel III rules	Equity Tier I	Tier II	Tier II	Tier II	Tier I	Upper Tier II	Upper Tier II	Upper Tier II	Not Applicable
5	Post-transitional Basel III rules	Equity Tier I	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible	Additional Tier I
6	Eligible at solo/group/ group & solo	Solo & Group	Solo & Group	Solo & Group	Solo & Group	Solo & Group	Solo & Group	Solo & Group	Solo & Group	Solo & Group
7	Instrument type	Equity shares	Debt Bonds	Debt Bonds	Debt Bonds	Debt Bonds	Debt Bonds	Debt Bonds	Debt Bonds	Debt Bonds
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	6028.47	7000.00	6000.00	3200.00	2000.00	2000.00	5200.00	2800.00	5000.00
9	Par value of instrument (Face value of each share / bond)	Rs.10/-	Rs.10,00,000/-	Rs.10,00,000/-	Rs.10,00,000/-	Rs.10,00,000/-	Rs.10,00,000/-	Rs.10,00,000/-	Rs.10,00,000/-	Rs.10,00,000/-
10	Accounting classification	Shareholders' equity	Borrowings	Borrowings	Borrowings	Borrowings	Borrowings	Borrowings	Borrowings	Borrowings
11	Original date of issuance (Date of allotment)	various dates*	11.01.2008	10.09.2008	24.12.2009	31.12.2008	25.03.2009	08.06.2009	18.12.2009	26.12.2014
12	Perpetual or dated	Perpetual	Dated	Dated	Dated	Perpetual	Dated	Dated	Dated	Perpetual
13	Original maturity date	No maturity	11.05.2018	10.09.2018	24.12.2019	Perpetual**	25.03.2024***	08.06.2024***	18.12.2024***	Perpetual
14	Issuer call subject to prior supervisory approval	NO	NO	NO	NO	YES	YES	YES	YES	YES
15	Optional call date, contingent call dates and redemption amount	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	26.12.2019****
16	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Coupons / dividends	Dividend	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon
17	Fixed or floating dividend/coupon	Not applicable	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Not applicable	9.15% p.a.	11.00% p.a.	8.55% p.a.	9.50% p.a.	9.30% p.a.	8.72% p.a.	8.70% p.a.	9.55% p.a.
19	Existence of a dividend stopper	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
20	Fully discretionary, partially discretionary or mandatory	Fully discretionay	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory

21	Existence of step up or other incentive to redeem	NO	NO	NO	NO	Step-up	Step-up	Step-up	Step-up	NO
22	Non-cumulative or cumulative	Non-cumulative	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
23	Convertible or non-convertible	Not applicable	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable								
25	If convertible, fully or partially	Not applicable								
26	If convertible, conversion rate	Not applicable								
27	If convertible, mandatory or optional conversion	Not applicable								
28	If convertible, specify instrument type convertible into	Not applicable								
29	If convertible, specify issuer of instrument it converts into	Not applicable								
30	Write-down feature	NO	NO	NO	NO	NO	NO	NO	NO	YES
31	If write-down, write-down trigger(s)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Trigger means that the Issuer's Common Equity Tier I Ratio is: (i) If calculated at any time prior to March 31, 2019, at or below 5.5% of RWAs; or (ii) If calculated at any time from and including March 31, 2019, at or below 6.125% of RWAs (the CET 1 Trigger Event Threshold).
32	If write-down, full or partial	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Full or Partial
33	If write-down, permanent or temporary	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Temporary

34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Bank at its sole discretion may write-up the bonds to its original value in future, when it demonstrates that its capital position is well above the minimum capital requirements and with the prior approval of RBI
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinate to all other claims	All other creditors and Depositors of the Bank	All other creditors and Depositors of the Bank	All other creditors and Depositors of the Bank	All other creditors and Depositors of the Bank & All Investors in Tier-II Bonds	All other creditors and Depositors of the Bank	All other creditors and Depositors of the Bank	All other creditors and Depositors of the Bank	Superior to the claims of investors in equity shares and perpetual non-cumulative preference shares; Subordinate to the claims of depositors, general creditors and subordinate debt bonds; Is neither secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-a-vis Bank's creditors
36	Non-compliant transitioned features	NO	NO	NO	NO	NO	NO	NO	NO	Not applicable
37	If yes, specify non-compliant features	Not applicable								
	(*)Dates of allotment of equity shares: Initial Public Offer..24.03.2001; Follow-on Public Offer..03.02.2006; Preferential allotment to Govt of India..25.03.2011; Preferential allotment to Govt of India..21.12.2013; Preferential allotment to Govt. of India .. 25.03.2015									
	(**) Innovative Perpetual Debt Bonds issued with a Call option that may be exercised after the instrument has run for 10 years, with prior permission of Reserve Bank of India. If Call									

	Option is not exercised, coupon has a step-up option of 0.50% after 10 years of the instrument and the coupon will be at 10.00% after 31.12.2018.
	(***) Upper Tier-II Bonds issued with a Call option that may be exercised after the instrument has run for 10 years, with prior permission of Reserve Bank of India. If call option is not exercised, coupon will be step-up with 0.50% after 10 years of the instrument. Then the coupons will be as under:
	Upper Tier-II (I Issue) .. 9.80% after 25.03.2019 upto 25.03.2024
	Upper Tier-II (II Issue) .. 9.22% after 08.06.2019 upto 08.06.2024
	Upper Tier-II (III Issue) .. 9.20% after 18.12.2019 upto 18.12.2024
	(****) Optional Call Date..(a) The instrument has to run for atleast 5 years; (b) With the prior approval of Reserve Bank of India; (c) The instrument is replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the Bank OR The Bank demonstrates that its capital position is well above the minimum capital requirlements after the call option is exercised. Minimum refers to Common Equity Tier I of 8% Risk Weighted Assets (RWAs) (including capital conservation buffer of 2.5% of RWAs) and Total capital of 11.5% of RWAs including additional capital requirements identified under Pillar 2.

Table DF- 14: Full Terms and Conditions of Regulatory Capital Instruments

Name of the Issuer	**Andhra Bank**
Type of Instrument	**Unsecured, Redeemable, Non-Convertible, Subordinated Bonds (VI Issue-Series F)**
Nature of Instrument	**Promissory Notes**
Mode of Issue	**Private Placement**
ISIN No.	**INE434A09073**
Issue size	Rs.700.00 Crores
Face Value	Rs.10,00,000/- per bond
Tenor	124 months
Coupon Rate	9.15% per annum
Coupon Type	Fixed
Interest payment frequency	Annual
Interest payment	Every year on 11th of January
Date of allotment	11.01.2008
Date of maturity	11.05.2018
Record date	Payment of interest will be made to the holders of the Bonds whose name is registered in the Registrer of Bondholders as on the Record Date. The Record Date/Book Closure Date for the Bonds shall be on the close of business hours on any day within 30 days before each interest payment and/or principal repayment date.
Issue/Trading mode of the instrument	Demat only
Listed on	National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE)
Put Option	None
Call Option	None
Step-up Option	None
Coupon with Step-option	Not applicable
Trustees	IDBI Trusteeship Services Limited
Credit Rating	M/s.CARE: CARE AA+ (Double A Plus) M/s.India Ratings (FITCH): IND AA/Outlook Stable
Business Day definition	Business Day being a day on which commercial banks are open for business in the State of Andhra Pradesh, then payment of interest will be made on the next Business day but without liability for making payment of interest for the delayed period.

Name of the Issuer	**Andhra Bank**
Type of Instrument	**Unsecured, Redeemable, Non-Convertible, Subordinated Bonds (VII Issue-Series G)**
Nature of Instrument	**Promissory Notes**
Mode of Issue	**Private Placement**
ISIN No.	**INE434A09081**
Issue size	Rs.600.00 Crores
Face Value	Rs.10,00,000/- per bond
Tenor	120 months
Coupon Rate	11.00% per annum
Coupon Type	Fixed
Interest payment frequency	Annual
Interest payment	Every year on 10th September
Date of allotment	10.09.2008
Date of maturity	10.09.2018
Record date	Payment of interest will be made to the holders of the Bonds whose name is registered in the Registrer of Bondholders as on the Record Date. The Record Date/Book Closure Date for the Bonds shall be on the close of business hours on any day within 30 days before each interest payment and/or principal repayment date.
Issue/Trading mode of the instrument	Demat only
Listed on	National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE)
Put Option	None
Call Option	None
Trustees	IDBI Trusteeship Services Limited
Credit Rating	M/s.CARE: CARE AA+ (Double A Plus) M/s.India Ratings (FITCH): IND AA/Outlook Stable
Step-up Option	None
Coupon with Step-option	Not applicable
Business Day definition	Business Day being a day on which commercial banks are open for business in the City of New Delhi, then payment of interest will be made on the next day that is a business day but without liability for making payment of interest for the intervening period.
	Redemption proceeds: Business day being a day on which commercial banks are open for business in New Delhi, then the payment due shall be made on the next business day together with additional interest for the intervening period.

Name of the Issuer	**Andhra Bank**
Type of Instrument	**Unsecured, Redeemable, Non-Convertible, Subordinated Bonds (VIII Issue-Series H)**
Nature of Instrument	**Promissory Notes**
Mode of Issue	**Private Placement**
ISIN No.	**INE434A09131**
Issue size	Rs.320.00 Crores
Face Value	Rs.10,00,000/- per bond
Tenor	120 months
Coupon Rate	8.55% per annum
Coupon Type	Fixed
Interest payment frequency	Annual
Interest payment	Every year on 24th December
Date of allotment	24.12.2009
Date of maturity	24.12.2019
Record date	The Record Date for the Bonds shall be 30 days prior to each interest payment / or principal repayment date.
Issue/Trading mode of the instrument	Demat only
Listed on	National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE)
Put Option	None
Call Option	None
Trustees	IDBI Trusteeship Services Limited
Credit Rating	M/s.CARE: CARE AA+ (Double A Plus) M/s.Brickwork: BWR AA+/Negative Outlook
Step-up Option	None
Coupon with Step-option	Not applicable
Business Day definition	Business day being a day on which commercial banks are open for business in the City of Hyderabad, then payment of interest will be made on the next day that is a business day but without liability for making payment of interest for the intervening period.
	In case if the principal redemption date falls on a day which is not a business day (business day being a day on which commercial banks are open for business in Hyderabad, Andhra Pradesh), then the payment due shall be made on the next business day together with additional interest for the intervening period.

Name of the Issuer	**Andhra Bank**
Type of Instrument	**Unsecured, Non-cumulative Subordinated Perpetual Bonds**
Nature of Instrument	**Promissory Notes**
Mode of Issue	**Private Placement**
ISIN No.	**INE434A09099**
Issue size	Rs.200.00 Crores
Face Value	Rs.10,00,000/- per bond
Tenor	Perpetual
Coupon Rate	9.50% per annum
Coupon Type	Fixed
Interest payment frequency	Annual
Interest payment	Every year on 31st December
Date of allotment	31.12.2008
Date of maturity	Perpetual
Record date	The Record Date for the Bonds shall be 30 days prior to each interest payment and / or principal repayment date (in case of exercise of call option)
Issue/Trading mode of the instrument	Demat only
Listed on	National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE)
Put Option	None
Call Option	After 10 years run of the instrument - with prior permission of Reserve Bank of India
Trustees	IDBI Trusteeship Services Limited
Credit Rating	M/s.CRISIL:CRISIL AA/Stable (Reaffirmed) M/s.Brickwork: BWRAA/Negative Outlook
Step-up Option	with 0.50% after 10 years run of the instrument, if call option is not exercised
Coupon with Step-option	10.00% from 31.12.2018 if call option is not exercised
Business Day definition	If any interest payments falls on a day which is not a Business day (Business Day being a day on which commercial banks are open for business in the City of New Delhi), then payment of interest will be made on the next day that is a business day but without liability for making payment of interest for the intervening period.
	In case the date of redemption falls on a holiday, then the redemption proceeds will be paid on the next working day (i.e. a day on which scheduled commercial banks are open for business in Delhi), at the time of exercise of call option

Name of the Issuer	**Andhra Bank**
Type of Instrument	**Unsecured, Redeemable, Non-Convertible (Upper Tier-II) Bonds - Issue-I Series-A**
Nature of Instrument	**Promissory Notes**
Mode of Issue	**Private Placement**
ISIN No.	**INE434A09107**
Issue size	Rs.200.00 Crores
Face Value	Rs.10,00,000/- per bond
Tenor	15 years
Coupon Rate	9.30% per annum
Coupon Type	Fixed
Interest payment frequency	Annual
Interest payment	Every year on 25th March
Date of allotment	25.03.2009
Date of maturity	25.03.2024
Record date	The Record Date for the Bonds shall be 30 days prior to each interest payment and/or principal repayment date (in case of exercise of call option).
Issue/Trading mode of the instrument	Demat only
Listed on	National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE)
Put Option	None
Call Option	After 10 years run of the instrument - with prior permission of Reserve Bank of India
Trustees	IDBI Trusteeship Services Limited
Credit Rating	M/s.CRISIL:CRISIL AA/Stable M/s.Brickwork: BWR AA/Negative outlook
Step-up Option	with 0.50% after 10 years run of the instrument, if call option is not exercised
Coupon with Step-option	9.80% from 25.03.2019 till 25.03.2024 if call-option is not exercised
Business Day definition	If any interest date falls on a day which is not a Business Day (Business Day being a day on which commercial banks are open for business in the City of Hyderabad), then payment of interest will be made on the next day that is a business day but without liability for making payment of interest for the intervening period.
	In case if the principal redemption date falls on a day which is not a Business Day (Business Day being a day on which Commercial Banks are open for business in the City of Hyderabad), then the payment due shall be made on the next Business Day together with additional interest for the intervening period.

Name of the Issuer	**Andhra Bank**
Type of Instrument	**Unsecured, Redeemable, Non-Convertible (Upper Tier-II) Bonds - Issue-II Series-B**
Nature of Instrument	**Promissory Notes**
Mode of Issue	**Private Placement**
ISIN No.	**INE434A09115**
Issue size	Rs.520.00 Crores
Face Value	Rs.10,00,000/- per bond
Tenor	15 years
Coupon Rate	8.72% per annum
Coupon Type	Fixed
Interest payment frequency	Annual
Interest payment	Every year on 8th June
Date of allotment	08.06.2009
Date of maturity	08.06.2024
Record date	The Record Date for the Bonds shall be 30 days prior to each interest payment and / or principal repayment date (in case of exercise of call option).
Issue/Trading mode of the instrument	Demat only
Listed on	National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE)
Put Option	None
Call Option	After 10 years run of the instrument - with prior permission of Reserve Bank of India
Trustees	IDBI Trusteeship Services Limited
Credit Rating	M/s.CRISIL:CRISIL AA/Stable M/s.Brickwork: BWR AA/Negative Outlook
Step-up Option	with 0.50% after 10 years run of the instrument, if call option is not exercised
Coupon with Step-option	9.22% from 08.06.2019 till 08.06.2024 if call-option is not exercised
Business Day definition	If any interest payment date falls on a day which is not a Business Day (Business Day, being a day on which commercial banks are open for business in the City of Hyderabad), then payment of interest will be made on the next day that is a business day but without liability for making payment of interest for the intervening period.
	In case if the principal redemption date falls on a day which is not a Business Day (Business Day being a day on which Commercial Banks are open for business in the City of Hyderabad), then the payment due shall be made on the next Business Day together with additional interest for the intervening period.

Name of the Issuer	**Andhra Bank**
Type of Instrument	**Unsecured, Redeemable, Non-Convertible (Upper Tier-II) Bonds - Issue-III Series-C**
Nature of Instrument	**Promissory Notes**
Mode of Issue	**Private Placement**
ISIN No.	**INE434A09123**
Issue size	Rs.280.00 Crores
Face Value	Rs.10,00,000/- per bond
Tenor	15 years
Coupon Rate	8.70% per annum
Coupon Type	Fixed
Interest payment frequency	Annual
Interest payment	Every year on 18th December
Date of allotment	18.12.2009
Date of maturity	18.12.2024
Record date	The Record Date for the Bonds shall be 30 days prior to each interest payment and/or principal repayment date (in case of exercise of call option)
Issue/Trading mode of the instrument	Demat only
Listed on	National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE)
Put Option	None
Call Option	After 10 years run of the instrument - with prior permission of Reserve Bank of India
Trustees	IDBI Trusteeship Services Limited
Credit Rating	M/s.CARE:CARE AA (Double A) M/s.Brickwork: BWR AA/ Negative Outlook
Step-up Option	with 0.50% after 10 years run of the instrument, if call option is not exercised
Coupon with Step-option	9.20% from 18.12.2019 till 18.12.2024 if call-option is not exercised
Business Day definition	If any interest payment date falls on a day which is not a Business Day (Business Day, being a day on which commercial banks are open for business in the City of Hyderabad), then payment of interest will be made on the next day that is a business day but without liability for making payment of interest for the intervening period.
	In case if the principal redemption date falls on a day which is not a Business Day (Business Day being a day on which Commercial Banks are open for business in the City of Hyderabad), then the payment due shall be made on the next Business Day together with additional interest for the intervening period

Name of the Issuer	**Andhra Bank**
Type of Instrument	**Unsecured, Non-Convertible BASEL III Compliant Additional Tier-1 Perpetual Debt Instruments**
Nature of Instrument	**Promissory Notes**
Mode of Issue	**Private Placement**
ISIN No.	**INE434A09149**
Issue size	Rs.500.00 Crores
Face Value	Rs.10,00,000/- per bond
Tenor	Perpetual
Coupon Rate	9.55% per annum
Coupon Type	Fixed
Interest payment frequency	Annual
Interest payment	Every year on 26th December
Date of allotment	26.12.2014
Date of maturity	Perpetual
Record date	The Record Date for interest and redemption payment would be 15 days prior to interest and / or redemption date.
Issue/Trading mode of the instrument	Demat only
Listed on	National Stock Exchange of India Ltd (NSE)
Put Option	None
Call Option	Optional Call Date..(a) The instrument has to run for atleast 5 years; (b) With the prior approval of Reserve Bank of India; (c) The instrument is replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the Bank OR The Bank demonstrates that its capital position is well above the minimum capital requirements after the call option is exercised. Minimum refers to Common Equity Tier I of 8% Risk Weighted Assets (RWAs) (including capital conservation buffer of 2.5% of RWAs) and Total capital of 11.5% of RWAs including additional capital requirements identified under Pillar 2.
Trustees	IDBI Trusteeship Services Limited
Credit Rating	M/s.CRISIL: CRISIL AA-/Stable
Step-up Option	None
Coupon with Step-option	Not applicable
Business Day definition	Business Day shall be a day on which commercial banks are open for business in the city of Hyderabad, Telangana. If any coupon payment date and/or redemption date falls on a day which is not a business day, payment of interest and/or principal amount shall be made on the next business day without liability for making payment of interest for the delayed period.