

**Disclosures under Pillar III of Basel II (New Capital Adequacy Frame work)**  
**as on 30.09.2012**

**Table DF-1: Scope of Application**

**The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation i.e. that are deducted and the name(s) of such subsidiaries: Nil**

The Bank has one Wholly Owned Subsidiary named Andhra Bank Financial Services Ltd. (ABFSL). The Subsidiary is not carrying on any significant financial activity and has accumulated losses of Rs.12.69 crore as on 31<sup>st</sup> March 2012. The total paid up Share Capital of Rs.5.00 crore is deficient and provided for by the Bank.

**The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted as well as their name, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this method versus using the deduction.**

The Bank had launched a life insurance company, India First Life Insurance Company, a Joint Venture with Bank of Baroda and Legal & General with a share of 30%.

Sl. No.	Name of the entity	Country of Incorporation	Proportion of ownership percentage	Amount invested
1	IndiaFirst Life Insurance Co. Ltd.	India	30%	Rs. 142.50 crore

The investment in the Joint Venture is categorized as 'Held to Maturity' and risk-weighted accordingly.

**Table DF-2: Capital Structure**

**a) The amount of Tier I Capital:**

Bank's Tier I Capital comprises of equity shares, Reserves and Innovative Perpetual Bonds. The details of the same are as mentioned below:

*(Rs. in Cr)*

Particulars	Amount	Net Amount
Paid up Equity Share Capital		559.58
Reserves:		
Share Premium	1778.42	
Statutory Reserve	2026.17	

Capital Reserve	348.54	
Special Reserve under Income Tax	465.00	
Profit & Loss A/c	98.53	
Revenue Reserve	2203.15	6919.81
Innovative Perpetual Debt Bonds		200.00
Total		7679.39
Less:		
Intangible Assets	20.88	
Capital Charge for Securitisation transactions	0.47	
Deduction for investment in Subsidiary	12.05	33.40
Total Tier I Capital		7645.99

**b.) The total amount of Tier II Capital (Net of deductions from Tier II Capital):**

Bank's Tier II Capital comprises of Subordinated Debt Bonds, Upper Tier-II Debt Bonds and other general provisions and reserves. The details of the same are as mentioned below:

<i>(Rs. in Cr)</i>		
Particulars	Amount	Net Amount
Undisclosed Reserves	5.00	
General Provisions for Standard Assets	<u>884.45</u>	889.45
Debt capital instruments eligible for inclusion in Upper Tier II Capital		
• Total amount outstanding	1000.00	
• Of which amount raised during the current year	0.00	
• Amount eligible to be reckoned as capital funds	1000.00	1000.00
Subordinated debt eligible for inclusion in Lower Tier II Capital		
• Total amount outstanding	1820.00	
• Of which amount raised during the current year	0.00	
Amount eligible to be reckoned as capital funds	1660.00	1660.00
Total		3549.45
Less :		
Capital Charge for Securitisation transactions	0.47	
Deduction for investment in Subsidiary	12.05	12.52
Total Tier II Capital		3536.93

c) **Total eligible capital comprises of:**

(Rs. in Cr)

Tier I Capital	7645.98
Tier II Capital	3536.93
<b>Total eligible Capital</b>	<b>11182.91</b>

**Table DF-3: Capital Adequacy**

(Rs. in Cr)

<b>Items</b>	<b>Amount</b>
(b) Capital requirements for credit risk <ul style="list-style-type: none"> <li>▪ Portfolios subject to standardized approach</li> <li>▪ Securitisation exposures</li> </ul>	<b>7382.54</b> <b>NIL</b>
(c) 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>	<b>81.95</b> <b>1.35</b> <b>73.78</b>
(d) Capital requirements for operational risk <ul style="list-style-type: none"> <li>- Basic indicator approach</li> </ul>	<b>585.74</b>
(e) Total and Tier 1 CRAR for the Bank <ul style="list-style-type: none"> <li>▪ Total CRAR (%)</li> <li>▪ Tier 1 CRAR (%)</li> </ul>	<b>12.39</b> <b>8.47</b>
(f) 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>	<b>12.39</b> <b>8.47</b>
(g) 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>	<b>NA</b>

**Table DF-4: Credit Risk: General Disclosures**

a) **The total Gross Credit Risk Exposures are :**

(Rs. in Cr)

<b>Category</b>	<b>Amount</b>
Fund Based	86482.07
Non Fund Based	19024.00

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

c) Industry type distribution of exposures:

**INDUSTRY WISE INTERNAL (FUNDED) EXPOSURE CEILINGS AND EXPOSURE AS ON 30.09.2012**

TOTAL ADVANCES AS ON 30.06.2012 ( PREVIOUS QUARTER ), Rs.86611.73 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 30.09.2012	Exposure as % of total advances of previous quarter i.e. 30.06.2012	Actual Fund based o/s as on 30.09.2012
1	Textiles	9.00%	7795.06	4623.52	5.34	3175.06
2	Petroleum Products	10.00%	8661.17	1249.53	1.44	1087.17
3	Power	25.00%	21652.93	18115.63	20.92	12193.59
4	Engineering (Heavy & Light)	5.00%	4330.59	2597.43	3.00	2530.27
5	NBFC	10.00%	8661.17	6328.83	7.31	5232.28
6	Diamonds, Gems & Jewellery	5.00%	4330.59	1410.52	1.63	1249.87
7	Rice Mills	6.00%	5196.70	2075.09	2.40	1645.88
8	Sugar	5.00%	4330.59	1393.65	1.61	1219.39
9	Drugs & Pharmaceuticals	5.00%	4330.59	1666.92	1.92	1368.38
10	Tobacco	2.00%	1732.23	681.60	0.79	572.64
11	Cement & Cement Products	5.00%	4330.59	807.52	0.93	581.02
12	Distilleries	1.00%	866.12	218.48	0.25	207.68
13	Iron & Steel	10.00%	8661.17	5280.37	6.10	4313.89
14	Construction & Contractors	10.00%	8661.17	2785.86	3.22	2121.52
15	Software	1.50%	1299.18	192.73	0.22	175.25

16	Hospitals	3.00%	2598.35	673.26	0.78	369.44
17	Hotels	3.00%	2598.35	1144.77	1.32	1006.00
18	Educational Institutions	2.00%	1732.23	640.47	0.74	530.98
19	Housing Loans (includes residential mortgages & indirect finance to Housing intermediaries)	15.00%	12991.76	6361.85	7.35	6361.85
20	Commercial Real Estate	7.00%	6062.82	2658.96	3.07	2453.81

**INDUSTRY WISE INTERNAL (NON-FUNDED) EXPOSURE CEILINGS AND EXPOSURE AS ON 30.09.2012**

**TOTAL NON-FUNDED Limits AS ON 30.06.2012 (PREVIOUS QUARTER), Rs.28479.87 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 30.09.2012	Exposure as % of Non Fund Limits of Previous Quarter i.e. 30.06.2012	Actual Fund based o/s as on 30.09.2012
1	Textiles	4.00 %	1139.19	861.40	3.02	347.86
2	Petroleum Products	1.00 %	284.80	57.55	0.20	55.52
3	Power	15.00 %	4271.98	2802.06	9.84	2167.31
4	Engineering (Heavy & Light)	12.00 %	3417.58	2195.42	7.71	1932.62
5	NBFC	5.00%	1423.99	702.00	2.46	488.32
6	Diamonds, Gems & Jewellery	3.00%	854.40	272.84	0.96	259.97
7	Rice Mills	2.00%	569.60	22.87	0.08	20.50
8	Sugar	4.00%	1139.19	507.63	1.78	149.85
9	Drugs & Pharmaceuticals	6.00%	1708.79	1034.47	3.63	551.02

10	Tobacco	0.50%	142.40	74.32	0.26	46.87
11	Cement & Cement Products	2.00%	569.60	65.41	0.23	15.97
12	Distilleries	0.50%	142.40	16.11	0.06	6.46
13	Iron & Steel	14.00%	3987.18	2770.91	9.73	1819.71
14	Construction & Contractors	50.00%	14239.94	4166.82	14.63	2148.79
15	Software	1.00%	284.80	1.32	0.01	1.40
16	Hospitals	1.50%	427.20	61.38	0.22	58.91
17	Hotels	1.50%	427.20	6.18	0.02	2.89
18	Educational Institutions	2.00%	569.60	65.49	0.23	53.06
19	Housing Loans	No Ceilings	--	--	--	--
20	Commercial Real Estate	2.00%	569.60	171.92	0.60	10204.35

**d) Residual contractual Maturity breakdown of assets:**

(Rs. in Cr)

<b>Maturity Pattern</b>	<b>Advances (Net of NPA)</b>	<b>Investments</b>	<b>Foreign Currency assets</b>
0 to 1 day	628.98	176.08	323.11
2 to 7 days	1243.78	245.91	23.64
8 to 14 days	1013.08	356.10	36.38
15 to 28 days	2846.01	195.68	281.47
29 days to 3 months	8679.98	1245.39	614.36
Over 3 months & upto 6 months	4368.34	257.18	609.24
Over 6 months & upto 1 year	9478.51	1424.64	0.00
Over 1 year & upto 3 years	33308.41	4341.22	0.00
Over 3 year & upto 5 years	8813.11	4095.93	0.00
Over 5 years	13188.08	19744.65	0.00
<b>Total</b>	<b>83468.28</b>	<b>32082.77</b>	<b>1888.20</b>

e) **Amount of NPAs (Gross):**

(Rs. in Cr)

<b>CATEGORY</b>	<b>AMOUNT</b>
Sub-Std	1924.32
<i>Doubtful-1</i>	604.39
<i>Doubtful-2</i>	314.22
<i>Doubtful-3</i>	66.90
Loss	103.96
<b>Total</b>	<b>3013.79</b>

f) **Net NPAs:**

(Rs. in Cr)

<b>Net NPAs</b>	<b>1830.59</b>
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g) **NPA Ratios:**

(Rs. in Cr)

<b>Gross NPA to Gross Advances (%)</b>	<b>3.48</b>
<b>Net NPA to Net Advances (%)</b>	<b>2.16</b>

h) **Movement of NPAs (Gross):**

(Rs. in Cr)

(a) Opening Balance	1798.01
(b) Additions during the year	1604.80
(c) Reductions during the year	389.02
(d) Closing Balance	3013.79

i) **Movement of Provisions for NPAs:**

a) Opening Balance	1042.16
b) Additions during the year	278.79
c) Reductions during the year	137.75
d) Closing Balance	1183.20

j) Amount of Non-Performing Investments: Rs. 0.43 cr

k) Amount of provisions held for non-performing investments : Rs. 0.43 cr

l) Movement of provisions for depreciation on investments

	<i>Rs. in cr</i>
(a) Opening Balance	0.43
(b) Provisions made during the period	NIL
(c) Write off	NIL
(d) Write-back of excess provisions	NIL
(e) Closing Balance	0.43

**Table DF-5: Credit Risk: Disclosures for Portfolios subject to the Standardized Approach**

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

*(Rs. in cr)*

	<b>Fund Based</b>	<b>Non Fund based</b>
Below 100% risk weight	29105.30	4288.04
100% risk weight	41460.40	11536.14
More than 100% risk weight	10255.46	1623.42
Deducted	5660.91	1576.40
<b>Total</b>	<b>86482.07</b>	<b>19024.00</b>

**Table DF-6: Credit Risk Mitigation: Disclosures for Standardized Approach**

*(Rs. in cr)*

<b>Particulars</b>	<b>Amount</b>
a) Total exposure covered by eligible financial collateral after application of haircuts.	6675.92
b) Total exposure covered by guarantees	5266.84
Total exposure covered by credit derivatives	Nil

**Table DF-7: Securitization Exposures: Disclosure for Standardized Approach**

**Banking Book**

- a) **The total amount of exposures securitized by the bank:** Rs.50.36 crore. The present outstanding being Rs. 6.18 cr.
- b) **For exposures securitized losses recognized by the bank during the current period broken by the exposure type (e.g. Credit cards, housing loans, auto loans etc. detailed by underlying security):** Nil
- c) **Amount of assets intended to be securitized within a year:** Nil at this stage.



**d) Of (c), amount of assets originated within a year before securitization. : Nil**

**e) The total amount of exposures securitized (by exposure type) and unrecognized gain or losses on sale by exposure type.**

Bank has securitized Housing Loans to the tune of Rs. 50.36 crore during 2004.

No losses were recognized by the Bank

**f) Aggregate amount of:**

- **on-balance sheet securitization exposures retained or purchased broken down by exposure type and**
- **off-balance sheet securitization exposures broken down by exposure type**

Same as above

**g) Aggregate amount of securitization exposures retained or purchased and the associated capital charges, broken down between exposures and further broken down into different risk weight bands for each regulatory capital approach**

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

**h) 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 (by exposure type).**

Capital charge on Securitization transaction is Rs.93.06 lacs, of which 50% is deducted from Tier I and 50% from Tier II Capital.

#### **Trading book**

The Bank does not have any securitization exposure in its trading book.

**Table DF-8: Market Risk in Trading Book**

	(Rs. in Cr)
Capital requirements for market risk	
- Standardized duration approach	
▪ Interest rate risk	81.95
▪ Foreign exchange risk (including gold)	1.35
▪ Equity position risk	73.78

**Table DF-10: Interest Rate Risk in Banking Book**

**EARNINGS AT RISK**

(Rs. in crore)

Change in interest rate	Reprising upto 1 year
0.25%	21.20
0.50%	42.40
0.75%	63.60
1.00%	84.79

**ECONOMIC VALUE OF EQUITY**

For a 200 bps rate shock the drop in equity value	Rs.983.36 crores
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