PILLAR III DISCLOSURE UNDER BASEL-III FRAMEWORK FOR THE NINE MONTH ENDED DECEMBER 31, 2016 (CONSOLIDATED)

Name of the head of the banking group to which the framework applies: ALLAHABAD BANK

TABLE DF – 2	CAPITAL ADEQUACY

CAPITAL ADEQUACY

- The Bank carries out regular assessment of its Capital requirements to maintain a comfortable Capital to Risk Weighted Assets Ratio (CRAR) and to cushion against the risk of losses against any unforeseen events so as to protect the interest of all stakeholders. The Bank carries out the exercise of Capital Planning on an annual basis to review the capital required to carry out its activities smoothly in the future. Also, the Bank has well defined Internal Capital Adequacy Assessment Process (ICAAP) to comprehensively assess all risks and maintain necessary additional capital.

- The Bank has adopted Standardized Approach for Credit Risk, Basic Indicator Approach for Operational Risk and Standardized Duration Approach for Market Risk for computing CRAR, as per the guidelines of RBI.

(₹in Millions)

S. No.	Capital Requirements for Various Risks	Capital Requirement*
A	**CREDIT RISK**	**125,203**
A.1	For non- securitized portfolio	125,203
A.2	For Securitized portfolio	-
B	**MARKET RISK**	**12,334**
B.1	For Interest Rate Risk	8,325
B.2	For Equity Risk	3,938
B.3	For Forex Risk (including gold)	71
B.4	For Commodities Risk	-

S. No.	Capital Requirements for Various Risks	Capital Requirement*
B.5	For Options risk	-
C	**OPERATIONAL RISK**	**14,097**
C.1	Basic Indicator Approach	14,097
C.2	Standardized Approach if applicable	-
D	**TOTAL CAPITAL REQUIREMENT**	**151,634**

*Capital requirement is computed at 9.625%.

COMMON EQUITY TIER 1 (CET1), TIER 1 AND TOTAL CAPITAL RATIOS

- The minimum capital requirements under Basel III will be phased-in as per the guidelines prescribed by RBI. Accordingly, the Bank is required to maintain a minimum CET1 capital ratio of 6.125% including CCB of 0.625%, a minimum Tier I capital ratio of 7.0% and a minimum total capital ratio of 9.625% as of December 31, 2016. The Bank's position in this regard as on Dec 31, 2016 is as follows:

PARTICULARS	STANDALONE	CONSOLIDATED
COMMON EQUITY TIER I (CET 1)	8.12%	8.25%
TIER 1 CRAR	8.23%	8.36%
TOTAL CRAR	**10.60%**	**10.73%**

TABLE DF – 3	CREDIT RISK: GENERAL DISCLOSURE

1. DEFINITION OF PAST DUE AND IMPAIRED (FOR ACCOUNTING PURPOSES)

The Bank follows Reserve Bank of India regulations, which are summed up below.

1.1. NON-PERFORMING ASSETS

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. Either Interest and/ or installment of principal dues remain 'overdue' for a period of more than 90 days in respect of a term loan,

II. The account remains 'out of order' for 90 days as indicated below, in respect of an Overdraft/Cash Credit (OD/CC),

III. If the regular/ad-hoc limits are not reviewed/ renewed within 180 days from the due date of review/renewal or sanctioning of adhoc limit,

IV. If the stock statements are not submitted continuously for a period of 90 days and limits/ drawings are allowed on such irregular drawing power continuously for 90 days.

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

VI. The installment of principal or interest thereon remains unpaid for two crop seasons beyond the due date for short duration crops,

VII. The installment of principal or interest thereon remains unpaid for one crop season beyond the due date for long duration crops.

VIII. The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on securitization dated February 1, 2006.

IX. An account is classified as NPA only if the interest due &charged during any quarter is not serviced fully within 90 days from the end of the quarter.

X. A loan for infrastructure/non-infrastructure project will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue) unless it is restructured and becomes eligible for classification as "Standard Asset"

1.2. 'OUT OF ORDER' STATUS

An account is treated as **'out of order'** if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In cases where 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 credits are not enough to cover the interest debited during the same period, these accounts are treated as **'out of order'**.

1.3. OVERDUE

Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

1.4. NON PERFORMING INVESTMENTS

In respect of securities, where interest/ principal is in arrears, the Bank does not reckon income on the securities and makes appropriate provisions for the depreciation in the value of the investment.

A non-performing investment (NPI), similar to a non-performing advance (NPA), is one where:

- **I.** Interest/ installment (including maturity proceeds) is due and remains unpaid for more than 90 days.
- **II.** This applies mutatis-mutandis to preference shares where the fixed dividend is not paid.
- **III.** In the case of equity shares, in the event the investment in the shares of any company is valued at Re.1 per company on account of the non-availability of the latest balance sheet in accordance with the Reserve Bank of India instructions, those equity shares are also reckoned as NPI.
- **IV.** If any credit facility availed by the issuer is NPA in the books of the bank, the investments in any of the securities issued by the same issuer is also treated as NPI and vice versa.
- **V.** The investments in debentures / bonds, which are deemed to be in the nature of advance, are subjected to NPI norms as applicable to investments.

2. BANK'S CREDIT RISK MANAGEMENT POLICY

2.1. The Bank has put in place a well-structured Credit Risk Management Policy duly approved by the Board. The Policy document defines organizational structure, role and responsibilities and the processes whereby the Credit Risks carried by the Bank can be identified, quantified, managed and controlled within the framework which the Bank considers consistent with its mandate and risk tolerance limits.

2.2. Credit Risk is monitored by the Bank account wise and compliance with the risk limits / exposure cap approved by the Board is ensured. The quality of internal control system is also monitored and in-house expertise has been built up to tackle all the facets of Credit Risk.

2.3. The Bank has taken earnest steps to put in place best Credit Risk Management practices. In addition to Credit Risk Management Policy, the Bank has also framed Board approved Lending Policy, Investment Policy, Country Risk Management Policy, Recovery Management Policy etc. which form integral part in monitoring of credit risk and ensures compliance with various regulatory requirements, more particularly in respect of Exposure norms, Priority Sector norms, Income Recognition and Asset Classification guidelines, Capital Adequacy, Credit Risk Management guidelines etc. of RBI/other Statutory Authorities.

2.4. Besides, the Bank has also put in place a Board approved policy on Credit Risk Mitigation & Collateral Management which lays down the details of securities and administration of such securities to protect the interests of the Bank. These securities act as mitigants against the credit risk to which the Bank is exposed.

3. ARCHITECTURE AND SYSTEMS OF THE BANK

3.1. A Sub-Committee of Board of Directors termed as Risk Management Committee (RMC) has been constituted to specifically oversee and co-ordinate Risk Management functions in the bank.

3.2. A Credit Risk Management Committee of executives has been set up to formulate and implement various credit risk strategies including lending policy and to monitor Bank's Risk Management functions on a regular basis.

4. CREDIT APPRAISAL / INTERNAL RATING

4.1. The Bank manages its credit risk by continuously measuring and monitoring of risks at each obligor (borrower) and portfolio level. The Bank has robust internally developed credit risk grading / rating modules and well-established credit appraisal / approval processes.

4.2. The internal risk rating / grading modules capture quantitative and qualitative issues relating to management risk, business risk, industry risk, financial risk and project risk. The data on industry risk is constantly updated based on market conditions.

4.3. The rating for every borrower is reviewed. As a measure of robust credit risk management practices, the bank has implemented a four tier system of credit rating process for the loan proposals sanctioned at Head Office Level, three tier system at FGM office/ Zonal Office level and two tier system at Branch level which includes validation of rating independent of credit department. For the proposals falling under the powers of Bank's Head Office, the validation of ratings is done at Risk Management Department.

4.4. The Bank follows a well-defined multi layered discretionary power structure for sanction of loans. Various committees have been formed at ZO, FGMO & HO Level. ZLCC AGM/DGM/GM headed by Zonal Head, FGMLCC headed by Field General Manager, HLCC GM headed by GM (Credit), HLCC ED headed by ED (Executive Director), CAC headed by CMD and MCBOD (Management Committee of the Board) headed by CMD. A structure named New Business Group (NBG) headed by CMD has been constituted at Head Office level for considering in-principle approval for taking up fresh credit proposals above a specified cut-off point.

QUANTITATIVE DISCLOSURES

A. GROSS CREDIT RISK EXPOSURE

(₹ in Millions)

Sl. No.	Exposure Type	Domestic (Outstanding)	Overseas (Outstanding)	Total
1.	Fund Based	1,414,674	111,158	1,525,832
2.	Non-Fund Based	220,356	99	220,455
3.	**Total**	**1,635,030**	**111,257**	**1,746,287**

B. INDUSTRY TYPE DISTRIBUTION OF EXPOSURES (OUTSTANDING)

(₹in Millions)

S. No.	Industry	FUND BASED	NON FUND BASED
1	Mining and Quarrying	6,622	9,318
2	Food Processing	27,244	20,563
3	Beverage & Tobacco	3,805	201
4	Textiles	49,037	4,269
5	Leather & Leather Products	1,070	14
6	Wood & Wood Products	1,263	1,395
7	Paper & Paper Products	7,054	1,644
8	Petroleum, Coal Products and Nuclear Fuels	8,208	3,052
9	Chemicals and Chemical Products	34,592	1,617
10	Rubber, Plastic & their Products	4,692	2,755
11	Glass and Glassware	668	247
12	Cement and Cement Products	11,633	3,465
13	Basic Metal and Metal Products	95,771	23,636
14	All Engineering	37,690	21,256
15	Vehicles, Vehicle Parts and Transport Equipment	10,598	1,641
16	Gems & Jewellery	10,205	3,122
17	Construction	37,904	61,511
18	Infrastructure	1,82,942	23,136
19	Other Industries	29,452	32
Industry (Total of Small, Medium and Large Scale)		**5,60,449**	**1,82,875**

Exposures to industries in excess of 5% of total gross credit of the Bank

(₹ in Millions)

S. No.	Industry	% of Gross Credit
1.	Infrastructure	11.99
1.1	Out of which: Power	6.33
2.	Basic Metal and Metal Products	6.28
2.1	Out of Which: Iron and Steel	5.45

C. RESIDUAL CONTRACTUAL MATURITY BREAKDOWN OF ASSETS

(₹ in Millions)

Buckets	Cash & RBI Balances	Bank Balances	Advances	Investments	Fixed Assets	Other Assets	Grand Total
Next day	35,352	9,661	9,153	126,216	-	1,700	**182,082**
2 – 7 days	1,300	58,531	18,420	10,303	-	2,100	**90,654**
8 –14 days	1,803	3,396	10,506	9,356	-	2,808	**27,869**
15 – 30 days	980	10,868	52,643	6,078	-	3,766	**74,335**
Over 1 month – 2 months	1,407	1,698	36,031	10,055	-	3,939	**53,130**
Over 2 months – 3 months	3,238	-	22,874	29,136	-	4,400	**59,648**
Over 3 months – 6 months	6,336	1,698	78,127	37,242	-	4,400	**127,803**
Over 6 months – 1 year	5,204	-	120,630	50,913	-	5,300	**182,047**
Over 1 year – 3 years	25,404	9,005	451,803	137,677	-	6,313	**630,202**
Over 3 years – 5 years	13,629	29,580	212,259	80,050	-	7,976	**343,494**
Over 5 years	22,782	-	447,058	145,597	32,097	9,146	**656,680**
Total	**117,435**	**124,437**	**1,459,504**	**642,623**	**32,097**	**51,848**	**2,427,944**

D. NON PERFORMING ASSETS (NPA) AND ITS MOVEMENT

(₹ in Millions)

S. No.	Particulars	Amount
A.	**Amount of Gross NPA**	**190,919**
A. 1	Substandard	82,848
A. 2	Doubtful 1	33,428
A. 3	Doubtful 2	65,824
A. 4	Doubtful 3	6,270
A. 5	Loss	2,549
B	**Net NPA**	**126,211**
C	**NPA Ratios**	
C. 1	Gross NPAs to Gross Advances	**12.51%**
C. 2	Net NPAs to Net Advances	**8.65%**

S. No.	Particulars	Amount
D	**Movement of Gross NPA**	
D. 1	**Opening balance at the beginning of the year**	**153,846**
D. 2	Additions during the period	82,021
D. 3	Reductions during the period	44,948
D. 4	**Closing balance as at end of the period**	**190,919**

E. MOVEMENT OF SPECIFIC & GENERAL PROVISION

(₹ in Millions)

Movement of provisions	Specific Provisions#	General Provisions@
Opening balance at the beginning of the year	50,921	12,915
Provisions made during the period	30,702	2,163
Write-off during the period	16,915	-
Write-back of excess provisions during the period	-	-
Adjustments/Transfers between provisions during the period*	-	12
Closing Balance as at end of the period	**64,708**	**15,090**

#Represents provisions for NPA, @Represents provisions for Standard Advances

*Amount utilized towards sale of NPAs and transfer to PWO account.

F. Details of write offs and recoveries that have been booked directly to the income statement

(₹ in Millions)

Write offs that have been booked directly to the income statement	-
Recoveries (in written-off) that have been booked directly to the income statement	1,672

G. NON PERFORMING INVESTMENTS (NPI) AND MOVEMENT OF PROVISION FOR DEPRECIATION ON INVESTMENTS

(₹ in Millions)

S. No.	Particulars	Amount
A.	**Amount of Non-Performing Investments**	**1,659**
B	Amount of Provision held for Non Performing Investments	629
C	**Movement of provisions for depreciation on investments**	
C. 1	Opening balance **at the beginning of the year**	**3,762**

S. No.	Particulars	Amount
C. 2	Provisions made during the period	614
C. 3	Write-off during the period	461
C. 4	Write-back of excess provisions during the period	491
C. 5	**Closing balance as at end of the period**	**3,424**

H. GEOGRAPHIC DISTRIBUTION OF NPA & PROVISIONS

(₹in Millions)

SL No	Particulars	Domestic	Overseas	Total
1.	Gross NPA	188,509	2,410	**190,919**
2.	Provisions for NPA	63,217	1,491	**64,708**
3.	Provisions for Standard Advances	14,591	499	**15,090**

I. INDUSTRY WISE NPA AND PROVISIONS

(₹ in Millions)

Industry	As on Dec 31, 2016			For quarter ended Dec 31, 2016	
	Gross NPA	Provisions for		Write-offs	Provisions for NPA
		NPA	Standard Advances		
Mining and Quarrying	2,777	631	14	1	33
Rubber, Plastic & their Products	824	275	14	4	6
Glass and Glassware	36	15	2	-	5
Cement and Cement Products	888	324	50	12	2
Basic Metal and Metal Products	63,969	17,765	1,407	242	1,276
All Engineering	3,016	1,022	492	89	33
Vehicles, Vehicle Parts and Transport Equipment	532	122	65	29	1
Gems & Jewellery	1,821	439	29	1	32
Construction	11,633	4,458	489	1,145	1,443
Infrastructure	10,528	3,431	2,808	229	675
Food Processing	3,967	1,313	931	171	570
Beverage & Tobacco	454	84	32	5	5
Textiles	18,804	7,087	348	133	313
Leather & Leather Products	41	11	3	0	0
Wood & Wood Products	97	20	4	1	2

Industry	As on Dec 31, 2016			For quarter ended Dec 31, 2016	
	Gross NPA	Provisions for		Write-offs	Provisions for NPA
		NPA	Standard Advances		
Paper & Paper Products	2,321	682	232	78	6
Petroleum, Coal Products and Nuclear Fuels	2,912	1,163	31	85	1,124
Chemicals and Chemical Products	7,118	4,463	908	124	174
Other Industries	3,109	948	84	202	216
Total	**134,846**	**44,253**	**7,941**	**2,552**	**5,918**

TABLE DF – 4	**CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDIZED APPROACH**

STANDARDISED APPROACH

The Bank has used the Standardized Approach under the RBI's Basel III capital regulations for its credit portfolio.

CREDIT RATING AGENCIES

The Bank is using the ratings assigned by the following domestic external credit rating agencies, approved by the RBI, for risk weighting claims on domestic entities:

• Credit Analysis and Research Limited ('CARE')	• India Ratings and Research Private Limited
• Credit Rating Information Services of India Limited ('CRISIL')	• Brickwork Ratings India Private Limited ('Brickwork')
• ICRA Limited ('ICRA')	• SMERA Ratings Limited ('SMERA')

The Bank is using the ratings assigned by the following international credit rating agencies, approved by the RBI, for risk weighting claims on overseas entities:

- Fitch Ratings
- Moody's
- Standard & Poor's

Quantitative Disclosures

The Bank's outstanding (rated and unrated) in three major risk buckets are as follows:

(₹ in Millions)

Sl No	Risk Weight	Fund Based	Non Fund Based
1	Below 100% risk weight	794,395	108,477
2	100% risk weight	423,039	67,394
3	More than 100% risk weight	308,399	44,585
4	Deduction from capital funds	-	-
5	**Total Exposure**	**1,525,832**	**220,455**

Table DF – 18	**Leverage ratio common disclosure template (for Quarterly reporting)**

The leverage ratio act as a credible supplementary measure to the risk based capital requirement. The Bank is required to maintain a minimum leverage ratio of 4.5%. The Bank's leverage ratio, calculated in accordance with the RBI guidelines under consolidated framework is as follows:

(₹ in millions)

Particulars	Dec 31, 2016	Sep 30, 2016	June 30, 2016	March 31, 2016
Tier 1 capital	1,31,768	1,29,765	1,28,790	1,35,795
Exposure Measure	26,21,390	25,41,031	24,67,959	25,37,694
Leverage Ratio	**5.03%**	**5.11%**	**5.22%**	**5.35%**