

विभाग DEPT: Merchant Banking Division
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E-mail: mbd@andhrabank.co.in

Lr. No. 666/25/P.77/405

Dt: 11.02.2019

BSE Limited 25th Floor, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400001 Fax No. 022-22723121 Scrip Code: 532418	The National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex Bandra (East) Mumbai - 400 051 Fax: 022-26598237/38 SYMBOL: ANDHRABANK
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Dear Sirs,

Sub: Submission of Unaudited (Reviewed) Financial Results of the Bank along with Limited Review Report on the Results for the Quarter ended December 31, 2018

Ref: Compliance to Regulation 30 & 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In compliance to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the Unaudited (Reviewed) Financial Results of the Bank along with the segment Reporting and Limited Review Report for the Quarter ended December 31, 2018. The same has been approved by the Board of Directors of the Bank in its meeting held on Monday, February 11, 2019.

We request you to take the same on record and disseminate on your website.

The meeting of the Board of Directors commenced at 3.00 a.m/p.m. and concluded at 6.30 a.m./p.m.

Yours faithfully,
For Andhra Bank

(Raghuram Maffela)
Company Secretary

Encl: as above

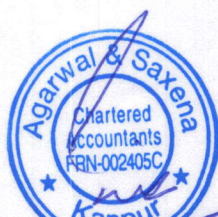




ANDHRA BANK
:: HYDERABAD ::

UNAUDITED (REVIEWED) FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS ENDED 31ST DECEMBER, 2018

UNAUDITED (REVIEWED) FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS ENDED 31 DECEMBER, 2019							
Sl. No.	PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		(₹ in Lacs)
							YEAR ENDED
		31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
		REVIEWED					AUDITED
1	Interest Earned (a) + (b) + (c) + (d)	479665	475515	454926	1407930	1336867	1797454
	(a) Interest / Discount on Advances / Bills	364905	356632	330014	1051094	978763	1306925
	(b) Income on Investments	111288	115696	119182	344489	328537	448843
	(c) Interest on balances with Reserve Bank of India and Other inter bank funds	1759	1206	1262	6423	12250	13346
	(d) Others	1713	1981	4468	5924	17317	28340
2	Other Income	52568	49417	54417	158443	188531	237206
A	Total Income (1+2)	532233	524932	509343	1566373	1525398	2034660
3	Interest Expended	309838	302676	287705	919252	875436	1163978
4	Operating Expenses (e)+(f)	99437	92493	88606	273633	250482	334579
	(e) Employees cost	62850	55976	48966	162828	141464	185779
	(f) Other Operating expenses (All items exceeding 10% of the total expenditure excluding interest expenditure may be shown separately)	36587	36517	39640	110805	109018	148800
B	Total Expenditure (Excluding Provisions & Contingencies) (3+4)	409275	395169	376311	1192885	1125918	1498557
C	Operating Profit (Profit before Provisions & Contingencies) (A-B)	122958	129763	133032	373488	399480	536103
D	Provisions (other than tax) and Contingencies	165317	156173	242334	492240	539251	1082184
	Of which provisions for Non-performing Assets	179017	115515	174499	433319	454011	1010287
E	Exceptional Items	-	-	-	-	-	-
F	Net Profit / (Loss) from Ordinary activity before tax (C-D-E)	(42359)	(26410)	(109302)	(118752)	(139771)	(546081)
G	Provision for taxes	15500	17000	(56100)	36500	(52100)	(204828)
H	Extraordinary items (net of tax expense)	-	-	-	-	-	-
I	Net Profit / (Loss) for the period (F-G-H)	(57859)	(43410)	(53202)	(155252)	(87671)	(341253)
5	Paid-up equity share capital (Face value of each share ₹ 10/-)	173882	119883	87280	173882	87280	119883
6	Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting year)	878396	878396	983577	878396	983577	878396
7	Analytical Ratios:						
	(i) Percentage of shares held by Government of India	84.83	77.99	69.77	84.83	69.77	77.99
	(ii) Capital Adequacy Ratio (%) - BASEL III	11.67	12.17	12.17	11.67	12.17	11.00
	a. CET 1 Ratio (%)	6.34	6.80	6.79	6.34	6.79	5.61
	b. Additional Tier 1 Ratio (%)	1.94	1.97	1.77	1.94	1.77	1.83
	(iii) Earnings per share in ₹ (not annualised)						
	a) EPS before Extraordinary items (net of tax expense) for the period, for the year to date and for the previous year						
	Basic:	(3.44)	(3.62)	(6.10)	(11.42)	(10.04)	(38.94)
	Diluted:	(3.44)	(2.70)	(6.10)	(11.42)	(10.04)	(38.94)
	b) EPS after Extraordinary items for the period, for the year to date and for the previous year						
	Basic:	(3.44)	(3.62)	(6.10)	(11.42)	(10.04)	(38.94)
	Diluted:	(3.44)	(2.70)	(6.10)	(11.42)	(10.04)	(38.94)
	(iv) a. Amount of Gross Non Performing Assets	2870347	2762301	2159932	2870347	2159932	2812436
	b. Amount of Net Non Performing Assets	1077836	1142762	1085832	1077836	1085832	1263687
	c. % of Gross NPAs	16.68	16.36	14.26	16.68	14.26	17.09
	d. % of Net NPAs	6.99	7.49	7.72	6.99	7.72	8.48
	(v) Return on Assets (annualised) (%)	(0.90)	(0.68)	(0.90)	(0.82)	(0.51)	(1.46)



SEGMENT REPORT:**Part A: Business Segments**


Sl. No.	PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
		31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
		REVIEWED					AUDITED
1	Segment Revenue						
	(a) Treasury	116219	117406	130144	359584	394330	520761
	(b) Corporate/Wholesale Banking	134647	138450	136453	410184	446858	571630
	(c) Retail Banking	217641	207038	191739	610587	526643	711682
	(d) Other Banking Operations	63726	62038	51007	186018	157567	230587
	Total	532233	524932	509343	1566373	1525398	2034660
	Less: Inter Segment Revenue	-	-	-	-	-	-
	Income from Operations	532233	524932	509343	1566373	1525398	2034660
2	Segment Results						
	(a) Treasury	26783	29084	33989	85740	103269	137213
	(b) Corporate/Wholesale Banking	31054	34239	35626	97805	117026	150616
	(c) Retail Banking	50394	51104	50095	145589	137920	187518
	(d) Other Banking Operations	14727	15336	13322	44354	41265	60756
	Total	122958	129763	133032	373488	399480	536103
	Less : Other Un-allocable Expenditure	165317	156173	242334	492240	539251	1082184
	Total Profit / (Loss) Before Tax	(42359)	(26410)	(109302)	(118752)	(139771)	(546081)
	Income tax and other taxes paid	15500	17000	(56100)	36500	(52100)	(204828)
	Net Profit / (Loss)	(57859)	(43410)	(53202)	(155252)	(87671)	(341253)
3	Segment Assets						
	(a) Treasury	6690287	7166481	7511916	6690287	7511916	7605732
	(b) Corporate/Wholesale Banking	7004163	7666874	7165969	7004163	7165969	7581540
	(c) Retail Banking	7598783	7403429	6797143	7598783	6797143	6995610
	(d) Other Banking Operations	2068654	1452609	1213008	2068654	1213008	1602327
	(e) Unallocated	433460	433486	337002	433460	337002	431928
	Total	23795347	24122879	23025038	23795347	23025038	24217137
4	Segment Liabilities						
	(a) Treasury	6584923	7107587	7343892	6584923	7343892	7501991
	(b) Corporate/Wholesale Banking	6859519	7580200	6939040	6859519	6939040	7434876
	(c) Retail Banking	7273306	7121920	6484987	7273306	6484987	6708570
	(d) Other Banking Operations	1959898	1326914	1097357	1959898	1097357	1480930
	(e) Unallocated	8517	11741	7457	8517	7457	8942
	Total	22686163	23148362	21872733	22686163	21872733	23135309
5	Capital Employed						
	(a) Treasury	105364	58894	168024	105364	168024	103741
	(b) Corporate/Wholesale Banking	144644	86674	226929	144644	226929	146664
	(c) Retail Banking	325477	281509	312156	325477	312156	287040
	(d) Other Banking Operations	108756	125695	115651	108756	115651	121397
	(e) Unallocated	424943	421745	329545	424943	329545	422986
	Total	1109184	974517	1152305	1109184	1152305	1081828

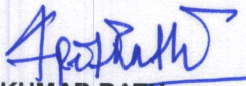
Part B: Geographic Segments: There is only one segment i.e. Domestic Segment.**Notes:**

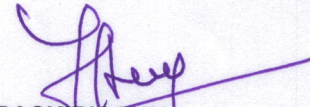
- The financial results for the quarter/ nine months ended 31st December, 2018 have been reviewed by the Audit Committee of Board and approved by the Board of Directors in their meeting held on 11th February, 2019. The same have been subjected to a limited review by the Statutory Central Auditors of the Bank.
- The financial results have been prepared following the same accounting policies and generally accepted practices as those followed in the annual financial statements for the year ended 31st March, 2018.
- The working results of the Bank for the quarter/ nine months ended 31st December, 2018 have been arrived at after considering provisions for Standard Assets, Non Performing Assets, Depreciation on Investments, MSME borrowers, unhedged foreign currency exposure made on the basis of extant guidelines issued by Reserve Bank of India. All other usual and necessary provisions including Gratuity, Pension, Leave encashment, other long term employee benefits and taxation have been made on an estimated basis and are subject to adjustments, if any, at the year end.



- 4) In terms of Reserve Bank of India circular no. DBOD.No.BP.BC.1/21.06.201/2015-16 dated 1st July, 2015 on 'Basel III Capital Regulations' read together with RBI circular DBR.No.BP.BC.80/21.06.201/ 2014-15 dated 31st March, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standard Amendments' Banks are required to make applicable Pillar 3 disclosures including Leverage Ratio and Liquidity Coverage Ratio under the Basel III Framework. These disclosures are being made available on the Bank's website at the link <https://www.andhrabank.in/english/regulatory.aspx>. These quarterly Pillar 3 disclosures have not been subjected to limited review by the Statutory Central Auditors of the Bank.
- 5) Pursuant to Reserve Bank of India circular no. DBR.No.BP.BC.102/21.04.048/2017-18 dated 2nd April, 2018 and DBR.No.BP.BC.113/21.04.048/2017-18 dated 15th June, 2018 on 'Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks – Spreading of MTM losses and creation of Investment Fluctuation Reserve (IFR)', the Bank has exercised the option to spread the provision for Mark to Market (MTM) losses on Investments held in AFS and HFT category. Accordingly, depreciation provision made earlier of ₹ 262.96 crores on investments has been reversed during the quarter ended 31st December, 2018. The balance amount of ₹ 58.08 crore will be provided in the quarter ending 31st March, 2019.
- 6) RBI vide communication DBR.BP.9730/21.04.018/2017-18 dated 27th April, 2018 has given the option to Banks to spread the additional liability on account of the enhancement of Gratuity limits from ₹ 10 lac to ₹ 20 lac from 29th March, 2018 under Payment of Gratuity Act, 1972, over four quarters beginning with the quarter ended 31st March, 2018. Accordingly, Bank has charged the balance amount of ₹ 62.26 crore during the quarter and the balance carried forward is ₹ Nil.
- 7) Pursuant to Reserve Bank of India circular no. DBR.BP.BC.No.50/21.06.201/2016-17 dated 02nd February, 2017 on 'Basel III Capital Regulations - Additional Tier 1 Capital' read with Reserve Bank of India circular no. DBR.No.BP.BC.71/21.06.201/2015-16 dated 14th January, 2016 on 'Master Circular - Basel III Capital Regulations – Clarification', Bank has drawn an amount of ₹ 93.75 crore from Statutory Reserve towards coupon paid on Additional Tier-I Perpetual Basel III Compliant bonds during the current quarter (₹ 192.93 crore during the nine months ended 31st December, 2018).
- 8) During the quarter, the Bank allotted 53,99,83,952 equity shares of ₹ 10 each at a premium of ₹ 27.39 per share to Government of India in respect of capital funds received to the tune of ₹ 2019 crore. As a result, during the quarter, equity capital of the Bank increased by ₹ 539.98 crore to ₹ 1738.82 crore and share premium by ₹ 1479.02 crore to ₹ 6442.66 crore. As a result percentage of shares held by Government of India increased to 84.83% from 77.99%.
- 9) RBI vide circular No. DBR.No.BP.BC.108/21.04.048/2017-18 dated 06th June, 2018 permitted Banks to continue the exposure to MSME borrowers to be classified as Standard Assets where the dues between 01st September, 2017 and 31st December, 2018 are paid not later than 180 days from their respective original due dates. Accordingly, the Bank has retained advances of ₹ 534.99 crore as Standard Asset as on 31st December, 2018. In accordance with the provisions of the circular, the Bank has not recognized interest income of ₹ 13.17 crore up to 31st December, 2018 and has maintained a Standard Asset provision of ₹ 26.09 crore as on 31st December, 2018 in respect of such MSME borrowers.
- 10) As per RBI Letter No. DBR No.BP.15199/21.04.048/2016-17 dated 23rd June, 2017 and Letter No. DBR.No.BP.BC.1842/21.04.048/2017-18 dated 28th August, 2017, for 19 accounts covered under the provisions of Insolvency and Bankruptcy Code (IBC), the Bank has made a total provision of ₹ 4770.50 crore i.e. 81.30% against the outstanding balance of ₹ 5867.44 crore as on 31st December, 2018.
- 11) Pursuant to proposed bipartite agreement on wage revision (due from November 2017), a sum of ₹ 33.30 crore has been provided during the quarter ended 31st December, 2018 (₹ 153.75 crore up to 31st December, 2018), on ad hoc basis.
- 12) The provision coverage ratio as on 31st December, 2018 is 68.47%.
- 13) Status of Investor Complaints : No Investor complaints were pending as on 30th September, 2018. Complaints received and disposed off during the quarter : 1. Pending as on 31st December, 2018 : Nil.
- 14) Figures of the corresponding previous periods have been regrouped / restated wherever necessary


KUL BHUSHAN JAIN
 EXECUTIVE DIRECTOR


AJIT KUMAR RATH
 EXECUTIVE DIRECTOR


J PACKIRISAMY
 MANAGING DIRECTOR & CEO

AGARWAL & SAXENA Chartered Accountants 510-511, City Centre, 63/2, The Mall, Kanpur – 208 001	RAY & CO Chartered Accountants Shakespeare Court, 21A, Shakespeare Sarani, Flat 8C, 8 th Floor, Kolkata – 700 017	SANTOSH GUPTA & CO Chartered Accountants 417, Atlanta Estate, G M Link Road, Vitt Bhatti, Goregaon (East), Mumbai – 400 063	G S MADHAVA RAO & CO Chartered Accountants 3-5-823, F6 & 7, Hyderabad Business Centre, Hyderguda, Hyderabad – 500029
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LIMITED REVIEW REPORT

To,
The Board of Directors,
Andhra Bank,
Hyderabad.

1. We have reviewed the accompanying statement of unaudited financial results of Andhra Bank (“the Bank”) for the Quarter and Nine Months ended December 31, 2018. The disclosures relating to “Pillar 3 under Basel III Capital Regulations”, “Leverage Ratio” and “Liquidity Coverage Ratio” as have been disclosed on the Bank’s website and in respect of which a link has been provided in the aforesaid financial results have not been reviewed by us. These statements of unaudited financial results are the responsibility of the Bank’s Management and have been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free from material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
3. The financial results incorporate the relevant returns of 20 Branches reviewed by us, Investment & International Banking Division, Mumbai and un-reviewed returns in respect of 36 Zonal Offices and 2873 branches. In the conduct of our review, we have relied on the review reports in respect of non-performing assets received from the concurrent auditors of 579 branches. These review reports cover 75.70% of the advances portfolio of the Bank and 92.17% of non-performing assets of the Bank as on 31st December, 2018. Apart from these review reports, in the conduct of our review, we have also relied upon various returns received from the unreviewed branches/ other offices of the Bank and generated through centralized database at the Bank’s Head Office.



AGARWAL & SAXENA Chartered Accountants 510-511, City Centre, 63/2, The Mall, Kanpur – 208 001	RAY & CO Chartered Accountants Shakespeare Court, 21A, Shakespeare Sarani, Flat 8C, 8 th Floor, Kolkata – 700 017	SANTOSH GUPTA & CO Chartered Accountants 417, Atlanta Estate, G M Link Road, Vitt Bhatti, Goregaon (East), Mumbai – 400 063	G S MADHAVA RAO & CO Chartered Accountants 3-5-823, F6 & 7, Hyderabad Business Centre, Hyderguda, Hyderabad – 500029
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4. Based on our review conducted as above, subject to limitations in scope as mentioned in para 3 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results, together with the notes thereon, prepared in accordance with applicable accounting standards and other prevailing recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with RBI circular (RBI/2016-17/29 Ref.DBS.ARS.No.BC.2/08.91.001/2016-17 dated 28/07/2016 with respect to half yearly/ quarterly review of the accounts of Public Sector Banks) including the manner in which it is to be disclosed or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of Income recognition, asset classification, provisioning and other related matters.

For Agarwal & Saxena
Chartered Accountants

(Firm Reg. No. 002405C)



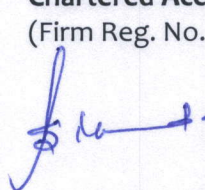


(CA Anil K. Saxena)

Partner

M. No. 071600

For Ray & Co
Chartered Accountants

(Firm Reg. No. 313124E)

(CA Sumit Sikdar)

Partner

M. No. 120622

For Santosh Gupta & Co
Chartered Accountants

(Firm Reg. No. 009713N)




(CA Manoj Kumar)

Partner

M. No. 108603

For G S Madhava Rao & Co
Chartered Accountants

(Firm Reg. No. 001907S)




(CA Manikya Prasad)

Partner

M. No. 020105

Place : Hyderabad

Date : 11th February, 2019