DISCLOSURE UNDER BASEL III CAPITAL REGULATIONS

For the Quarter ended 31st December 2023

Table DF-2: Capital Adequacy

2.1. Qualitative Disclosures

2.1.1. Bank maintains capital as a cushion towards the risk of loss in value of exposure businesses etc. to protect the interest of stake holders more particularly depositors.

2.1.2. Bank has a comprehensive system in place for assessing bank-wide capital requirements based on current and future business activities and monitoring the same on an ongoing basis. Bank considers that capital availability is the central theme in the whole process and its computation is relatable to policy strategy business level/composition and Supervisory concern and Disclosure issues. Towards this bank has evolved a well laid down Internal Capital Adequacy Assessment Process (ICAAP) policy framework and carries out capital calculation under Pillar-II besides Pillar-I Capital calculation.

2.1.3. The Bank has implemented a Board approved Stress Testing Framework which forms an integral part of the Bank's ICAAP. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible stressed business conditions and to measure the impact of adverse stress scenarios on the adequacy of capital at periodical intervals. As per the recommendations in EASE 5.0 bank has enhanced the scope of stress testing. Risk based homogeneous micro clusters (RHMCs) are identified based on account level characteristics such as : Type of loan Geographical location of borrower occupation of borrower age of borrower and sanctioned limit. Impact of this stress testing of credit risk is reckoned while assessing capital requirements as a part of ICAAP.

2.1.4. In line with RBI guidelines the bank has adopted following approaches for implementation of New Capital Adequacy Framework – Basel III.

- Standardised Approach for Credit risk
- Basic Indicator Approach for Operational risk
- Standardised Duration Approach for Market risk

2.1.5. Bank plans capital requirements and reviews the same on quarterly basis. Bank has done capital assessment upto 2028 as a part of ICAAP framework.

2.1.6. Bank has taken initiatives to migrate to Advanced Approaches for Risk Weighted Assets computation Bank is in the process of implementing a software solution.

2.2. Quantitative Disclosures

2.2.1. A summary of the bank's capital requirement for credit market and operational risk and the capital adequacy ratio on standalone and consolidated basis as on 31st December 2023 is given as hereunder:

(Rs. in million)

A. Capital Requirements for Credit Risk: - Portfolios subject to Standardized Approach - Securitization Exposures	 577261.73 -
B. Capital Requirements for Market Risk • Standardized Duration Approach - Interest Rate Risk - Foreign Exchange Risk (including gold) - Equity Position Risk	 22391.36 13389.15 270.00 8732.21
C. Capital Requirements for Operational Risk • Basic Indicator Approach	 59785.23

D. Capital Adequacy Ratios	Union Bank Group (Consolidated)	Union Bank of India (Standalone)
Common Equity Tier –1 CRAR	11.71	11.71
Tier –1 CRAR	13.05	13.05
Total CRAR	15.01	15.03

2.3. General Qualitative disclosures

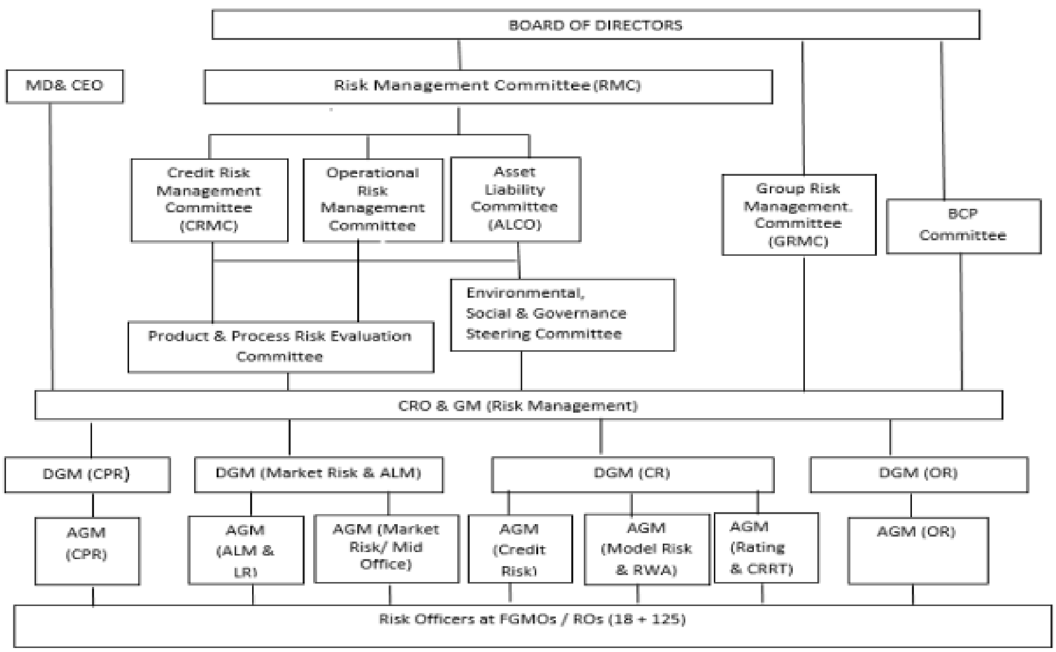
a. Risk Management: Objectives and Organization Structure

- The bank has a credible and comprehensive risk management structure and has taken various initiatives to strengthen the risk management practices. The Bank has an integrated approach for management of risk. The risk management policies are commensurate with the business requirements and are as per the guidelines of Reserve Bank of India. The risk management system encompasses the different types of risks viz. credit risk market risk and operational risk.

- The bank has also formulated Board approved Country specific risk policy for its foreign branches i.e. Hong Kong DIFC Dubai and Sydney branch. The policies are drawn based on the risk dimensions of respective countries and the bank's risk appetite.

- The Board of Directors of the Bank has an oversight of Risk Management activities of the Bank. The Bank's Risk Management Committee of the Board (RMC) is the Apex Body/Committee to oversee various Risk Management activities. The Bank also has separate Committees of Top Executives i.e. Credit Risk Management Committee (CRMC) Asset & Liability Committee (ALCO) Operational Risk Management Committee (ORMC) Group Risk Management Committee (GRMC) to deal with Credit Market Operational and Group Risk respectively. Further the bank has Risk Management organizational structure in place not only at corporate office but also at Regional Offices/Field General Manager's Offices. The broad risk management organizational structure of the bank is furnished as under:

RISK GOVERNANCE STRUCTURE



2.4. Credit Risk:

a. Credit Risk Governance

- Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or his ability to perform such obligation is impaired resulting in economic loss to the bank.

- The Bank is exposed to Credit Risk through Lending and Investment activities.

- Bank has well laid down Loan Policy Credit Risk Management Policy and Policy on Lending to Real Estate Sector which covers guidelines on the entire gamut of Credit Risk Management Process. Loan Policy & Credit Risk Management Policy spells out the target markets risk acceptance/avoidance risk tolerance preferred levels of diversification and concentration credit risk measurement monitoring and controlling mechanisms.

- Bank has an appropriate and independent organizational structure with an oversight mechanism for management of credit risk which includes Credit Risk Management Committee (CRMC) of Top Executives and a separate Credit Risk Management Cell looking after the Credit Risk. Besides there is a separate Board Level Committee i.e. Risk Management Committee of the Board (RMC).

- CRMC deals with issues relating to credit policy procedures and control measures for credit risk on a Bank-wide basis.

b. Credit Approval Process

- Loan Policy of the bank covers in detail guidelines on credit approval process which among other things include thrust areas and non-thrust areas due diligence criteria KYC norms method of assessment of finance minimum credit standards take over norms Prudential & Regulatory ceilings etc.

c. Credit Monitoring System

- Credit monitoring is a continuous process. Bank has separate policy on credit monitoring which includes guidelines on:

    - Identification and monitoring of Special Mention Accounts (SMA-0 SMA-1 and SMA-2) accounts and triggers points for initiating timely action.
    - Periodicity of review of the borrowal accounts based on credit quality. Borrowers with lower credit rating are subject to more frequent reviews.
    - Submission of periodical monitoring reports.
    - Different hierarchical levels for monitoring.

d. Credit Rating Framework

- Bank has comprehensive internal credit rating/scoring models being applied in the Credit Administration and Approval process. Credit rating framework is a combination of quantitative and qualitative aspects. Credit Rating depicts credit quality and predicts probability of default.

- Credit Rating models are in place for Credit Rating of Borrowers.

- Credit scoring models are in place for retail lending schemes.

- Independent assignment of Credit Rating is in place. The Credit Rating is reviewed annually for investment grade borrowers and half-yearly for non-investment grade borrowers.

- In terms of Bank's credit rating framework there are 8 risk-rating grades in standard category and 'investment grade' is fixed up to Credit Rating-5.

- The bank carries out analysis on rating wise distribution of borrowers on obligor basis and portfolio basis at periodical intervals and monitors the same.

e. Credit Approval Committees:

- As per the government guidelines and as per the Board approved structure Bank has introduced Credit Approval Committee (CAC) at SARAL Regional Offices FGMO and Central Office for credit sanction. Risk Management Department is represented in all CACs.

f. Credit Concentration Risk

- Credit concentration is addressed with the following measures :
- The bank has fixed prudential / regulatory ceilings for various categories of advances for diversifying the credit portfolio and the same is monitored periodically. The bank has well diversified credit portfolio.
- Bank monitors the adherence to the exposure ceilings on a quarterly basis. Bank also has a well-established system of monitoring large exposure through monthly monitoring report. The credit portfolio of the bank is well diversified so as to reduce concentration in any area.
- Credit Risk appetite of the Bank is defined as a part of Internal Capital Adequacy Assessment Process (ICAAP) by fixing ceilings limits for various parameters. They are monitored on quarterly basis by undertaking the assessment of ICAAP.

2.5. Market Risk

- Market Risk Management is covered in Treasury Policy Market Risk Policy and ALM Policy.
- There is a clear-cut separation between front office back office and mid-office in Treasury operations.
- Mid-office directly reports to the Risk Management Department.
- Various Limits – for domestic and foreign exchange operations e.g. Overnight Position limit Daylight Open Position limit Value at Risk (VaR) limits Deal size limits Stop Loss limits Aggregate Gap Limit (AGL) Individual Gap Limit (IGL) counterparty limits etc. are in place.
- Value at Risk (VaR) is being monitored on AFS & HFT G-sec equity Portfolio and forex transactions on a daily basis.

2.6. Interest Rate Risk In banking Book:

- Bank carries out Duration Gap Analysis (DGA) to capture impact of changes in interest rates by 200 bps on market value of equity in terms of RBI Guidelines.

2.7. Operational Risk

- A well laid down board approved Operational Risk Management Policy is in place.
- Presently Operational Risk is managed through Internal Control System Internal Audit Process.
- New Product Approval Process is in place.
- Analysis of frauds is done from the angle of operational risk to assess the adequacy and efficacy of internal controls.
- Bank conducts Risk and Control Self-Assessment (RCSA) in respect of various products/ process.

Table DF-3: Credit Risk: General Disclosures

Qualitative Disclosures

a. General Qualitative disclosure pertaining to credit risk:

- **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. For example;

i. In case of temporary overdrafts the outstanding will not be overdue up to 15 days. Hence temporary overdraft if remaining outstanding for more than 15 days only should be reported as overdue.

ii. In case of excesses over sanctioned limit/drawing power the accounts become overdue from the date of such excesses.

iii. In case of Term Loans and Loans Repayable on Demand the installments become overdue from the due date of installments.

iv. Interest due and charged remaining unadjusted becomes overdue from the last day of the quarter irrespective of interest charged at monthly intervals.

v. A Bill becomes overdue from its due date. In case of Sight Bill it becomes overdue if it remains unpaid on presentation.

- **Non-Performing Assets:**
  An asset including a leased asset becomes non-performing when it ceases to generate income for the Bank. Hence non-performing asset is required to be classified correctly at the right time so that unrealized income on such assets is not recognized in the books of the Bank.

A. A non-performing asset (NPA) is a loan or an advance where;

i. Interest and/ or instalment 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' in respect of an Overdraft/Cash Credit (OD/CC).

iii. The bill remains overdue for a period of more than 90 days in 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 due to the Bank under any credit facility is overdue for a period of more than 90 days.

vii. The account where the regular/adhoc credit limits have not been **reviewed/renewed within 180 days from due date/date of adhoc sanction.**

viii. The drawings allowed against Stock/Book Debt statements **older than 180 days** (i.e. if the outstanding in the account based on drawing power calculated from stock statements older than 3 months would be deemed as irregular and **if such irregular drawings are permitted in the account for a continuous period of 90 days** even though the unit may be working or the borrowers' financial position is satisfactory the borrower account will become NPA).

ix. 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 01.02.2006.

x. 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.

xi. **NPA classification of Credit Card Accounts:**

a) In Credit Card Accounts the amount spent is billed to the card users through a monthly statement with a definite due date for repayment. Banks give an option to the card users to pay either the full amount or a fraction of it i.e. minimum amount due on the due date and roll-over the balance amount to the subsequent months' billing cycle.

b) A Credit Card Account will be treated as Non-Performing Asset (NPA) if the minimum amount due as mentioned in the statement is not paid fully within 90 days from the next statement date. The gap between two statements should not be more than a month.

c) Banks should follow this uniform method of determining over-due status for Credit Card Accounts while reporting to credit information companies and for the purpose of levying penal changes viz. late payment charges etc. if any.

- **Credit Risk Management Policy:**

Bank has board-approved Credit Risk Management Policy besides Loan Policy. Credit Risk Management Policy covers guidelines on the Credit Approval process – Credit Risk Framework loan pricing and concessions Loan Monitoring & Controls Credit Risk Rating Systems – pricing – capital allocation Portfolio Management & Exposure ceilings Prudential/Regulatory ceilings such as industry wise exposure sensitive sector exposure (capital market/ real estate exposure) and Risk Management of off-balance sheet exposure.

Quantitative Disclosures

b. **The total gross credit risk exposures are:**

(Rs. in million)

Category	Amount
Fund Based	10753578.69
Non-Fund Based	1971693.30
Total	12725271.99

c. **The geographic distribution of exposures is:**

(Rs. in million)

	Domestic	Overseas	Gross Advances
Fund Based	10457961.29	295617.40	10753578.69
Non-fund based	1965639.60	6053.70	1971693.30
Total	12423600.89	301671.10	12725271.99

d. **Industry type distribution of exposures (Fund Based and Non-Fund Based) are as under:**

(Rs. in million)

DSB Code	INDUSTRY NAME	FUND BASED	NON-FUND BASED
A	Mining & Quarrying	47375.59	104259.55
A.1	Coal	16427.99	76906.74
A.2	Others	30947.60	27352.81
B	Food Processing	344519.04	41669.17
B.1	Sugar	45020.72	7232.22
B.2	Edible Oils & Vanaspati	25139.85	19556.61
B.3	Tea	3500.84	29.84
B.4	Coffee	540.39	2.37
B.5	Others	270317.24	14848.13
C	BEVERAGES (Excl. Tea & Coffee) & TOBACCO	10045.55	1071.23
C.1	Tobacco & Tobacco Products	4569.08	723.79
C.2	Others	5476.47	347.44
D	Textiles	267754.07	22263.17
D.1	Cotton	119356.22	6494.08
D.2	Jute	4820.52	829.72
D.6	Others	143577.34	14939.38
	Out Of 'D' SPINNING MILLS		
E	Leather & Leather Products	7503.41	555.14
F	Wood & Wood Products	15987.98	8069.90
G	Paper & Paper Prodcts	29433.80	2708.58
H	PETROLEUM (Non-Infra) COAL PRODUCTS (Non-Mining) & NUCLEAR FUELS	154332.98	52471.63
I	CHEMICALS & CHEMICAL PRODUCTS (Dyes Paints Etc.)	244627.83	152646.67
I.1	Fertilizer	98620.09	14695.87
I.2	Drug & Pharmaceuticals	62081.76	28601.86
I.3	Petrochemicals (Excl Infra)	62629.26	103429.69
I.4	Others	21296.71	5919.25
J	Rubber Plastic & Their Products	50500.31	8507.62
K	Glass & Glassware	1747.49	686.96
L	Cement & Cement Products	47332.08	5964.38
M	Basic Metal & Metal Products	318296.34	68002.33
M.1	Iron & Steel	203680.23	47858.83

DSB Code	INDUSTRY NAME	FUND BASED	NON-FUND BASED
M.2	Other Metal & Metal Products	114616.11	20143.49
N	All Engineering	135509.40	166930.00
N.1	Electronics	89442.94	115373.57
N.2	Others	46066.46	51556.43
O	Vehicle Vehicle Parts & Transport Equipments	32048.03	9647.80
P	Gems & Jewellery	70286.40	4139.36
Q	Construction	128175.88	419233.51
R	Infrastructure	1195185.07	503752.43
R.1	Transport	340005.65	150210.72
R.1.1	Railways	6359.49	192.30
R.1.2	Roads And Ports	327464.75	118028.03
R.1.3	Airport	685.08	223.24
R.1.4	Waterways	1425.60	336.31
R.1.5	Others(Shipyards)	4070.73	31430.67
R.2	Energy	587195.53	163372.02
R.2.1	Electricity (Gen-Cons-Trans-Distr)	526299.75	156300.78
R.2.2	Gas Pipelines	6945.51	555.85
R.2.3	Oil/Gas/Liquefied Natural Gas (LNG) Storage Facility	53950.27	6515.38
R.2.4	Others		
R.3	Telecommunication	34980.86	11308.23
R.4	Others	233003.03	178861.47
R.4.1	Water Sanitation	195478.88	169810.49
R.4.2	Social & Commercial Infrastructure	37524.15	9050.97
R.4.3	Others		
S	Other Industries	42056.45	5507.01
	All Industries	3142717.70	1578086.43
	Residuary & Other Advances	7315243.59	387553.16
b	Aviation	297.10	49.00
c	Other Residuary Advances	7314946.49	387504.16
	TOTAL	10457961.29	1965639.60

e. The residual maturity break down of assets is:

(Rs.in millions)

Maturity Pattern	Advances (net)	Investments	Foreign Currency Assets
Next day	183136.77	615617.47	118219.35
2 - 7 days	246910.27	78210.09	19461.78
8 -14 days	185546.25	3992.45	4007.12
15- 30 days	362965.47	9435.87	17990.27
31 days – 2 months	214352.06	37059.50	36892.76
2 months - 3 months	336458.04	49237.61	38131.57
>3 months-6 months	567682.05	243728.11	101880.75
>6 months-1 yr	706614.17	148646.58	244498.31
>1 yr-3 yrs	4477451.44	420421.66	182872.86
>3 yrs-5 yrs	475105.70	303818.59	60519.85
>5 yrs	864412.15	1443807.62	7226.13
Total	**8620634.36**	**3353975.54**	**831700.77**

f. The Amount of NPAs (Gross) are:

Category	(Rs. in million)
Sub Standard	75847.66
Doubtful – 1	53010.67
Doubtful – 2	116086.20
Doubtful – 3	95343.39
Loss	92330.86
Total NPAs (Gross)	432618.78

g. The amount of net NPAs is Rs. 93512.27 million.

h. The NPA ratios are as under:

- Gross NPAs to Gross Advances: 4.83 %
- Net NPAs to Net Advances: 1.08 %

i. **The movement of gross NPAs is as under:**

(Rs. in million)

i) Opening Balance at the beginning of the year	609872.93
ii) Addition during the year	85540.54
iii) Reduction during the year	262794.69
iv) Closing Balance (i+ii-iii)	432618.78

j. **(a) The movement of Specific Provision (Provisions for NPAs) is as under:**

(Rs. in million)

i) Opening Balance at the beginning of the year	476291.81
ii) Provisions made during the year	49021.36
iv) Write-off/Write -back of excess provisions	190089.34
vi) Closing Balance as at the end of the year (i+ii-iii)	335223.84

(b) The movement of General Provision (provision for standard assets) is as under:

(Rs. in million)

	Std. prov. for Advances	Std. prov. for Derivatives	Total
	A	B	C=(A+B)
i) Opening Balance at the beginning of the year	55795.61	63.50	55859.11
ii) Provisions made during the year	6004.17	-33.50	5970.67
iii) Write-off made during the year	-	-	-
iv) Write -back of excess provisions	-	-	-
v) Any other adjustments including transfers between provisions	-	-	-
vi) Closing Balance as at the end of the year	61799.78	30.00	61829.78

k. The amount of Non-Performing Investment is Rs. 61682.56 million.

l. The amount of provisions held for Non-Performing Investment is Rs. 59406.78 million.

m. The movement of provisions for depreciation on investments is as under:

(Rs. in million)

i) Opening Balance at the beginning of the year	78325.47
ii) Provisions made during the year	18744.04
iii) write-off made during the year	112.20
iv) Write -back of excess provisions	4796.16
v) Closing Balance as at the end of the year (i + ii – iii-iv)	92161.15

n. **By major industry or counterparty type:**

(a) Details of Specific Provisions:

(Rs. in million)

DSB Code	INDUSTRY NAME	GROSS NPA	WRITE OFFS	PROVISIONS FOR NPA
A	Mining & Quarrying	1097.87	15503.11	452.61
A.1	Coal	32.15	269.05	9.87
A.2	Others	1065.72	15234.06	442.74
B	Food Processing	**18635.36**	**50892.85**	**12534.65**
B.1	Sugar	2911.67	6949.47	1707.00
B.2	Edible Oils & Vanaspati	1870.59	11722.51	1200.55
B.3	Tea	26.92	11.49	9.66
B.4	Coffee	4.11	404.72	2.22
B.5	Others	13822.07	31804.66	9615.21
C	BEVERAGES (Excl. Tea & Coffee) & TOBACCO	**649.77**	**2269.56**	**451.06**
C.1	Tobacco & Tobacco Products	345.98	675.78	229.74
C.2	Others	303.79	1593.78	221.32
D	Textiles	**23863.25**	**43361.89**	**15047.76**
D.1	Cotton	11808.04	21082.66	7170.09
D.2	Jute	184.07	1731.85	61.58
D.3	HANDICRAFT/KHADI (Non Priority)	432.70	783.13	273.96
D.4	Silk	2828.36	3611.04	1592.44
D.5	Woolen	168.75	71.71	69.76
D.6	Others	8441.33	16081.50	5879.93
	Out Of 'D' SPINNING MILLS	0.00	0.00	0.00
E	Leather & Leather Products	**573.95**	**473.17**	**296.50**
F	Wood & Wood Products	**1216.61**	**9338.18**	**678.39**
G	Paper & Paper Prodcts	**1871.25**	**9201.89**	**974.62**
H	Petroleum (Non-Infra) Coal Products (Non-Mining) & Nuclear Fuels	**1203.76**	**18270.53**	**1177.29**
I	Chemicals & Chemical Products (Dyes Paints Etc.)	**13073.96**	**13046.47**	**9721.17**
I.1	Fertilizer	3759.75	999.39	3702.33
I.2	Drug & Pharmaceuticals	1643.04	5345.50	947.46
I.3	Petrochemicals (Excl Infra)	4406.06	5174.48	3845.06
I.4	Others	3265.12	1527.10	1226.32
J	Rubber Plastic & Their Products	**3183.55**	**2723.61**	**1940.51**
K	Glass & Glassware	**90.14**	**272.92**	**42.39**
L	Cement & Cement Products	**1256.43**	**10689.15**	**894.23**
M	Basic Metal & Metal Products	**9274.77**	**63326.18**	**7529.32**

DSB Code	INDUSTRY NAME	GROSS NPA	WRITE OFFS	PROVISIONS FOR NPA
M.1	Iron & Steel	3828.65	35152.86	2825.52
M.2	Other Metal & Metal Products	5446.12	28173.32	4703.80
N	All Engineering	**10895.32**	**71703.02**	**7428.57**
N.1	Electronics	4745.13	45738.38	2699.81
N.2	Others	6150.19	25964.64	4728.76
O	Vehicle Vehicle Parts & Transport Equipments	**2275.97**	**8453.64**	**1562.64**
P	Gems & Jewellery	**17396.53**	**31212.06**	**13476.38**
Q	Construction	**12727.46**	**54970.64**	**10492.32**
R	Infrastructure	**42072.57**	**150344.88**	**31376.69**
R.1	Transport	21527.61	64239.25	13632.89
R.1.1	Railways	9.46	114.08	4.84
R.1.2	Roadways	20459.32	63059.80	13111.93
R.1.3	Airport	63.80	436.29	57.19
R.1.4	Waterways	163.99	111.18	69.68
R.1.5	Others	831.03	517.90	389.26
R.2	Energy	12459.76	64164.95	12171.84
R.2.1	Electricity (Gen-Trans-Distr)	12433.64	60582.61	12156.61
R.2.1.1	State Electricity Boards	0.00	0.00	0.00
R.2.1.2	Others	12433.64	60582.61	12156.61
R.2.2	Oil (Storage & Pipeline)	0.00	0.00	0.00
R.2.3	Gas/Lng (Storage & Pipeline)	26.12	3582.35	15.22
R.2.4	Others	0.00	0.00	0.00
R.3	Telecommunication	534.46	18840.69	336.09
R.4	Others	7550.74	3099.99	5235.88
R.4.1	Water Sanitation	85.54	1925.29	49.34
R.4.2	Social & Commercial Infrastructure	7465.19	1174.71	5186.53
R.4.3	Others	0.00	0.00	0.00
S	Other Industries	**4491.84**	**51569.92**	**3298.12**
	All Industries	**165850.35**	**607623.66**	**119375.22**
	Residuary & Other Advances	**266768.43**	**212777.86**	**219731.29**
a	Education	6544.58	1957.40	5571.86
b	Aviation	0.00	194.79	0.00
c	Other Residuary Advances	260223.85	210625.66	214159.43
	TOTAL	**432618.78**	**820401.52**	**339106.51**

(b) Details of General Provisions:

(Rs. in million)

Standard Advance	Provision as on 31.12.2023
i) SME and Agri Advance	7202.70
ii) Commercial Real Estate	887.70
iii) Commercial Real Estate (RH)	0.80
iv) Home Loan	2373.70
v) Restructured Standard Advances	3581.10
vi) Balance Standard Advance (excluding FITL - Std. Advance)	46722.90
vii) Total Domestic Standard Advance (i+ii+iii+iv+v+vi)	60768.90
viii) Overseas Standard Advance	1030.90
ix) Total Standard Advance	61799.80

o. (a)Geographic distribution of NPAs and Specific Provisions (Provisions for NPAs):

(Rs. in million)

Particulars	Domestic	Overseas	Total
Gross NPA	409288.49	23330.29	432618.78
Provisions for NPA	311893.70	23330.14	335223.84

(b) Geographic distribution of General Provisions (Provisions for Standard Assets):

(Rs. in million)

Particulars	Domestic	Overseas	Total
Provision for Standard Assets	60768.94	1030.90	61799.84
Provisions for Standard Derivatives	30.00	-	30.00
Total	60798.94	1030.90	61829.84

Table DF-4: Credit Risk Disclosures for Portfolios subject to Standardized Approach

Qualitative Disclosures

a. For portfolios subject to the standardized approach

- Bank has approved the following domestic credit rating agencies accredited by RBI for all eligible exposures.
  - a) CARE;
  - b) CRISIL Limited;
  - c) India Ratings and Research Private Limited (India Ratings);
  - d) ICRA Limited;
  - f) Acuite Rating & Research Limited; and
  - g) Infomerics valuation and Ratings Private Limited

- Bank has also approved the following 3 international credit rating agencies identified by RBI.
  - a) Standard & Poor's
  - b) Moody's
  - c) FITCH

- Corporate borrowers and Public Sector Enterprises are being encouraged to solicit ratings from approved external rating agencies. The ratings available in public domain are mapped for the purpose of calculation of risk-weighted assets as per RBI guidelines on mapping.

Quantitative Disclosures

b. The exposure amounts after risk mitigation subject to the standardized approach amount of a bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted:

(Rs. in million)

i) Below 100% risk weight exposure outstanding	6389035.77
ii) 100% risk weight exposure outstanding	966403.40
iii) More than 100% risk weight exposure outstanding	841552.66
iv) Deduction	0.00
Total	8196991.83

DF 17- Summary comparison of accounting assets vs. leverage ratio exposure measure		
	Item	(Rs. in Million)
1	Total consolidated assets as per published financial statements	13594454.60
2	Adjustment for investments in banking financial insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(59841.61)
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0.00
4	Adjustments for derivative financial instruments	93121.23
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0.00
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	969530.48
7	Other adjustments	(20044.58)
8	**Leverage ratio exposure**	14577220.13

(Rs. in Million)

DF-18 – Leverage ratio common disclosure template		
	Item	Leverage ratio framework
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs but including collateral)	13523723.27
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(20044.58)
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	13503678.69
4	Replacement cost associated with all *derivatives* transactions (i.e. net of eligible cash variation margin)	9232.65

DF-18 – Leverage ratio common disclosure template		
	Item	Leverage ratio framework
5	Add-on amounts for PFE associated with all derivatives transactions	93121.23
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0.00
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.00
8	(Exempted CCP leg of client-cleared trade exposures)	0.00
9	Adjusted effective notional amount of written credit derivatives	0.00
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.00
11	**Total derivative exposures (sum of lines 4 to 10)**	102353.89
12	Gross SFT *assets* (with no recognition of netting) after adjusting for sale accounting transactions	2762.53
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(2762.53)
14	CCR exposure for SFT assets	1657.07
15	Agent transaction exposures	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	1657.07
17	Off-balance sheet exposure at gross notional amount	3232006.33
18	(Adjustments for conversion to credit equivalent amounts)	(2262475.85)
19	**Off-balance sheet items (sum of lines 17 and 18)**	969530.48
20	**Tier 1 capital**	851683.52
21	**Total exposures (sum of lines 3 11 16 and 19)**	14577220.13
22	**Basel III leverage ratio**	5.84%

Liquidity Coverage Ratio (LCR) Qualitative Disclosure: Dec 2023

LCR aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar days time horizon under a significantly severe liquidity stress scenario specified by RBI.

LCR is the ratio of HQLA to Net Cash Outflow.

$$LCR = \frac{\text{High Quality Liquid Assets (HQLA)}}{\text{Net Cash Outflows over 30 days}}$$

Minimum requirement of LCR as stipulated by RBI is 100% for the calendar year 2019 onwards. LCR is applicable to Bank's domestic operations as well as overseas operations.

High Quality Liquid Assets (HQLA):

Liquid assets comprise of high quality assets that can be readily sold or used as collateral to obtain funds in a range of stress scenarios. They should be unencumbered i.e. without legal regulatory or operational impediments. Assets are considered to be high quality liquid assets if they can be easily and immediately converted into cash at little or no loss of value. HQLA is categorized into two: a) Level 1 Assets and b) Level 2 Assets. Level 2 Assets are further sub divided into Level 2A Assets & Level 2B Assets based on Liquidity & Price Volatility.

Level 1 assets are stock of HQLA without any haircut. Level 1 Assets mainly comprise Cash including excess Cash Reserve Ratio (CRR) Excess SLR (Statutory Liquidity Ratio) Marginal Standing Facility (2% of Net Demand and Time Liability w.e.f. 01st January 2022) & FALLCR (16.00% of Net Demand and Time Liability).

A haircut of 15% is applied on current market value of Level 2A asset. Level 2A assets mainly comprise of securities with 20% risk weight. A 50% haircut is applied on current market value of Level 2B asset. Level 2B assets should not be more than 15% of the total stock of HQLA. Level 2B assets mainly comprise Securities with risk weights higher than 20% but not higher than 50%.

Net Cash Outflows

The total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows. In order to determine cash outflows the Bank in terms of RBI guidelines segregates its deposits into various customer segments viz Retail (which include deposits from Natural Persons) Small Business Customers (those with total aggregated funding upto Rs. 7.5 crore) and deposits from Non Financial Customers (NFC) and Other Legal Entity Customers (OLE). Total expected cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in up to an aggregate cap of 75% of total expected cash outflows.

Brief about LCR of the Bank

The entities covered are Union Bank of India and Union Bank of India UK Ltd. The Bank during the three months ended 31st Dec 2023 maintained average HQLA of Rs.262795 crores. Level 1 assets are the main drivers of HQLA for the bank. They contribute to 98% of the total stock of HQLA. Based on daily averages for the quarter ended 31st Dec 2023 Facility to avail Liquidity for Liquidity Coverage Ratio constitutes the highest portion to HQLA i.e. around 69% of the total HQLA. Level 2 assets which are lower in quality as compared to Level 1 assets constitute 2% of the total stock of HQLA against maximum permissible level of 40%.

Bank's exposure is mainly in Indian Rupee. Unsecured wholesale funding constitutes major portion of total funding sources. Retail deposits and deposits from small business customers contributed around 21% and 4% of the total weighted cash outflows respectively. Deposits from non-financial corporates contributed around 35% of the total weighted cash outflows. The other contingent funding obligations primarily include bank guarantees (BGs) and letters of credit (LCs) issued on behalf of the Bank's clients. Inflows by various counterparties contribute around 75% of the total weighted cash inflows.

Bank has calculated LCR for all working days over the Dec 2023 quarter. The average of the daily observation of 68 data points is calculated. The average LCR for the quarter ended 31st Dec 2023 is 125.82% as against 144.61% for the quarter ended September 2023 and is well above the present minimum requirement prescribed by RBI of 100% for the calendar year 2024.

(Rs.in Crores)

LCR Disclosure for Quarter ended Dec 2023					
		Dec 2023 Quarter		Sep 2023 Quarter	
		Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)	**264088.95**	**262795.24**	**288879.67**	**287634.13**
Cash Outflows					
2	Retail deposits and deposits from small business customers of which:	**694437.90**	**60463.02**	**682546.99**	**59585.70**
(i)	Stable deposits	179615.38	8980.77	173380.00	8669.00
(ii)	Less stable deposits	514822.51	51482.25	509166.98	50916.70
3	Unsecured wholesale funding of which:	**265279.20**	**140831.90**	**267292.28**	**141546.86**
(i)	Operational deposits (all counterparties)	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	265279.20	140831.90	267292.28	141546.86
(iii)	Unsecured debt				
4	Secured wholesale funding	**15112.03**	**-**	**2181.40**	**-**
5	Additional requirements of which	**237887.92**	**29020.08**	**209354.01**	**23907.76**
(i)	Outflows related to derivative exposures and other collateral requirements	87.17	87.17	87.85	87.85

LCR Disclosure for Quarter ended Dec 2023					
		Dec 2023 Quarter		Sep 2023 Quarter	
		Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)
(ii)	Outflows related to loss of funding on debt products				
(iii)	Credit and liquidity facilities	237800.75	28932.91	209266.16	23819.91
6	Other contractual funding obligations	**4312.17**	**4312.17**	**3946.79**	**3946.79**
7	Other contingent funding obligations	**93554.62**	**2806.64**	**91046.68**	**2731.40**
8	**TOTAL CASH OUTFLOWS**	**1310585.06**	**237435.03**	**1256368.14**	**231718.51**
Cash Inflows					
9	Secured lending (e.g. reverse repos)	**1201.26**	**0.00**	**5696.84**	**0.00**
10	Inflows from fully performing exposures	**31420.00**	**21483.30**	**33896.68**	**25717.67**
11	Other cash inflows	**7083.97**	**7083.97**	**7098.81**	**7098.81**
12	**TOTAL CASH INFLOWS**	**39705.24**	**28567.28**	**46692.32**	**32816.48**
13	**TOTAL HQLA**		**262795.24**		**287634.13**
14	**TOTAL NET CASH OUTFLOWS**		**208867.75**		**198902.03**
15	**LIQUIDITY COVERAGE RATIO (%)**		**125.82%**		**144.61%**

NET STABLE FUNDING RATIO (NSFR): 31st Dec 2023

Qualitative Disclosure:

The objective of the Net Stable Funding Ratio (NSFR) is to promote the resilience of bank's liquidity risk profiles and to incentivize a more resilient banking sector over a longer time horizon. The NSFR will require banks to maintain a stable funding profile in the form of Capital & liabilities in relation to the composition of their assets and off-balance sheet activities.

NSFR is defined as the amount of available stable funding relative to the amount of required stable funding.

$$NSFR = \frac{\text{Available Stable Funding (ASF)}}{\text{Required Stable Funding (RSF)}}$$

RBI issued the regulations on the implementation of the Net Stable Funding Ratio in May 2018 with minimum requirement of equal to at least **100%**. The implementation is effective from 1st October 2021. NSFR is applicable to Bank's domestic operations as well as overseas operations and computed at standalone and consolidated level.

Available Stable Funding (ASF) is defined as the portion of capital and liabilities expected to be reliable which is determined by various factor weights according to the nature and maturity of liabilities with liabilities having maturity of 1 year or more receiving 100 weight.

Required Stable Funding (RSF) is defined as the portion of on balance sheet and off-balance sheet exposures which requires to be funded on an ongoing basis. The amount of such stable funding required is a function of the liquidity characteristics and residual maturities of the various assets held.

Brief about NSFR of the Bank

The main drivers of the Available Stable Funding (ASF) are the capital base retail deposit base and funding from non-financial companies and long-term funding from institutional clients. The capital base formed around 10% retail deposits (including deposits from small sized business customers) formed 70% and wholesale funding formed 20% of the total Available Stable Funding after applying the relevant weights.

The Required Stable Funding primarily comprised lending to corporates retail clients and financial institutions which constituted 88% of the total RSF after applying the relevant weights. The stock of High-Quality Liquid Assets which majorly includes cash and reserve balances with the RBI government debt issuances attracted no or low amount of stable funding due to their high quality and liquid characteristic. Accordingly the HQLA constituted only 2% of the Required Stable Funding after applying the relevant weights. Other assets and Contingent funding obligations such as committed credit facilities guarantees and letters of credit constituted 10% of the Required Stable Funding.

Bank has maintained comfortable stable funding buffers with Available Stable Funding at consolidated level of Rs. 959961 Cr as against Rs. 732160 Cr of Required Stable Funding resulting in a consolidated NSFR of 129.17% as on 31st Dec 2023.

						Appendix II (in crores)
	NSFR Disclosure Template-ConsolidatedDec2023					
Sr.No	**Details**	**Unweighted value by residual maturity**				**Weighted value**
		No maturity	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	
	ASF Item					
1	Capital: (2+3)	78311.63	0.00	750.00	17886.59	96198.22
2	*Regulatory capital*	78311.63	0.00	0.00	998.59	79310.22
3	*Other capital instruments*	0.00	0.00	750.00	16888.00	16888.00
4	Retail deposits and deposits from small business customers: (5+6)	333818.17	108973.20	287416.22	2603.47	672808.44
5	*Stable deposits*	43245.71	26528.03	190589.10	1907.67	249252.37
6	*Less stable deposits*	290572.47	82445.17	96827.12	695.80	423556.07
7	Wholesale funding: (8+9)	59197.21	187787.86	185128.12	10730.21	189206.26
8	*Operational deposits*	0.00	0.00	0.00	0.00	0.00
9	*Other wholesale funding*	59197.21	187787.86	185128.12	10730.21	189206.26
10	Other liabilities: (11+12)	62648.46	15346.02	2691.63	1748.34	1748.34
11	*NSFR derivative liabilities*	624.49	0.00	0.00	0.00	0.00
12	*All other liabilities and equity not included in the above categories*	62023.97	15346.02	2691.63	1748.34	1748.34
13	Total ASF (1+4+7+10)					959961.26
	RSF Item					
14	Total NSFR high-quality liquid assets (HQLA)					15442.89
15	Deposits held at other financial institutions for operational purposes	29.97	0.00	0.00	0.00	14.98
16	Performing loans and securities: (17+18+19+21+23)	1121.34	153593.95	79803.25	685403.07	651615.85
17	Performing loans to financial institutions secured by Level 1 HQLA	0.00	0.00	0.00	0.00	0.00
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0.00	42774.41	21682.71	26882.02	44098.09

Appendix II (in crores)						
NSFR Disclosure Template-ConsolidatedDec2023						
Sr.No	**Details**	**Unweighted value by residual maturity**				**Weighted value**
		No maturity	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	
19	Performing loans to non-financial corporate clients loans to retail and small business customers and loans to sovereigns central banks and PSEs of which:	0.00	105960.18	54914.60	558756.92	533603.21
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	47632.78	7032.60	138815.57	117562.81
21	Performing residential mortgages of which:	0.00	304.61	136.43	74377.84	48566.12
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	304.61	136.43	74377.84	48566.12
23	Securities that are not in default and do not qualify as HQLA including exchange-traded equities	1121.34	4554.76	3069.52	25386.29	25348.43
24	Other assets: (sum of rows 25 to 29)	53031.70	17995.19	0.00	1919.37	65086.06
25	Physical traded commodities including gold	0.00				0.00
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		3142.50	0.00	0.00	2671.12
27	NSFR derivative assets		0.00	0.00	0.00	0.00
28	NSFR derivative liabilities before deduction of variation margin posted		69.31	0.00	0.00	69.31
29	All other assets not included in the above categories	53031.70	14783.38	0.00	1919.37	62345.63
30	Off-balance sheet items		257187.27	5.84	0.00	11007.89
31	Total RSF (14+15+16+24+30)					743167.67
32	Net Stable Funding Ratio (%)					129.17%