

Pillar 3 Disclosure Requirements

For the Quarter ended 30th June 2019

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. The 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 (I-CAAP) policy framework and carries out capital calculation under Pillar-II besides Pillar 1 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.
- 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 2024, 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 basis as on 30th June 2019 is given as hereunder:

(Rs. in million)

A. Capital Requirements for Credit Risk:		
-	Portfolios subject to Standardized Approach	262,147.67
-	Securitisation Exposures	
B. Capital Requirements for Market Risk		
•	Standardized Duration Approach	19,928.42
-	Interest Rate Risk	13,814.31
-	Foreign Exchange Risk (including gold)	165.16
-	Equity Position Risk	5,948.95
C. Capital Requirements for Operational Risk		
•	Basic Indicator Approach	20,964.40

D. Capital Adequacy Ratios	Union Bank Group(Standalone)	Union Bank Group (Consolidated)
Common Equity Tier -1 CRAR	7.87%	7.95%
Tier -1 CRAR	9.27%	9.35%
Total CRAR	11.43%	11.51%

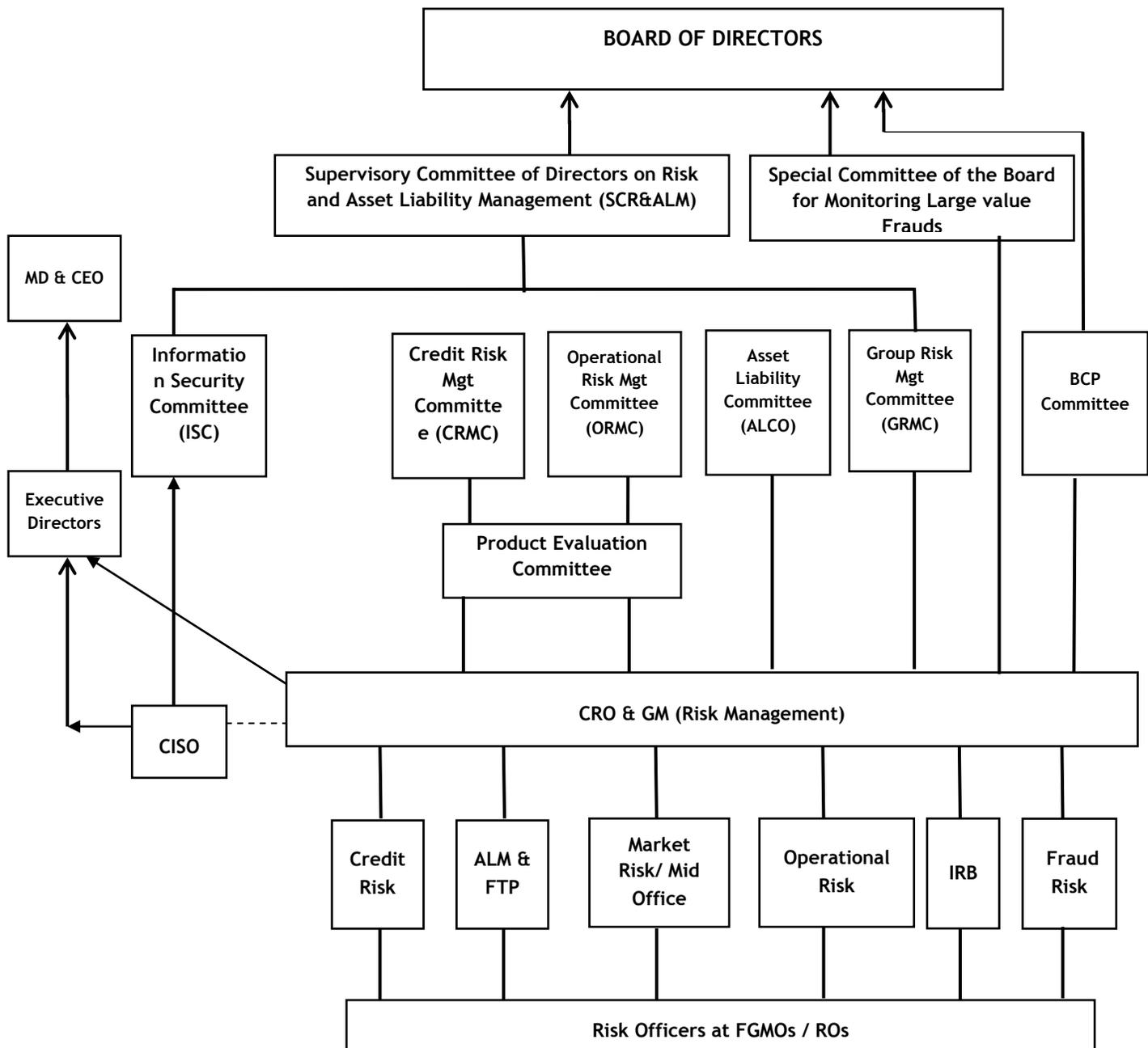
2.3. General Qualitative disclosures

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 Supervisory Committee of Directors on Risk Management 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) and Operational Risk Management Committee (ORMC) to deal with Credit, Market and Operational 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, Real Estate Policy and Credit Risk Mitigation (CRM) Techniques, Collateral Management Policy & Internal Risk Rating Policy 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., Supervisory committee of the Board to oversee the functioning of Risk Management and ALM.
- 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 area and non thrust area, due diligence criteria, KYC norms, method of assessment of finance, minimum credit standards, take over code 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.
 - Formation of Joint Lenders' Forum (JLF) and formulation of Corrective Action Plan (CAP) in case of Consortium/Multiple Banking Arrangement accounts for early rectification or restructuring.
 - 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, Non-SLR Investments, Inter Bank Exposures and Exposure to NBFC.
- Credit scoring models are in place for retail lending schemes.
- Independent assignment of Credit Rating is in place. The Credit Rating is reviewed annually and for high-risk accounts, credit rating is done half-yearly.
- 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, 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.
- Guidelines for mapping bank's activities and income are in place.
- Bank conducts Risk and Control Self Assessment (RCSA) in respect of various products/process.
- Since internal Operational Risk (OR) Loss Data points are limited in number, bank has joined external data pooling exercise under CORDEX.

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.

▪ **An impaired Asset:**

An impaired asset is a loan or an advance when it ceases to generate income for the bank. A Non Performing Asset (NPA) is a loan or an advance where:

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

b) The account remains out of order in respect of an overdraft/cash credit (OD/CC):

- 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.

c) In case of bills purchased & discounted, if the bill remains overdue for a period of more than 90 days.

d) In case of Crop Loans

- The installment of principal or interest thereon, remains overdue for two crop seasons in case of short duration crop.
- Installment of principal or interest there on, remains overdue for one crop season in case of long duration crop.

e) If interest charged (including monthly interest) during any quarter is not serviced fully within 90 days from the end of the quarter.

f) Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.

▪ **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	4,207,238.38
Non Fund Based	875,301.82
Total	5,082,540.20

c. The geographic distribution of exposures is:

(Rs. in million)

	Overseas	Domestic	Gross Advances
Fund Based	145,837.80	4,061,400.57	4,207,238.38
Non-fund based	9,122.58	866,179.25	875,301.82
Total	154,960.38	4,927,579.82	5,082,540.20

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 and Quarrying (Incl. Coal)	15,514.33	9,881.51
A.1	Coal	7,566.44	6,162.01
A.2	Others	7,947.89	3,719.51
B	Food Processing	147,607.69	15,974.84
B.1	Sugar	32,392.91	465.57
B.2	Edible Oils and Vanaspati	22,969.95	7,392.72
B.3	Tea	4,134.15	136.15
B.4	Coffee	13.22	2.07
B.5	Others	88,097.45	7,978.34
C	Beverages (excluding Tea & Coffee) and Tobacco	3,288.89	407.49
C.1	Of which Tobacco and tobacco products	748.51	106.27
C.2	Others	2,540.38	301.22
D.	Textiles	130,399.64	18,385.13
D.1	Cotton	46,798.88	6,599.80
D.2	Jute	927.07	227.99
D.3	Man-made	25,525.93	4,907.55
D.4	Others	57,147.76	6,649.79
	Out of D (i.e, Total Textile) to Spinning Mills	-	-

(Rs. in million)

DSB Code	INDUSTRY NAME	Fund Based	Non-Fund Based
E	Leather and Leather products	4,318.81	179.93
F	Wood & Wood Products	9,257.46	3,367.26
G	Paper & Paper Products	19,357.20	2,055.75
H	Petroleum(non-infra),Coal Products(non-mining) and Nuclear fuels	51,992.62	30,830.47
I	Chemical & Chemical Products	87,220.75	19,144.27
I.1	Fertiliser	29,707.06	217.60
I.2	Drugs & Pharmaceuticals	27,125.25	3,220.85
I.3	Petro Chemicals(excl under Infra)	3,735.36	186.24
I.4	Others	26,653.08	15,519.58
J	Rubber, Plastic & their Products	24,300.28	8,969.43
K	Glass & Glass Ware	6,812.88	867.91
L	Cement & Cement Products	24,234.46	1,730.38
M	Basic Metal & Metal Products	179,579.32	44,943.28
M.1	Iron & Steel	141,963.48	35,154.83
M.2	Other Metal & Metal Products	37,615.84	9,788.44
N	All Engineering	89,660.36	111,053.94
N.1	Electronics	8,403.07	10,695.28
N.2	Others	81,257.29	100,358.66
O	Vehicles, Vehicle Parts & Transport Equipments	46,502.83	35,942.90
P	Gems & Jewellery	75,522.68	2,724.13
Q	Construction	79,149.26	141,059.41
R	Infrastructure	603,439.08	83,282.71
R.1	Transport (R.1.1 to R.1.5)	126,708.57	16,143.75
R.1.1	Railways	7,796.87	-
R.1.2	Roadways	109,117.63	15,062.60
R.1.3	Airport	-	-
R.1.4	Waterways	-	-
R.1.5	Others	9,794.06	1,081.15
R.2	Energy	286,370.74	37,281.63
R.2.1	Energy (GEN+DIS+TRA)	278,547.31	33,261.63
R.2.1.1	State Electricity board	36,389.50	1,810.20
R.2.1.2	Others	242,157.81	31,451.43
R.2.2	Oil/Gas/Liquefied Natural Gas (LNG) storage facility	1,046.46	-
R.2.3	Gas pipelines/LNG	6,776.98	4,020.00

(Rs. in million)

DSB Code	INDUSTRY NAME	Fund Based	Non-Fund Based
R.2.4	Others	-	-
R.3	Communication	129,486.08	22,981.44
R.4	Others	60,873.69	6,875.89
R.4.1	Water Sanitation	4,652.48	106.90
R.4.2	Social and Commercial Infrastructure	3,558.36	2,280.45
R.4.3	Others	52,662.85	4,488.54
S	Other Industries	10,631.72	707.81
	All Industries (A to S)	1,608,790.26	531,508.55
	Aviation	228.36	25,916.70
	Other Residuary Advances	2,452,381.96	308,754.00
	Total	4,061,400.57	866,179.25

e. The residual contractual maturity break down of assets is:

(Rs.in millions)

Maturity Pattern	Advances	Investments	Foreign Currency Assets (Unaudited)
Next day	30,392.15	342,234.36	55,495.43
2 - 7 days	50,649.92	43,577.60	4,972.36
8 -14 days	37,149.13	1,046.80	13,030.56
15- 30 days	65,253.55	11,578.53	21,690.95
31 days - 2 months	115,857.56	8,158.38	27,746.27
2 months - 3 months	90,250.34	36,537.80	26,928.77
>3 months-6 months	110,442.83	192,325.78	59,345.39
>6 months-1 yr	234,262.23	64,790.58	42,968.60
>1 yr-3 yrs	1,289,337.47	135,643.73	98,623.27
>3 yrs-5 yrs	339,636.58	149,746.44	17,092.69
>5 yrs	574,879.48	414,945.34	11,087.98

*Figures are shown on net basis

f. The Amount of NPAs (Gross) are:

Category	(Rs. in million)
Sub Standard	90,735.66
Doubtful - 1	63,111.60
Doubtful - 2	222,143.50
Doubtful - 3	20,539.00
Loss	91,589.07
Total NPAs (Gross)	488,118.83

g. The amount of net NPAs is Rs. **212,308.90** million.

h. The NPA ratios are as under:

- Gross NPAs to Gross Advances: **15.18 %**
- Net NPAs to Net Advances: **7.23 %**

i. The movement of gross NPAs is as under:

(Rs. in million)

i) Opening Balance at the beginning of the year	487,291.50
ii) Addition during the year	30,904.17
iii) Reduction during the year	30,076.84
iv) Closing Balance as at the end of the year (i+ii-iii)	488,118.83

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	283,967.30
ii) Provisions made during the year	14,311.00
iii) Write-off/ Write -back of excess provisions	22,471.50
iv) Closing Balance as at the end of the year (i+ii-iii)	275,806.80

Provision includes provision in lieu of diminution in fair value of restructured advances classified as NPAs. Opening and closing balances of provision for NPAs also include ECGC claims received/recoveries in suit filed accounts and held pending adjustment of Rs. 2046.30 million and Rs. 71.50 million respectively.

(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	14,569.72	72.96	14,642.68
ii) Provisions made during the year	-975.51	-9.71	-985.22
iii) Write-off made during the year	0.00	0.00	0.00

	Std. prov. for Advances	Std. prov. for Derivatives	Total
	A	B	C=(A+B)
iv) Write -back of excess provisions	0.00	0.00	0.00
v) Any other adjustments, including transfers between provisions	-3.15	0.00	-3.15
vi) Closing Balance as at the end of the year(01/04/2019 to 30/06/2019)	13,591.06	63.25	13,654.31

- k. The amount of Non-Performing Investment is **Rs. 21,384.74 million**.
- l. The amount of provisions held for Non-Performing Investment is **Rs. 19,927.99 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	23,538.88
ii) Provisions made during the year	5,054.70
iii) Write-off made during the year	2,549.38
iv) Write -back of excess provisions	1,618.20
iv) Closing balance as at the end of the year (i + ii - iii-iv)	24,426.02

- n. By major industry or counterparty type:

(a) Details of Specific Provisions:

Rs. in million)

DSB Code	DSB Code	INDUSTRY NAME	GROSS NPA	WRITE OFFS	PROVISIONS FOR NPA
1	A	Mining & Quarrying	962.10	582.89	590.11
1.1	A.1	Coal	11.61	155.08	3.37
1.2	A.2	Others	950.50	427.80	586.73
2	B	Food Processing	26,509.30	2,484.11	19,434.56
2.1	B.1	Sugar	6,275.93	405.32	5,034.06
2.2	B.2	Edible Oils & Vanaspati	6,496.07	351.29	5,285.65
2.3	B.3	Tea	10.13	11.63	1.82
2.4	B.4	Coffee	-	0.32	-
2.5	B.5	Others	13,727.17	1,715.55	9,113.03
3	C	Beverages (excl. Tea & Coffee) & Tobacco	434.50	436.40	143.57

DSB Code	DSB Code	INDUSTRY NAME	GROSS NPA	WRITE OFFS	PROVISIONS FOR NPA
3.1	C.1	Tobacco & Tobacco Products	34.16	22.13	5.47
3.2	C.2	Others	400.34	414.27	138.10
4	D	Textiles	15,924.55	11,477.91	9,544.84
4.1	D.1	Cotton	6,397.51	4,442.65	4,916.82
4.2	D.2	Jute	11.59	8.18	3.82
4.3	D.3	Handicraft/Khadi (Non Priority)	-	-	-
4.4	D.4	Silk	-	-	-
4.5	D.5	Woolen	-	-	-
4.6	D.6	Others	9,515.45	7,027.07	4,624.20
4.7		Out of 'D' Spinning Mills	-	-	-
5	E	Leather & Leather Products	373.42	114.52	117.93
6	F	Wood & Wood Products	2,362.79	627.16	1,648.93
7	G	Paper & Paper Products	3,291.00	742.87	2,344.68
8	H	Petroleum (Non-Infra), Coal Products (Non-Mining) & Nuclear Fuels	1,179.98	548.43	13,247.74
9	I	Chemicals & Chemical Products (Dyes, Paints Etc.)	5,513.19	4,676.97	3,001.39
9.1	I.1	Fertilizer	174.01	1.09	28.00
9.2	I.2	Drug & Pharmaceuticals	2,325.65	4,100.92	1,746.66
9.3	I.3	Petrochemicals (Excl Infra)	1.38	396.97	0.58
9.4	I.4	Others	3,012.15	177.99	1,226.16
10	J	Rubber, Plastic & Their Products	1,758.78	363.73	1,271.44
11	K	Glass & Glassware	614.27	231.34	488.39
12	L	Cement & Cement Products	5,230.90	520.52	2,074.60
13	M	Basic Metal & Metal Products	58,611.69	11,397.97	29,984.35
13.1	M.1	Iron & Steel	50,133.88	6,504.56	23,578.06
13.2	M.2	Other Metal & Metal Products	8,477.80	4,893.40	6,406.29
14	N	All Engineering	22,233.16	7,016.14	11,520.79
14.1	N.1	Electronics	7,944.90	280.67	4,772.67
14.2	N.2	Others	14,288.26	6,735.47	6,748.12
15	O	Vehicle, Vehicle Parts & Transport Equipments	3,343.03	10,976.76	2,300.86
16	P	Gems & Jewellery	16,339.63	1,532.68	13,283.35
17	Q	Construction	49,634.55	8,498.86	13,052.14
18	R	Infrastructure	103,299.96	30,819.11	41,059.81
18.1	R.1	Transport	34,724.28	10,786.32	9,955.80
18.1.1	R.1.1	Railways	-	-	-
18.1.2	R.1.2	Roadways	34,724.28	10,786.32	9,955.80

DSB Code	DSB Code	INDUSTRY NAME	GROSS NPA	WRITE OFFS	PROVISIONS FOR NPA
18.1.3	R.1.3	Airport	-	-	-
18.1.4	R.1.4	Waterways	-	-	-
18.1.5	R.1.5	Others	-	-	-
18.2	R.2	Energy	52,454.65	16,262.66	22,721.60
18.2.1	R.2.1	Electricity (Gen-Trans-Distr)	52,451.49	16,262.59	22,721.12
18.2.1.1	R.2.1.1	State Electricity Boards	-	-	-
18.2.1.2	R.2.1.2	Others	52,451.49	16,262.59	22,721.12
18.2.2	R.2.2	Oil (Storage & Pipeline)	-	-	-
18.2.3	R.2.3	Gas/LNG (Storage & Pipeline)	3.16	0.07	0.47
18.2.4	R.2.4	Others	-	-	-
18.3	R.3	Telecommunication	12,710.70	184.07	5,085.03
18.4	R.4	Others	3,410.33	3,586.05	3,297.38
18.4.1	R.4.1	Water Sanitation	1,906.64	2.99	1,274.43
18.4.2	R.4.2	Social & Commercial Infrastructure	1,501.59	2,415.03	2,022.19
18.4.3	R.4.3	Others	2.10	1,168.03	0.77
19	S	Other Industries	15,049.50	2,665.90	25,932.80
20		ALL INDUSTRIES	332,666.31	95,714.24	191,042.30
21		Residuary & Other Advances	155,452.52	38,331.44	84,764.50
21.1	a	Education	1,980.67	1,512.94	773.80
21.2	b	Aviation	-	-	-
21.3	c	Other Residuary Advances	153,471.85	36,818.50	83,990.70
22		TOTAL	488,118.83	134,045.68	275,806.80

(b) Details of General Provisions:

(Rs. In million)

Standard Advance	Provision as on 30.06.2019
i) SME and Agri Advance	1,766.75
ii) Commercial Real Estate	640.07
iii) Commercial Real Estate (RH)	83.93
iv) Home Loan	9.67
v) Restructured Standard Advances	877.33
vi) Balance Standard Advance (excluding FITL - Std. Advance)	8,978.49
vii) Total Domestic Standard Advance (i+ii+iii+iv+v+vi)	12,356.24
viii) Overseas Standard Advance	1,234.82
ix) Total Standard Advance	13,591.06

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

(Rs. in million)

Particulars	Domestic	Overseas	Total
Gross NPA	474,398.06	13,720.77	488,118.83
Provisions for NPA	269,623.10	6,183.70	275,806.80

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

(Rs. in million)

Particulars	Domestic	Overseas	Total
Provision for Standard Assets	12,356.24	1,234.82	13,591.06
Provisions for Standard Derivatives	63.24	-	63.24
Total	12,419.48	1,234.82	13,654.30

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;
 - e) Brickwork Ratings India Pvt. Limited (Brickwork);
 - 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 outstandings (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	2,081,885.54
ii) 100% risk weight exposure outstanding	522,289.32
iii) More than 100% risk weight exposure outstanding	443,571.82
iv) Deduction	-
Total	3,047,746.68

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	5,061,588.52
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(22,535.62)
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	44,140.91
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	336,209.84
7	Other adjustments	(27,689.90)
8	Leverage ratio exposure	5,391,713.75

(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)	4,958,849.89
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(27,689.90)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	4,931,159.99
4	Replacement cost associated with all <i>derivatives</i> transactions (i.e. net of eligible cash variation margin)	15,138.80
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	44,140.91
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	Total derivative exposures (sum of lines 4 to 10)	59,279.71
12	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	69,305.90
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(6,480.80)
14	CCR exposure for SFT assets	2,239.10
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	65,064.20
17	Off-balance sheet exposure at gross notional amount	779,452.01

DF-18 - Leverage ratio common disclosure template		
	Item	Leverage ratio framework
18	(Adjustments for conversion to credit equivalent amounts)	(443,242.17)
19	Off-balance sheet items (sum of lines 17 and 18)	336,209.84
20	Tier 1 capital	267,109.90
21	Total exposures (sum of lines 3, 11, 16 and 19)	5,391,713.75
22	Basel III leverage ratio	4.95%

UNION BANK OF INDIA

RISK MANAGEMENT DEPARTMENT

Liquidity Coverage Ratio (LCR) Qualitative Disclosure

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 day time horizon under a significantly severe liquidity stress scenario specified by RBI.

LCR is the ratio of HQLA to Net Cash Outflow.

$$\text{LCR} = \frac{\text{HQLA}}{\text{Net Cash Outflows over 30 days}}$$

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

According to RBI, the LCR has been introduced in a phased manner starting with a minimum requirement of 60% from January 1, 2015 and reaching minimum 100% on January 1, 2019.

	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018	January 1, 2019
Minimum LCR	60%	70%	80%	90%	100%

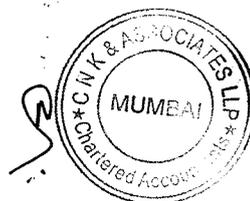
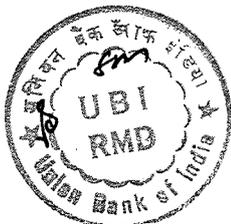
HQLA:

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 CRR, Excess SLR, MSF (2% of NDTL) & FALLCR (13.50% of NDTL). RBI has increased FALLCR limit over a period and the same is 13.50% w.e.f. 4th April till 31st July 2019.

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

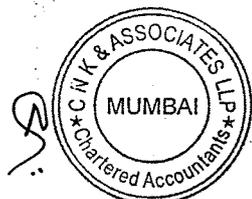
The total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows. In order to determine cash outflows, the Bank, in terms of RBI guidelines, segregates its deposits into various customer segments, viz Retail (which include deposits from Natural Persons), Small Business Customers (those with total aggregated funding upto Rs. 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 Bank during the three months ended June 30, 2019 maintained average HQLA of Rs. 1,04,195.10 crores. Level 1 assets are the main drivers of HQLA for the bank. They contribute to 92% of the total stock of HQLA. Based on daily averages for the quarter ended 30th June 2019, Facility to avail Liquidity for Liquidity Coverage Ratio constitutes the highest portion to HQLA i.e. around 56% of the total HQLA. Level 2 assets which are lower in quality as compared to Level 1 assets, constitute 7.82% of the total stock of HQLA against maximum permissible level of 40%.

Bank's exposure is mainly in Indian Rupee. Unsecured wholesale funding constitute major portion of total funding sources. Retail deposits and deposits from small business customers contributed around 28% and 6% of the total weighted cash outflows, respectively. Deposits from non-financial corporates contributed around 37% 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 to around 70% of the total weighted cash inflows.

Bank has calculated LCR for all working days over the June 2019 quarter. The average of the daily observation of 67 data points is calculated. The average LCR for the quarter ended 30th June, 2019 is 183.41% as against 156.87% for the quarter ended March 2019, and is well above the present minimum requirement prescribed by RBI of 100% for the calendar year 2019.



ASST. / DY. GENERAL MANAGER



**UNION BANK OF INDIA
RISK MANAGEMENT DEPARTMENT**

(Rs. in Crores)

Quarterly LCR Disclosure - Audited

	June 2019 (Consolidated)		March 2019 (Consolidated)		
	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)	104195.34	104195.10	89362.80	87858.45
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	266031.81	23231.11	261688.21	22832.42
(i)	Stable deposits	67441.50	3372.07	66727.94	3336.40
(ii)	Less stable deposits	198590.31	19859.03	194960.27	19496.03
3	Unsecured wholesale funding, of which:	76515.19	38698.39	76908.70	39264.98
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	76515.19	38698.39	76908.70	39264.98
(iii)	Unsecured debt				
4	Secured wholesale funding	1551.05	54.95	1487.00	56.16
5	Additional requirements, of which	24983.93	3018.86	29694.30	4041.32
(i)	Outflows related to derivative exposures and other collateral requirements	0.00	0.00	8.16	8.16
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	24983.93	3018.86	29686.14	4033.17
6	Other contractual funding obligations	2022.85	2022.85	2289.30	2289.30
7	Other contingent funding obligations	37348.60	1120.46	39506.36	1185.19
8	TOTAL CASH OUTFLOWS	408453.43	68146.62	411573.87	69669.38
Cash Inflows					
9	Secured lending (e.g. reverse repos)	6252.29	0.00	3810.24	0.00
10	Inflows from fully performing exposures	2934.28	2934.28	4322.93	4322.93
11	Other cash inflows	12340.20	8403.48	13034.59	9337.80
12	TOTAL CASH INFLOWS	21526.77	11337.76	21167.76	13660.72
			Total Adjusted Value		Total Adjusted Value
13	TOTAL HQLA		104195.10		87858.45
14	TOTAL NET CASH OUTFLOWS		56808.85		56008.66
15	LIQUIDITY COVERAGE RATIO (%)		183.41%		156.87%

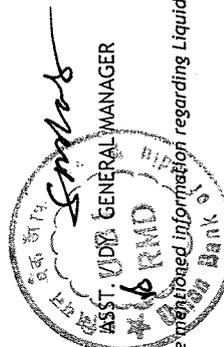
CNK & Associates LLP

Chartered Accountants
ICAI Firm Registration No. 101961W

S. S. Hanuman

Suresh S. Agaskar
Partner
Membership No. 110321

AUDITOR



The above mentioned information regarding Liquidity Coverage Ratio is correctly compiled from unaudited data of 66 data points and Audited data for 30th June 2019.

