

Pillar 3 Disclosure Requirements

For the year ended 31st December 2022

Name of the head of the banking group to which the framework applies to: Union Bank of India

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.
- 2.1.4. In line with RBI guidelines, the bank has adopted following approaches for implementation of New Capital Adequacy Framework - Basel II.
- 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 2026, 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 position for credit, market and operational risk and the capital adequacy ratio on standalone basis as on 31st December 2022 is given as hereunder:

(Rs. in million)

A. Capital Requirements for Credit Risk:	
- Portfolios subject to Standardized Approach	500,882.37
- Securitization Exposures	-
B. Capital Requirements for Market Risk	
• Standardized Duration Approach	17829.21
- Interest Rate Risk	10635.01
- Foreign Exchange Risk (including gold)	270.00
- Equity Position Risk	6924.20
C. Capital Requirements for Operational Risk	
• Basic Indicator Approach	52087.20

Capital Adequacy Ratios	Union Bank Group (Standalone)	Union Bank (Consolidated)
Common Equity Tier -1 CRAR	10.71%	10.69%
Tier -1 CRAR	12.27%	12.24%
Total CRAR	14.45%	14.41%

2.3. General Qualitative disclosures

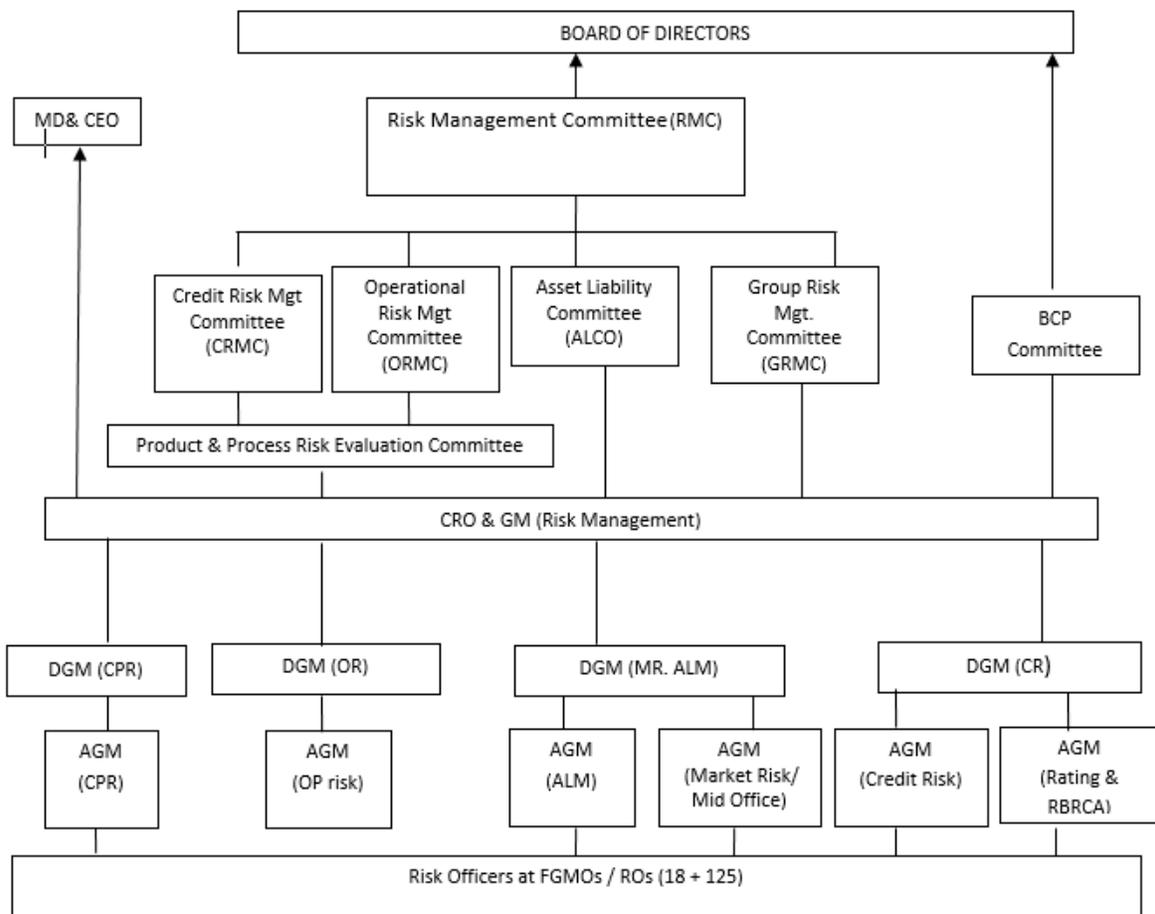
a. Risk Management: Objectives and Organization Structure

- 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, Policy on Lending to Real Estate Sector and Credit Risk Mitigation (CRM) Techniques & Collateral Management 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., 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 area and non-thrust area, 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, 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/Process Approval 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 upto 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 charges, 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	9984214.40
Non-Fund Based	2241090.18
Total	12225304.58

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

(Rs. in million)

Category	Domestic	Overseas	Total
Fund Based	9766922.30	217292.10	9984214.40
Non-fund based	2233013.78	8076.40	2241090.18
Total	11999936.08	225368.50	12225304.58

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

DSB Code	INDUSTRY NAME	FUND BASED	NON FUND BASED
A	Mining & Quarrying	28151.77	43887.36
A.1	Coal	10218.61	29275.78
A.2	Others	17933.16	14611.58
B	Food Processing	307188.89	48812.19
B.1	Sugar	50083.52	14554.33
B.2	Edible Oils & Vanaspati	25032.42	16562.30
B.3	Tea	3538.33	145.08
B.4	Coffee	667.60	3.88

DSB Code	INDUSTRY NAME	FUND BASED	NON FUND BASED
B.5	Others	227867.02	17546.59
C	Beverages (excl. Tea & Coffee) & Tobacco	12711.84	1283.15
C.1	Tobacco & Tobacco Products	6179.89	768.55
C.2	Others	6531.95	514.60
D	Textiles	292824.92	46227.10
D.1	Cotton	118561.92	14232.63
D.2	Jute	3414.92	1181.44
D.6	Others	170848.08	30813.03
	Out of 'D' Spinning Mills		
E	Leather & Leather Products	8238.60	1623.16
F	Wood & Wood Products	15478.79	8243.41
G	Paper & Paper Products	30484.91	3477.99
H	Petroleum (non-infra), Coal Products (non-mining) & Nuclear Fuels	296240.07	192561.65
I	Chemicals & Chemical Products (Dyes, Paints etc.)	239715.09	121648.89
I.1	Fertilizer	80756.12	6194.61
I.2	Drug & Pharmaceuticals	78898.40	32143.18
I.3	Petrochemicals (excl infra)	59663.04	76998.93
I.4	Others	20397.53	6312.17
J	Rubber, Plastic & Their Products	52714.54	14413.92
K	Glass & Glassware	16882.98	3351.27
L	Cement & Cement Products	37820.43	15746.25
M	Basic Metal & Metal Products	306852.99	99613.34
M.1	Iron & Steel	187130.97	76937.25
M.2	Other Metal & Metal Products	119722.02	22676.09
N	All Engineering	135298.33	193897.26
N.1	Electronics	13218.63	11055.93
N.2	Others	122079.70	182841.33
O	Vehicle, Vehicle parts & Transport Equipment	26066.07	3674.67
P	Gems & Jewellery	79633.48	9724.03
Q	Construction	110156.73	402899.03
R	Infrastructure	1182718.48	464902.84
R.1	Transport	348766.62	180324.30
R.1.1	Railways	6251.11	266.83
R.1.2	Roads and Ports	333415.22	116479.42
R.1.3	Airport	1605.87	487.39

DSB Code	INDUSTRY NAME	FUND BASED	NON FUND BASED
R.1.4	Waterways	3065.93	1016.64
R.1.5	Others (Shipyards)	4428.49	62074.02
R.2	Energy	537748.25	130061.35
R.2.1	Electricity (Gen-Cons-Trans-Distribution)	488816.22	127090.31
R.2.2	Gas pipelines	6841.57	492.65
R.2.3	Oil/Gas/Liquefied Natural Gas (LNG) storage facility	42090.46	2478.39
R.2.4	Others		
R.3	Telecommunication	41888.12	10744.00
R.4	Others	254315.49	143773.19
R.4.1	Water sanitation	215355.21	133779.37
R.4.2	Social & Commercial Infrastructure	38960.27	9993.82
R.4.3	Others		
S	Other Industries	32139.85	4970.15
	All Industries	3211318.76	1680957.65
	Residuary & Other Advances	6555603.54	552056.13
b	Aviation	721.70	56.00
c	Other Residuary Advances	6554881.84	552000.13
	TOTAL	9766922.30	2233013.78

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

(Rs.in millions)

Maturity Pattern	Advances	Investments	Foreign Currency Assets
Next day	159483.11	600048.96	47215.28
2 - 7 days	264678.57	115502.96	27645.63
8 -14 days	166510.87	40183.20	3558.76
15- 30 days	359422.93	38838.16	43378.92
31days - 2months	232834.92	86820.85	23224.53
2months - 3months	344372.26	147195.96	66540.84
>3months-6months	464973.01	154929.09	48612.28
>6months-1yr	562396.90	389410.92	35530.76
>1yr-3yrs	3535262.02	348363.07	118576.91
>3yrs-5yrs	467584.30	198144.67	101657.77
>5yrs	1006885.43	1232214.00	3020.50
Total	7564404.33	3351651.83	518962.20

f. The Amount of NPAs (Gross) are:

Category	(Rs. in million)
Sub Standard	71831.75
Doubtful - 1	110980.00
Doubtful - 2	119520.00
Doubtful - 3	143866.99
Loss	191502.38
Total NPAs (Gross)	637701.12

g. The amount of net NPAs is Rs. 161951.10 million

h. The NPA ratios are as under:

- Gross NPAs to Gross Advances: **7.93 %**
- Net NPAs to Net Advances: **2.14 %**

i. The movement of gross NPAs is as under:

	(Rs. in million)
i) Opening Balance at the beginning of the year	795870.66
ii) Addition during the year	97247.23
iii) Reduction during the year	255416.77
iv) Closing Balance as at the end of the year (i+ii-iii)	637701.12

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	5,46,565
ii) Provisions made during the year	89,117
iii) Write-off/ Write -back of excess provisions	1,64,355
vi) Closing Balance as at the end of the year (i+ii-iii)	4,71,327

(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	65,668	77	65,745
ii) Provisions made during the year	1,697	62	1,759
iii) Write-off made during the year	-	-	-
iv) Write -back of excess provisions	-	-	-
v) Any other adjustments, including transfers between provisions	60	-	60
vi) Closing Balance as at the end of the year	67,425	139	67,564

- k. The amount of Non-Performing Investment is Rs 56264.43 million.
- l. The amount of provisions held for Non-Performing Investment is Rs. 53457.97 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	61505.86
ii) Provisions made during the year	14592.77
iii) Write-off made during the year	1200.81
iv) Write -back of excess provisions	2116.41
v) Closing Balance as at the end of the year (i + ii - iii-iv)	72781.41

- n. By major industry or counterparty type:

(a) Details of Specific Provisions:

(Rs. in million)

DSB Code	INDUSTRY NAME	GROSS NPA	WRITE OFFS	PROV
A	Mining & Quarrying	1777.97	15132.96	824.84
A.1	Coal	202.64	85.53	82.96
A.2	Others	1575.32	15047.43	741.88
B	Food Processing	35509.32	40711.67	28495.65
B.1	Sugar	5942.89	5710.98	4625.18
B.2	Edible Oils & Vanaspati	5904.22	8631.65	5458.35
B.3	Tea	1143.16	356.37	1106.11
B.4	Coffee	8.05	404.80	2.56
B.5	Others	22511.00	25607.86	17303.46
C	Beverages (excl. Tea & Coffee) & Tobacco	2185.54	3213.08	1407.41
C.1	Tobacco & Tobacco Products	817.89	1820.80	532.80
C.2	Others	1367.65	1392.27	874.61
D	Textiles	32744.50	35665.30	23677.28
D.1	Cotton	15384.77	12628.43	11066.45
D.2	Jute	401.35	1477.55	322.57
D.3	Handicraft/Khadi (Non-Priority)	1034.27	310.60	784.82
D.4	Silk	4324.10	3904.51	2514.74
D.5	Woolen	204.04	60.72	67.09
D.6	Others	11395.97	17283.48	8921.61
	Out of 'D' Spinning Mills	-	-	-
E	Leather & Leather Products	731.77	408.51	395.31
F	Wood & Wood Products	1624.97	5883.46	1412.41
G	Paper & Paper Products	3630.34	9021.20	2441.71

DSB Code	INDUSTRY NAME	GROSS NPA	WRITE OFFS	PROV
H	Petroleum (non-infra), Coal Products (non-mining) & Nuclear Fuels	1333.25	18231.31	1269.45
I	Chemicals & Chemical Products (Dyes, Paints etc.)	16787.06	12973.93	10063.83
I.1	Fertilizer	5175.12	388.95	2598.38
I.2	Drug & Pharmaceuticals	2890.70	5491.71	2434.59
I.3	Petrochemicals (excl infra)	4753.55	6174.50	3548.31
I.4	Others	3967.69	918.78	1482.56
J	Rubber, Plastic & Their Products	4303.79	858.31	2712.75
K	Glass & Glassware	449.96	609.92	246.33
L	Cement & Cement Products	2582.57	10311.91	1638.72
M	Basic Metal & Metal Products	18698.54	65015.47	15248.00
M.1	Iron & Steel	9617.27	39530.59	7745.03
M.2	Other Metal & Metal Products	9081.27	25484.89	7502.97
N	All Engineering	19517.64	71036.48	14968.45
N.1	Electronics	7704.62	46724.71	6289.48
N.2	Others	11813.02	24311.77	8678.97
O	Vehicle, Vehicle parts & Transport Equipment	3824.84	20350.50	2746.07
P	Gems & Jewellery	20951.52	28657.66	12706.14
Q	Construction	22467.63	54483.90	18067.44
R	Infrastructure	78641.30	202300.54	55407.42
R.1	Transport	35838.84	66844.60	22669.23
R.1.1	Railways	98.59	38.73	87.67
R.1.2	Roadways	33969.30	66072.25	21490.58
R.1.3	Airport	147.55	399.22	84.03
R.1.4	Waterways	332.10	4.05	171.39
R.1.5	Others	1291.29	330.36	835.56
R.2	Energy	26417.18	82148.74	20478.17
R.2.1	Electricity (Gen-Trans-Distr)	25694.58	80236.21	19774.55
R.2.1.1	State Electricity Boards	0.00	0.00	0.00
R.2.1.2	Others	25694.58	80236.21	19774.55
R.2.2	Oil (Storage & Pipeline)	0.00	0.00	0.00
R.2.3	Gas/LNG (Storage & Pipeline)	722.60	1912.53	703.61
R.2.4	Others	0.00	0.00	0.00
R.3	Telecommunication	873.23	19314.07	595.83
R.4	Others	15512.06	33993.13	11664.19
R.4.1	Water sanitation	671.87	1346.76	528.59
R.4.2	Social & Commercial Infrastructure	14840.19	32646.37	11135.60
R.4.3	Others	0.00	0.00	0.00
S	Other Industries	9632.36	0.00	7264.65

DSB Code	INDUSTRY NAME	GROSS NPA	WRITE OFFS	PROV
	All Industries	277394.86	594866.11	200993.87
	Residuary & Other Advances	360306.26	175594.06	274756.67
a	Education	6587.15	2204.81	5578.07
b	Aviation	334.10	0.08	297.36
c	Other Residuary Advances	353385.01	173389.18	268881.24
	TOTAL	637701.12	770460.18	475750.54

(b) Details of General Provisions:

(Rs. In million)

Standard Advance	Provision as on 31.12.2022
i) SME and Agriculture Advance	5485
ii) Commercial Real Estate	910
iii) Commercial Real Estate (RH)	1
iv) Home Loan	2119
v) Restructured Standard Advances	1579
vi) Balance Standard Advance (excluding FITL - Std. Advance)	56618
vii) Total Domestic Standard Advance (i+ii+iii+iv+v+vi)	66712
viii) Overseas Standard Advance	713
ix) Total Standard Advance	67425

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

(Rs. in million)

Particulars	Domestic	Overseas	Total
Gross NPA	614169	23532	637701
Provisions for NPA	447717	23610	471327

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

(Rs. in million)

Particulars	Domestic	Overseas	Total
Provisions for standard assets	66712	713	67425
Provision for standard derivatives	139	0	139
Total	66851	713	67564

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) Infomeric valuation and Ratings Private Limited.

* Ratings issued by Brickwork Ratings India Pvt. Limited till 05.10.2022 are only considered for calculation of RWA.

- 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	5495580.42
ii) 100% risk weight exposure outstanding	1354881.32
iii) More than 100% risk weight exposure outstanding	465195.34
iv) Deduction	0
Total	7315657.07

* Above exposure excludes TWO's.

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	12450218.73
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(11757.12)
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	83480.08
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)	765042.01
7	Other adjustments	(42341.50)
8	Leverage ratio exposure	13244642.20

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)	12392703.87
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(42341.50)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	12350362.38
Derivative exposures		
4	Replacement cost associated with all <i>derivatives</i> transactions (i.e. net of eligible cash variation margin)	35915.80
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	83480.08
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)	119395.88
Securities financing transaction exposures		
12	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	6780.70
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(6780.70)
14	CCR exposure for SFT assets	9841.93

15	Agent transaction exposures	0.00
16	Total securities financing transaction exposures (sum of lines 12 to 15)	9841.93
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	2161000.18
18	(Adjustments for conversion to credit equivalent amounts)	(1395958.16)
19	Off-balance sheet items (sum of lines 17 and 18)	765042.01
Capital and total exposures		
20	Tier 1 capital	697620.21
21	Total exposures (sum of lines 3, 11, 16 and 19)	13244642.20
Leverage ratio		
22	Basel III leverage ratio	5.27%

Liquidity Coverage Ratio (LCR) Qualitative Disclosure: Dec 2022

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.

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

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 survive an acute 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 Bank during the three months ended 31st December 2022 maintained average HQLA of Rs. 2,527,559 Mio. Level 1 assets are the main drivers of HQLA for the bank. They contribute 96% of the total stock of HQLA. Based on daily averages for the quarter ended 31st December 2022, Facility to avail Liquidity for Liquidity Coverage Ratio constitutes the highest portion to HQLA i.e. around 67% of the total HQLA. Level 2 assets which are lower in quality as compared to Level 1 assets, constitute 4% 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 22% and 5% of the total weighted cash outflows, respectively. Deposits from non-financial corporates contributed around 38% 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 79% of the total weighted cash inflows.

Bank has calculated LCR for all working days over the December 2022 quarter. The average of the daily observation of 69 data points is calculated. The average LCR for the quarter ended 31st December 2022 is 157.20% as against 176.29% for the quarter ended 30th September 2022, and is well above the present minimum requirement prescribed by RBI of 100% for the calendar year 2022.

LCR Disclosure for Quarter ended December 2022

(Rs.in Million)

		Dec 2022 Quarter		Sep 2022 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)	2548454.29	2527559.15	2727961.40	2705268.00
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	6361339.54	490802.34	6319432.60	487114.50
(i)	Stable deposits	2906632.23	145331.61	2896575.80	144828.80
(ii)	Less stable deposits	3454707.31	345470.73	3422856.80	342285.70
3	Unsecured wholesale funding, of which:	2153315.06	1103665.50	2003580.90	1015900.60
(i)	Operational deposits (all counterparties)	-	-	-	-

		Dec 2022 Quarter		Sep 2022 Quarter	
		Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)
(ii)	Non-operational deposits (all counterparties)	2153315.06	1103665.50	2003580.90	1015900.60
(iii)	Unsecured debt	-	-	-	-
4	Secured wholesale funding	39795.58	-	12608.90	19.30
5	Additional requirements, of which	1352072.91	189720.60	1377981.40	205319.10
(i)	Outflows related to derivative exposures and other collateral requirements	759.68	759.68	445.10	445.10
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	1351313.23	188960.92	1377536.30	204874.00
6	Other contractual funding obligations	29711.39	29711.39	36206.30	36206.30
7	Other contingent funding obligations	882031.02	26461.03	883573.00	26507.50
8	TOTAL CASH OUTFLOWS	10818265.51	1840360.86	10633383.10	1771067.20
Cash Inflows					
9	Secured lending (e.g. reverse repos)	12170.03	-	23028.00	-
10	Inflows from fully performing exposures	258673.44	183164.87	248720.90	178718.20
11	Other cash inflows	49380.56	49380.56	57827.80	57827.80
12	TOTAL CASH INFLOWS	320224.04	232545.43	329576.70	236546.00
13	TOTAL HQLA		2527559.15		2705268.00
14	TOTAL NET CASH OUTFLOWS		1607815.43		1534521.20
15	LIQUIDITY COVERAGE RATIO (%)		157.20%		176.29%

NET STABLE FUNDING RATIO (NSFR): 31st December 2022

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.

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

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 9%, retail deposits (including deposits from small sized business customers) formed 70% and wholesale funding formed 19% 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 85% 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 12% of the Required Stable Funding.

Bank has maintained comfortable stable funding buffers with Available Stable Funding at consolidated level of Rs.90,24,824 Mio against Rs.66,37,129 Mio of Required Stable Funding, resulting in a consolidated NSFR of 135.97% as on 31st December, 2022.

NSFR Disclosure Template-Consolidated, December,2022

(Rs in Million)

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)	660350.10	-	20000.00	177318.10	846068.20
2	Regulatory capital	660350.10	-	-	938.10	669688.20
3	Other capital instruments	-	-	20000.00	176380.00	176380.00
4	Retail deposits and deposits from small business customers: (5+6)	3187663.06	1151660.53	2503905.71	23214.22	6319064.11
5	Stable deposits	611859.67	292757.24	1834254.74	17552.52	2619480.59
6	Less stable deposits	2575803.39	858903.28	669650.97	5661.70	3699583.52
7	Wholesale funding: (8+9)	638202.53	1561618.64	1519101.87	96841.07	1754120.15
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	638202.53	1561618.64	1519101.87	96841.07	1754120.15
10	Other liabilities: (11+12)	552346.50	248481.47	25527.08	105571.07	105571.07
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	552346.50	248481.47	25527.08	105571.07	105571.07
13	Total ASF (1+4+7+10)					9024823.52
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					155243.64
15	Deposits held at other financial institutions for operational purposes	471.20	-	-	-	235.60
16	Performing loans and securities: (17+18+19+21+23)	14719.70	1479753.56	431519.14	6187302.47	5670412.22
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	481027.83	30222.10	256635.35	328320.02

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:	-	944632.53	338683.07	4864512.06	4526368.10
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-
21	Performing residential mortgages, of which:	-	1208.60	3518.47	741543.96	484367.11
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	1208.60	3518.47	741543.96	484367.11
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	14719.70	52884.60	59095.50	324611.10	331356.99
24	Other assets: (sum of rows 25 to 29)	614045.59	156884.21	-	14567.90	720688.10
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	31501.30	-	-	26776.11
27	NSFR derivative assets	-	3665.20	-	-	3665.20
28	NSFR derivative liabilities before deduction of variation margin posted	-	1548.91	-	-	1548.91
29	All other assets not included in the above categories	614045.59	120168.80	-	14567.90	688697.89
30	Off-balance sheet items	-	2173339.80	194.90	-	90549.45
31	Total RSF (14+15+16+24+30)	-	-	-	-	6637129.00
32	Net Stable Funding Ratio (%)	-	-	-	-	135.97%